

LFC Requester: _____

**AGENCY BILL ANALYSIS
2024 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:

AgencyAnalysis.nmlegis.gov

{Analysis must be uploaded as a PDF}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date 1/19/24

Bill No: SB71

Sponsor: Padilla
Short Title: CREATE OFFICE OF HOUSING

Agency Name and Code OSA 308
Number: _____
Person Writing David Craig
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|---------------------------|---------------|
| FY24 | FY25 | | |
| N/A | N/A | N/A | N/A |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------|---------------|
| FY24 | FY25 | FY26 | | |
| | | | | |
| | | | | |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY24 | FY25 | FY26 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|---|---|---|--|--------------------------------------|--------------------------|
| Total | Unknown, but estimated at \$374,534 | Unknown, but estimated at \$374,534 | Unknown, but estimated at \$374,534 | Unknown, but estimated at \$1,123,602 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

Senate Bill 71 (SB71 or “the bill”) creates the Office of Housing administratively attached to the Department of Finance and Administration (DFA). The purpose of the newly created office to study, evaluate and coordinate housing across jurisdictions statewide. The director of the office is appointed by the Governor and the must submit an annual state housing plan and update the plan mid-year. The office must also provide technical assistance to local governments and developers in assembling funding packages and provide project management of housing and necessary infrastructure development.

Among other bill requirements, the new office must also: provide technical assistance to tribal nations regarding housing plans, identify programs to build competency in housing finance, development and construction trade professions, assist the New Mexico Mortgage Finance Authority (NMMFA) and New Mexico Finance Authority (NMFA) in coordinating funding for housing projects, work across jurisdictions to promote regional plans or programs that implement the recommendations of the state housing plan, coordinate across state agencies, state and regional housing authorities and appointed commissions or councils on housing to implement actions on housing, collect and report data at least annually to describe and monitor the housing market in the state and establish housing production goals, evaluate housing data to identify geographic gaps in availability, duplication of services or financing efforts, and adequate progress toward housing production goals; monitor adherence to use and restriction agreements on project that receive funding in accordance with the state housing plan, and perform other duties as assigned by the governor or legislature to ensure that the state meets or exceeds the housing goals in the state housing plan.

Other state entities shall assist the new office in developing and updating the state housing plan and the Director of the new office serves on the New Mexico mortgage finance authority as a non-voting entity.

FISCAL IMPLICATIONS

SB71 does not contain an appropriation.

Given the significant data collection, analysis, outreach and duties for developing a state housing plan, it is unclear how the goal of creating this new office as an administrative arm of DFA can be successfully accomplished without a significant increase in agency funding to DFA.

Our fiscal analysis assumes salaries and benefits for a Director (classification 90), two technical assistants (classification 60) and a clerical assistant (classification 55). This would represent de-minimis staffing needs – actual staffing needs could be much higher. After totaling amounts for mid-points and adding on fringe benefits we estimate the cost of 4 new staff at \$325,682. Similarly, it is likely that the office would have professional services contracting needs to coordinate production of annual reports, perform complex geo-spatial data analysis and other costs associated with developing and maintaining an annual report and fulfilling its mission. We estimate these costs at five percent of personnel services and benefits or \$16,284. Lastly, information technology service agreements, travel and training and other costs are estimated at ten percent of personnel services and benefits or \$32,568. These percentage estimates are based on approximate percentage amounts of Personnel services and benefits for the OSA agency. This means the total bare bones cost of setting up a new arm of DFA would very conservatively be estimated at: \$374,534.

Past history in the creation or expansion of government functions means these estimates are probably much lower than actual costs will be, and a more formal estimate based on a costing out study for setting up this or any new office or agency is recommended prior to enactment. The purpose of the estimates provided here are to demonstrate that some significant costs are to be incurred by DFA and more work should be performed to determine what they will be as part of the bill development. It is our understanding that the Executive budget request includes funding for \$1 million for this initiative, but there is not any supporting cost study to determine if that amount is sufficient.

SIGNIFICANT ISSUES

SB71 envisions a new office within DFA that coordinates statewide housing and develops a state housing plan, instructing multiple entities and players to coordinate with the new office. But there is not any discussion of how to resolve discrepancies or conflicts between the multiple stakeholders named within SB71. For example, the bill requires the office to “coordinate across state agencies, state and regional housing authorities and appointed commissions or councils on housing to implement actions for housing or supportive housing services within their existing authority;” but does not explain a process for conflict resolution when local or state goals on housing conflict with the statewide plan. For instance, if local government housing and urban development goals are at odds with the statewide housing plan or local government priorities differ from said plan, should local goals take precedence over the statewide plan, or vice versa? Similarly, if NMMFA’s risk analysis indicates a mortgage loan should not be made to a given entity but the state housing plan indicates that housing is needed in the area – whose legislative authority takes precedence? Because SB71 does not address how conflicts between an administrative arm of the Executive branch and local independent oversight boards (like NMMFA, NMFA, the associated legislative oversight entities, regional housing authorities and local cities/counties) will be resolved, confusion on policy implementation could occur.

PERFORMANCE IMPLICATIONS

ADMINISTRATIVE IMPLICATIONS

SB71 would expand the scope of the independent public audit of DFA.

The various regional parent housing authorities can be structured as independent of a parent government or as a component unit of a parent government. These structures often result in a delay in availability of financial audits for primary housing authorities, and parent governments with said housing authorities, in any given year limiting the timeliness of availability of audited financial data for the new office in any given year.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NNMFA reports that SB71 duplicates work they currently perform with regard to a statewide housing plan, technical assistance to local government and constructive industries, ensuring coordination with NMFA on funding, monitoring adherence to use agreements and creating a housing annual report. SB71 appears to have an executive branch agency performing these duties either in concert, or in conflict with, NMMFA and NMFA.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

The sponsor may consider expanding the scope and funding of the current local government division within DFA to include reporting on housing data.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Regional housing will remain a regional issue. The state will not have a statewide approach to housing.

AMENDMENTS