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FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 1/21/2022
LAST UPDATED _____ HB _____
SHORT TITLE New Mexico Housing Trust Fund SB 19
ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$70,000.0	Recurring	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 19, endorsed by the Mortgage Finance Authority Oversight Committee, appropriates \$70 million from the general fund to the New Mexico Housing Trust Fund for expenditure in FY23 and subsequent years. Any unexpended or unencumbered balance shall not revert to the general fund.

FISCAL IMPLICATIONS

The appropriation of \$70 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

The LFC 2022 capital outlay framework includes \$9 million for the New Mexico Housing Trust Fund (HTF).

SIGNIFICANT ISSUES

According to MFA, funding will be used to acquire, build, rehabilitate, preserve, finance, weatherize and/or provide energy efficiency upgrades for affordable housing units. It is

estimated, the funding could create 4,578 quality affordable homes for low-income New Mexicans. Eligible costs that can be covered with the funds include infrastructure, construction, weatherization, acquisition, and rehabilitation necessary to support affordable homeownership or rental housing.

Enacted in 2005, the New Mexico Housing Trust Fund (HTF) was created to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state. Laws 2021, Chapter 24 expanded its purpose to include rental and mortgage assistance, housing counseling, down payment assistance, home rehabilitation and weatherization, and programs to address homelessness based on need as determined by MFA. Since its creation, the state investment of \$27 million has resulted in \$62 million in financing provided. As a revolving fund the amount grows as a result of loan repayments interest.

New Mexico Housing Trust Fund Investments Since Inception

	Total Units	Low Income Units	Moderate Income Units	Market Rate Units	Dollars	% of Total	Leverage
Single Family New Construction	314	153	22	139	\$7,900,561	15%	\$52,076,516
Single Family Rehabilitation	30	30	-	-	\$160,679	1%	\$160,679
Multi family New Construction	2,604	2,336	110	157	\$34,002,930	54%	\$442,307,724
Multi family Rehabilitation	1,584	1,530	-	54	\$18,776,680	36%	\$204,091,432
Rental Assistance		89			\$196,260	<1%	-
MFA Administration	-	-	-	-	\$1,406,336	3%	-
Totals	4,532	4,138	132	350	\$62,443,446	100%	\$698,636,351

Source: MFA

MFA reports, affordable housing supply has been on the decline in New Mexico since the 1990's. In New Mexico, 117,613 households are housing cost burdened, and another 100,858 are severely cost burdened. Cost burden is defined as paying 30 percent or more of household income towards housing costs, while severe cost burden is paying 50 percent or more of income on housing costs. Further, there is a shortage of 32,000 units for extremely low-income renters, this was mostly concentrated in urban areas (2019 ACS 5-Year, HUD, and Root Policy Research). Additionally, 40,021 units in New Mexico lack complete kitchens, 40,310 units lack complete plumbing, and 44 percent of New Mexico's housing units were built before 1980. Finally, 5,100 new units are needed annually during each of the next five years to accommodate growth (the current annual average is 3,291 units in growth counties) (2019 ACS 5-Year, HUD, and Root Policy Research).

The pandemic has exacerbated the situation with rent and median home prices continuing to increase. In the past year, rent has increased 13.7 percent nationwide and 18.5 percent in Albuquerque (Yardi Matrix, National Multifamily Report, October 2021) . In 2016 New Mexico's median home sale price was \$185,000. By November 2021 the median home sale price

in New Mexico was \$290,500, a 57% increase in 5 years (New Mexico Association of Realtors).

PERFORMANCE IMPLICATIONS

To date, the program has resulted in 4,532 new affordable housing units with an economic impact of \$580 million in 16 counties. The HTF has a 26 to 1 leverage ratio having leveraged \$698 million additional dollars as a result of these funds. Thus, for every dollar the state has put into the program, MFA has leveraged \$26 dollars in funding.

ADMINISTRATIVE IMPLICATIONS

The MFA's Housing Development Department and Community Development Department have established programs to administer the appropriation.

JL/rl