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FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/14

SPONSOR Rodriguez LAST UPDATED _____ HB _____

SHORT TITLE NM Housing Trust Fund SB 134

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)

SUMMARY

Synopsis of Bill

Senate Bill 134 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. Any unexpended 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 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.

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 fifteen 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 \$8.2 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.

A \$5 million appropriation will enable MFA to finance approximately 500 additional affordable housing units per year and, based on past performance, leverage approximately \$70 million in other funding sources.

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 56 percent since 2010. 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:ds