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FISCAL IMPACT REPORT

SPONSOR Ingle ORIGINAL DATE 1/21/19
LAST UPDATED _____ HB _____

SHORT TITLE Affordable Housing Act Oversight Duties SB 15

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$250.0		Nonrecurring (See Fiscal Impact)	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 15 appropriates \$250 thousand from the general fund to the Department of Finance and Administration (DFA) for expenditure by the New Mexico Mortgage Finance Authority (MFA) for the purpose of funding the oversight of the Affordable Housing Act.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a nonrecurring expense to the general fund for expenditure in fiscal year 2020 and subsequent fiscal years. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

In 2004, the New Mexico State Legislature created the Affordable Housing Act to allow local governments to donate resources to create and maintain affordable housing in their communities. MFA was given oversight over the implementation of the Act, which requires that communities receiving affordable housing donations to create an affordable housing plan. The MFA is an instrumentality of the State of New Mexico named as the rulemaking and oversight authority and is subject to the State Audit Act. However as an instrumentality of the state, MFA state funding resources must flow through an appropriate state agency, hence the appropriation to DFA.

Rather than requesting an appropriation from the general fund annually, the MFA reports the preferred alternative would for the Legislature to approve a permanent line item in the state budget to support the Affordable Housing Act oversight by MFA.

To date, MFA has assisted in the creation of 33 affordable housing plans in communities across the state and has helped to implement those plans in accordance with the Act.

SIGNIFICANT ISSUES

As the state's housing authority, MFA has many successful partnerships. Affordable housing and low-income rentals have received large investments through MFA. Currently, Santa Fe, Taos, Los Alamos, Carlsbad, Placitas (near Hatch), and Albuquerque are developing affordable apartments with MFA products.

Housing projects eligible for tribal infrastructure funds have been leveraged with MFA products. MFA continues to work with the New Mexico Finance Authority and the Colonias Board to begin collaboration for housing projects within the colonias.

Workforce housing is scarce in the areas of the state experiencing an economic boom. MFA is limited in its ability to address workforce housing issues inasmuch as their programs are specific to low- and moderate income persons.

PERFORMANCE IMPLICATIONS

The MFA provides technical assistance to local governments, including review and approval of affordable housing plans, providing affordable housing data, reviewing legal ordinances, making presentations to local government bodies, and assisting with implementation of housing plans.

LMK/gb