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FISCAL IMPACT REPORT

ORIGINAL DATE 2/11/2015

SPONSOR Rodriguez LAST UPDATED _____ HB _____

SHORT TITLE New Mexico Housing Trust Fund SB 87

ANALYST van Moorsel

APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17	FY18	FY19		
	\$5,000.0				Nonrecurring	General Fund

Parenthesis () indicate expenditure decreases

Relates to SB27 - Foreclosure Process Task Force; SB28 - Pre-Purchase Homebuyer Education Program; SB250 – Affordable Housing Act Oversight Duties.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 87 appropriates \$5 million from the general fund to the New Mexico housing trust fund for expenditure in FY16 and subsequent fiscal years by the New Mexico Mortgage Finance Authority to carry out the provisions of the New Mexico Housing Trust Fund Act.

The bill is endorsed by the Mortgage Finance Authority Act Oversight Committee.

There is no effective date of this bill. It is assumed that the new effective date is 90 days after this session ends.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

The MFA states the New Mexico housing trust fund is a revolving loan fund; therefore, the non-reversion provision of the appropriation in the bill would allow the MFA to make continue to make loans as prior loans are repaid.

MFA reports that, 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

Established 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. MFA is the trustee of the fund, and the State Investment Council is the fund’s investment agent.

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. 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.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

MFA reports hundreds of construction jobs are created throughout the state due to construction activity financed by the New Mexico housing trust fund. Without the requested \$5 million appropriation, MFA contends approximately 500 units of affordable housing will not be built and \$70 million in leveraged funds will not be realized.

<p>Does the bill meet the Legislative Finance Committee tax policy principles?</p> <ol style="list-style-type: none">1. Adequacy: Revenue should be adequate to fund needed government services.2. Efficiency: Tax base should be as broad as possible and avoid excess reliance on one tax.3. Equity: Different taxpayers should be treated fairly.4. Simplicity: Collection should be simple and easily understood.5. Accountability: Preferences should be easy to monitor and evaluate
