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FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 01/26/07
LAST UPDATED _____ HB _____
SHORT TITLE New Mexico Housing Trust Fund SB 282
ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$15,000	Nonrecurring	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 282 appropriates \$15 million from the general fund to the New Mexico Housing Trust Fund to carry out the provisions of the NM Housing Trust Fund Act.

FISCAL IMPLICATIONS

The appropriation of \$15 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall not revert to the general fund.

SIGNIFICANT ISSUES

Enacted in 2005, the purpose of the New Mexico Housing Trust Fund is to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state. According to the New Mexico Housing Trust Fund Act, "the Fund shall consist of the following recurring sources: (1) appropriations and transfers from the general fund; (2) any other money appropriated or distributed to the fund; or (3) any private contributions to the fund."

The Act further states that “(m)oney in the fund is appropriated to the authority for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act.”

The Act also states, “(t)he authority’s governing body shall be responsible for ensuring that on an annual basis the total funds awarded for housing activities attract at least three times as much funding from other sources.” The initial appropriation for use under the Housing Trust Fund was \$10 million, and another \$1 million was appropriated during the 2006 legislative session. MFA has awarded \$10,323,730 to fifteen projects; these projects will result in the development or rehabilitation of 882 housing units throughout the state (581 of which will be single family home-ownership units). Importantly, these projects will leverage another \$149.3 million in other financing sources. In other words, *successful Housing Trust Fund applicants brought almost fifteen times as much funding from other sources as MFA awarded in state funds.*

Finally, the Act states “(m)oney from the fund may also be used to reimburse the authority for actual expenses incurred in administering the fund in an amount not to exceed five percent of total funds disbursed from the fund.”

PERFORMANCE IMPLICATIONS

- Fund restrictions
 - First appropriation language stated “\$10,000,000 for infrastructure projects to implement the Affordable Housing Act” (*i.e.*, restricts land and building acquisition)
 - Affordable housing exception to the anti-donation clause (recently amended with the passage of Constitutional Amendment 4) did not allow MFA to award housing grants in the form of cash (*i.e.*, below market-rate financing or grants) for anything other than infrastructure
- Funding Rounds; including the inaugural round held November/December 2005, MFA has held five quarterly funding rounds. Some quick facts below refer to the funding process:
 - MFA received 43 applications
 - Applicants requested more than \$41 million in funding
 - MFA has awarded \$10,323,730 in funding to 15 applicants
 - These awards have leveraged \$149,250,208 in other public and private funding
 - When completed, these awarded projects will comprise 882 units in 17 counties:
 - 581 units of single family for-sale housing
 - 30 units of owner-occupied housing rehabilitation
 - 239 rental units
 - 32 rental units for people with special needs

ADMINISTRATIVE IMPLICATIONS

According to the New Mexico Housing Trust Fund Act “(m)oney from the fund may also be used to reimburse the authority for actual expenses incurred in administering the fund in an amount not to exceed five percent of total funds disbursed from the fund.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

In light of the success of the first full year of funding rounds, projected needs associated with numerous workforce housing initiatives, and the successful passage of Constitutional Amendment 4, an additional appropriation of \$15 million to further capitalize the New Mexico Housing Trust Fund is necessary not only to meet unaddressed housing needs throughout the state, but also to sustain the momentum this valuable program has achieved.

JL/sb