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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/13

SPONSOR Rodriguez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE NM Housing Trust Fund SB 166

ANALYST Geisler

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$5,000.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY13	FY14	FY15		
	(\$5,000.0)	\$0.0	Nonrecurring	General Fund
	\$5,000.0	\$0.0	Nonrecurring	Housing Trust Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Mortgage Finance Authority (MFA)  
Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 166 for the Mortgage Finance Authority Act Oversight Committee appropriates \$5 million from the general fund to the New Mexico Housing Trust Fund for expenditure in FY14 and subsequent fiscal years for the purpose of carrying out the provisions of the New Mexico Housing Trust Fund Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert.

## **FISCAL IMPLICATIONS**

A non-recurring appropriation of \$5 million will be transferred from the General Fund to the New Mexico Housing Trust Fund administered by the New Mexico Mortgage Finance Authority (MFA). The MFA notes that 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 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.” According to MFA, successful Housing Trust Fund applicants brought ten times as much funding from other sources as MFA awarded in state funds.

## **SIGNIFICANT ISSUES**

MFA notes that the initial appropriation for use under the Housing Trust Fund was \$10 million, and another \$8 million was appropriated to the Fund in subsequent legislative sessions. An additional \$9.8 million in loan repayments and interest earnings gives the Housing Trust Fund \$27.8 million in total award capacity.

MFA serves as the Fund’s trustee, and has awarded \$22.4 million for affordable housing development. This amount has leveraged approximately \$210 million in other housing funding and will result in the new construction and preservation of 1,490 affordable homes throughout New Mexico. In other words, successful Housing Trust Fund applicants leveraged approximately ten times as much funding from other sources as MFA awarded in state funds.

MFA has held quarterly funding rounds since late 2005. Funds are awarded to the most competitive application, regardless of activity, based on merit. When completed, these awarded projects will comprise 1,490 units in 12 counties including one pueblo, one reservation, and one colonia:

- 298 units of new single family for-sale housing
- 36 units of owner-occupied housing rehabilitation
- 904 new rental units
- 252 rehabilitated rental units

In light of the mortgage market credit crunch and dwindling federal resources available for housing and economic development initiatives, The MFA requests a \$5 million appropriation to further capitalize New Mexico’s Housing Trust Fund to create homes and hundreds of construction jobs throughout the state. Based on the Housing Trust Fund’s history to date, a \$5 million appropriation would leverage approximately \$47 million and result in more than 330 rental/rehabbed units and hundreds of jobs.

## **ADMINISTRATIVE IMPLICATIONS**

The MFA is allowed to charge up to a total of 5 percent of total funds dispersed from the fund for actual expenses incurred in administering the fund.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

MFA notes that it receives only one other source of funding that is comparable to the Housing Trust Fund, HUD HOME funds. However, the federal government cut New Mexico's HOME allocation by 52 percent. MFA does not have resources to compensate for this significant cut. An additional appropriation to the 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.

GG/bm