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FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/10

SPONSOR Papen LAST UPDATED _____ HB _____

SHORT TITLE Regional Housing Law Funds for MFA SB 69

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	\$250.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 69 appropriates \$250.0 from the general fund to the Department of Finance and Administration for disbursement to the New Mexico Mortgage Finance Authority for the purpose of carrying out the responsibilities, duties, and provisions of the Regional Housing Law.

FISCAL IMPLICATIONS

The appropriation of \$250.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY11 shall revert to the general fund.

SIGNIFICANT ISSUES

Laws of 2009, Chapter 48 further strengthened legislation enacted in 2007 for regional housing authorities. The bill improved the oversight and accountability of housing authorities calling upon the New Mexico Mortgage Finance Authority (MFA) including the following:

- Approval of transactions over \$100,000;
- Along with State Board of Finance approval required for creation of any non-profit affiliates;

- Review and analysis and for dissemination of annual reports to include financial and operational activities;
- A Board of Commissioners may employ an Executive Director, subject to MFA approval; and
- All recommendations for appointment as commissioner shall be forwarded to and reviewed by MFA.

PERFORMANCE IMPLICATIONS

According to MFA, funding from SB 69 will provide the following:

- Staff and overhead expenses for oversight responsibilities;
- Cost of per diem and travel for 30 board members (HUD budgets do not provide for funding of the board based on expansion jurisdictions created with the 2009 housing legislation);
- Training and technical assistance for regional staff and boards;
- Match for federal, state, and private foundation funds and Pre-development and Development related activities for all 3 Regionals;
- Retention of MFA staff to oversee the Regional Housing Authorities' management of federal public housing programs, which MFA currently does not administer. In addition to compensation and benefits for this staff, MFA must budget for training, travel, and other associated administrative costs it will incur. Without appropriated funding, MFA will be unable to carry out administrative activities as described in the Regional Housing Authority Law.

ADMINISTRATIVE IMPLICATIONS

MFA states the plan to retain staff to oversee the Regionals' management of federal public housing programs, which MFA currently does not administer. In addition to compensation and benefits for this staff, MFA must budget for software, training, travel, and other associated administrative costs it will incur beyond the first transition year. Once again, timely disbursements from DFA will have a direct impact on MFA's ability to administer these programs successfully on behalf of the state.

ALTERNATIVES

According to MFA, an administrative solution could be provided if the budget request for Regional oversight was provided through a recurring line item in the DFA budget. MFA requests that this line item become part of the regular DFA budget. The oversight of the Regional Housing Authorities will continue as long as those entities continue to operate, therefore, MFA will be required to monitor their activities pursuant to this legislation.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB69 is not enacted, the intent of Laws of 2009, Chapter 48, would not be accomplished. Communities in rural New Mexico will continue to be underserved, and will lack adequate housing services and programs. There would be no Regional Board meetings since current Regional Housing Authorities do not have budget to accommodate the expanded jurisdictions

and additional board members. Regional Housing Authorities will continue to provide Section 8 voucher and Public Housing, but housing programs available to rural New Mexicans such as Homeowner Rehab, rental or homeownership development, homeownership counseling housing and any other related housing programs and housing services would be drastically limited or eliminated altogether.

AMENDMENTS

MFA requests that this line item become part of the regular DFA budget. The oversight of the Regional Housing Authorities will continue as long as those entities continue to operate, therefore, MFA will be required to monitor their activities pursuant to this legislation.

JLL/svb