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FISCAL IMPACT REPORT

ORIGINAL DATE 01/30/14

SPONSOR Varela LAST UPDATED _____ HB 154

SHORT TITLE NM Housing Trust Fund SB _____

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)

Relates to SB 134

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Bill 154 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 FY15 and subsequent fiscal years for the purpose of carrying out the provisions of the New Mexico Housing Trust Fund Act and to provide that an amount equal to ten percent of the appropriation shall be used as grant funding for affordable housing. Any unexpended balance remaining at the end of a fiscal year shall not revert.

FISCAL IMPLICATIONS

An appropriation of \$5 million will be transferred from the General Fund to the New Mexico Housing Trust Fund in FY2015 for expenditure in FY2015 and subsequent fiscal years. This is consistent with the Act, which states: “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.”

In accordance with the Act, “(m)oney from the fund may also be used to reimburse the authority (MFA) for actual expenses incurred in administering the fund in an amount not to exceed five percent of total funds disbursed from the fund.” This provision covers MFA’s operating costs for administering the fund.

SIGNIFICANT ISSUES

In addition to increasing the capacity of the Housing Trust Fund to support affordable housing projects, HB 154 addresses a shortfall in available funding for grant-funded affordable housing projects including rehabilitation work.

MFA notes that the initial appropriation for use under the Housing Trust Fund was \$10 million, and another \$8.2 million was appropriated to the Fund in subsequent legislative sessions. To date, the NM Housing Trust Fund has leveraged \$262 million in other funding sources and has received \$10.7 million in loan principal repayments, \$851,000 in loan interest and \$3.6 million in net investment interest. This represents a 15-to-1 return on the state’s \$18.2 million investment.

Because the New Mexico Housing Trust Fund does not receive recurring appropriations from the state and does not have a permanent funding source, MFA has administered it as a revolving loan fund. HB 154 would set aside ten percent of the total appropriation for grant funding, for those affordable housing activities that cannot be funded through loans. MFA already administers grant-funded affordable housing programs and would use ten percent of the appropriation toward those existing programs. MFA does not anticipate additional administrative expenses or performance implications as a result of the ten percent set aside because MFA already has administrative systems and program requirements in place for those grant-funded affordable housing programs.

ADMINISTRATIVE IMPLICATIONS

MFA administers the NM Housing Trust fund pursuant to the Act. As required by the Act, the New Mexico housing trust fund advisory committee reviews all project applications and makes recommendations to MFA for funding them. The committee is subject to oversight by the Mortgage Finance Authority Act oversight committee; therefore, MFA reports on the status of the NM Housing Trust Fund annually to the Mortgage Finance Authority Act oversight committee.

RELATIONSHIP

Senate Bill 134 appropriates \$5 million to the New Mexico Housing Trust Fund but does not include a requirement to set aside ten percent of the appropriation as grant funding for affordable housing.