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F I S C A L   I M P A C T   R E P O R T

SPONSOR: Rodriguez DATE TYPED: 02/13/01 HB

SHORT TITLE: Statewide Housing Rehabilitation Loan Program SB 173

ANALYST: Kehoe

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	**FY02**	**FY01**	**FY02**		
$ 2,500.0				Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

New Mexico Mortgage Finance Authority (MFA)
LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 173 appropriates two million five hundred thousand dollars ($2,500,000) from the General Fund to the New Mexico Mortgage Finance Authority for a statewide loan program for the rehabilitation of substandard housing.

Significant Issues

Senate Bill 173 appropriates funds to the MFA for a statewide revolving loan fund to provide loans to persons at or below 80 percent of the average area median income for rehabilitation of substandard residential housing. The bill defines "substandard housing" as housing that is deteriorating because it needs more repair than would be provided in the normal course of maintenance and has one or more defects that must be corrected if the dwelling unit is to provide safe and adequate shelter.

The state appropriation contained in the bill is to be used to maximize federal housing and urban development matching funds that may be available for housing rehabilitation. The MFA would be required to promulgate rules for the implementation and administration of the housing loans.

The MFA has the administrative infrastructure in place to disburse and service the loans. The current eligibility criteria includes: 1) 0% interest loans are made to persons with incomes under 50 percent of area median income (AMI); 2) one to four percent interest loans are made to persons with incomes between 51 and 80 percent of AMI. Approximately $3 million is available from HUD for rehabilitation activities during the current fiscal year. According to MFA, rehabilitation measures are required to meet all federal and state building and construction codes.

FISCAL IMPLICATIONS

The appropriation of $2,500,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2002 shall not revert to the General Fund. Senate Bill 173 requires that the appropriation be leveraged with other funding sources available for housing rehabilitation activities.

TECHNICAL ISSUES

The MFA is a non-governmental instrumentality. The appropriation should be made to the Department of Finance and Administration (DFA) for the purpose contained in Senate Bill 173. The DFA would then enter into a Joint Powers Agreement with the MFA to provide the services required in the bill.

OTHER SUBSTANTIVE ISSUES

According to MFA, substandard housing creates a health and safety risk to residents. Historically, the need for rehabilitation of the housing stock of low-income homeowners has far exceeded the financial resources available to address the needs. The proposed loan program would go a long way to meet this need.

LMK/njw