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## FISCAL IMPACT REPORT

**SPONSOR** Rodriguez/Small **LAST UPDATED** \_\_\_\_\_  
**ORIGINAL DATE** 2/21/23  
**SHORT TITLE** NM Housing Trust Fund Bonding **BILL** \_\_\_\_\_  
**NUMBER** Senate Bill 381/ec  
**ANALYST** Torres, I.

### REVENUE\* (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY23	FY24	FY25	FY26	FY27		
(\$37,530)	-	-	-	-	Recurring	Senior Severance Tax Bond Capacity
\$37,530	-	-	-	-	Recurring	Housing Trust Fund

Parenthesis ( ) indicate revenue decreases

\*Amounts reflect most recent version of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Board of Finance (BOF)

Mortgage Finance Authority (MFA)

## SUMMARY

### Synopsis of Senate Bill 381

Senate Bill 381 (SB381) changes the 2.5 percent distribution to the housing trust fund from the severance tax bonding fund so that it begins in FY23 rather than in FY24.

This bill contains an emergency clause and would become effective immediately on signature by the governor.

## FISCAL IMPLICATIONS

The allocation of senior severance tax bond capacity to the housing trust fund reduces the capacity for other capital projects to be funded by senior severance tax bond capacity. The earmark is set to take effect in FY24, under the status quo. SB381 accelerates the distributions to the housing trust fund to begin in FY23 instead of FY24.

Because this year's capital outlay appropriations do not use severance tax bonds and use general fund instead, SB381 is expected to have no effect on capital outlay. However, SB 381 will reduce transfers to the permanent fund in June 2023 by \$37.53 million which will be sent to the

housing trust fund instead. Regardless, the transfer to the severance tax permanent fund will likely be more than originally anticipated and nearly \$1 billion over 10 years because of the Legislature’s decision to use general fund for new capital appropriations in FY23.

Accelerating the distributions for the housing trust fund will allow programmatic uses to begin in the summer of 2023 rather than summer of 2024.

## SIGNIFICANT ISSUES

The Mortgage Finance Authority notes a number of issues intended to be addressed with the funds:

To date, the [Housing Trust Fund] program has been appropriated \$61 million of state and federal funds in its 18-year existence, resulting in 4,795 new affordable housing units with a total development cost of over \$753 million and an economic impact of over \$580 million across the state. For every dollar the state has put into the program, MFA has leveraged \$21 dollars in funding.

Overall, in New Mexico, there are 32 thousand too few affordable rental units to meet the needs of renters with incomes of 30 percent of AMI and less. The shortage is most pronounced in Bernalillo, Dona Ana, Santa Fe, and Sandoval Counties. A combination of new affordable rental units, rental assistance, and market rate production is needed to address this gap.

According to Census data, around 28 percent of households with children—an estimated 78 thousand households—are cost burdened. According to the resident survey, families with children experience high rates of housing instability. The survey found that 32 percent of households with children experienced displacement in the past five years.

By 2025 the state will need around 25,400 units; around 4,200 of them should be affordable to households with income below 30 percent AMI and 7,600 below 50 percent AMI. By 2035, the state is projected to reach nearly 900 thousand households—65 thousand more than in 2020.

Based on the above projections,

- Between now and 2025, an average of 5,100 housing units per year are needed to accommodate growth; and
- Between 2025 and 2030, an average of 5,140 housing units per year are needed to accommodate growth.

According to the resident survey conducted for the Housing Strategy, 25 percent of residents live in housing that does not meet the needs of their household member with a disability—equivalent to 43 thousand New Mexico households with accessibility needs. Residents living on Tribal lands and in colonias are more likely than other New Mexicans to be living in housing in poor condition.

An estimated 40 thousand housing units in the state do not have complete kitchen facilities, and there are another 40 thousand units without complete plumbing. The counties with the largest number of substandard units—McKinley and San Juan—are

also those with large shares of Tribal lands.

In census tracts with colonias, there are an estimated 1,800 overcrowded housing units, over 17 thousand units built before 1970, 400 units lacking complete kitchen facilities, and over 800 lacking complete plumbing facilities. Around 6,700 units using bottled, tank, or LP gas as a heating source. Around 20 thousand housing units in census tracts with colonias are vacant.

On Tribal lands, more than 5,700 housing units are overcrowded, 18,800 were built before 1970, 2,600 lack complete kitchen facilities, and almost 3,500 lack complete plumbing. An estimated 16,400 housing units on Tribal lands are vacant. According to the resident survey, 26 percent of Native American respondents deem their home to be in fair/poor condition, this translates to around 14,670 housing units occupied by Native Americans that are in need of repairs.

Data on the housing conditions within colonias are very limited and are best gathered through targeted resident surveys conducted by trusted stakeholders. Areas with colonias have significantly higher share of unoccupied housing units compared to areas that do not include colonias (29 percent v. 15 percent), these areas also have higher shares of homes using bottled, tank, or LP gas (14 percent v. 6 percent) and wood (9 percent v. 7 percent) as a heating source.

There is a shortage of 4,590 units priced below \$500 for senior renter households. In order to avoid being cost burdened, 1,299 senior renter households should be paying less than \$250 and 3,291 should pay between \$250 and \$500.

The New Mexico Coalition to End Homelessness (NMCEH) estimates the number of New Mexicans experiencing homelessness at between 15 thousand and 20 thousand—with 9 thousand children and youth experiencing homelessness.

According to the most recent count (referred to as the Point in Time count, or PIT) of homeless residents in shelters and sleeping in areas not meant for human habitation, as of January 2022, there were 1,311 persons experiencing homelessness in Albuquerque and 1,283 in the balance of the state. Of those, most were occupying emergency shelters: 197 were unsheltered in Albuquerque and 391 were unsheltered in other areas of the state (referred to as Balance of State).

The New Mexico Coalition to End Homelessness estimates that over 6,500 people per year experience homelessness but do not receive adequate assistance to help them exit homelessness and are in need of rapid rehousing and permanent supportive housing units.

The Corporation for Supportive Housing (CSH) estimates a slightly higher number—around 8,400 supportive housing units needed in the state. For Albuquerque alone, the Urban Institute report estimates that 2,200 households are in need of permanent supportive housing and 800 units of rapid rehousing.