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FISCAL IMPACT REPORT

SPONSOR <u>House Judiciary Committee</u>	LAST UPDATED _____
	ORIGINAL DATE <u>3/11/25</u>
SHORT TITLE <u>Mobile Home Rent Stabilization</u>	BILL <u>CS/House Bill</u>
	NUMBER <u>442/HJCS</u>
	ANALYST <u>Hilla</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
RLD	No fiscal impact	No fiscal impact	No fiscal impact	No fiscal impact	Recurring	

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Relates to House Bill 418

Sources of Information

LFC Files

Agency Analysis Received From

Office of the Governor
 New Mexico Attorney General (NMAG)
 New Mexico Mortgage Finance Authority (MFA)
 Regulation and Licensing Department (RLD)

Agency Analysis was Solicited but Not Received From

Office of Housing

SUMMARY

Synopsis of HJC Substitute of House Bill 442

The House Judiciary Committee substitute for House Bill 442 (HB442) makes amendments to the Mobile Home Park Act to add manufactured homes to the statutory definition of "mobile home" and requires rent fairness for mobile homes. Landlords may not increase rent more than three percent between July 1, 2025, to June 30, 2026. After June 30, 2026, landlords may increase rent no more than five percent. Landlords who violate the act will be liable for two times the amount of total monthly rent, with tenants able to abate rent by \$150/day beginning the day a violation first occurs until the violation is cured; if the violation lasts for more than a week, the tenant may withhold \$250/day.

HB442 creates the mobile home parks work group, comprised of the Regulation and Licensing Department (RLD), the Public Regulation Commission (PRC), the Governor's Office of Housing, The New Mexico Attorney General (NMAG), the New Mexico Mortgage Finance Authority (MFA) a landlord of a mobile home park, and a resident of a mobile home park. The workgroup is to be chaired by the RLD superintendent and RLD is to provide administrative

support to the workgroup. The workgroup is to function from July 1, 2025, until July 1, 2027, and shall develop recommendations for a regulatory framework for mobile home park tenancies and recommendations regarding rent increases. The workgroup is to provide reports to appropriate interim legislative committees, with the first report to be had by December 1, 2025. The workgroup shall receive no compensation, perquisite or allowance.

Any violation of the rent stabilization is enforceable under the Unfair Practices Act.

The effective date of this bill is July 1, 2025.

FISCAL IMPLICATIONS

There is no fiscal impact on the state as RLD is to provide all staffing and administrative costs necessary. This analysis assumes RLD can absorb the administrative burden of the workgroup with existing resources. The bill specifies that the workgroup shall receive no compensation, perquisite, or allowance, precluding any additional per diem, mileage, or other payments to workgroup members.

SIGNIFICANT ISSUES

RLD states that its Manufactured Housing Division does not regulate mobile home parks. RLD adds that the bill's provision that landlords must fix utility service issues within 8 hours before incurring the \$150/day rent abatement is not feasible. RLD notes "there are a number of factors that impact the landlord and contractor's ability to make repairs in such a short period of time such as the distance to the park, weather, availability of parts, holidays, or availability of licensed contractors."

According to MFA, mobile homes are the second largest housing type in the state after single family detached homes in every county but three. MFA states homeownership of mobile homes contributes to the state's overall high homeownership rate. The Office of the Governor states the bill would help tenants in mobile home parks maintain stable housing.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill conflicts with House Bill 418, which also amends the Mobile Home Parks Act but differs in provisions on penalties, and relates to House Bill 426, which amends the act but does not overlap with HB442. The bill relates to House Memorial 35, which creates the mobile home park regulatory framework to provide for similar functions and is comprised of the same members as HB442's workgroup, but only for working functions through September 1, 2025. RLD is tasked to provide all administrative support to the workgroup in the memorial.

House Bill 448 (HB448) and Senate Bill 205 (SB205) both create the Office of Housing Planning and Production, currently referred to as the Governor's Office of Housing, to be administratively attached to the Department of Finance and Administration. The Governor's Office of Housing functions through an executive order, and HB448 and SB205 create the office in statute. Sponsors may consider changing language from "the governor's office of housing" to "the office of housing planning and production" should HB448 or SB205 pass.