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FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 2/1/2019
 LAST UPDATED _____ HB _____

SHORT TITLE NM Housing Trust Fund SB 212

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$10,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 280 that includes \$2.5 million for the Housing Trust Fund

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 212 appropriates \$10,000 million from the general fund to the New Mexico Housing Trust Fund (the Fund) for expenditure in FY20 and subsequent years to carry out the provisions of the New Mexico Housing Trust Fund Act (the Act).

FISCAL IMPLICATIONS

The appropriation of \$10,000 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of the fiscal year shall not revert to the general fund.

Established in 2005, the purpose of the 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 investment agent.

A \$10 million appropriation will enable MFA to finance approximately 1,000 additional affordable housing units and, based on past performance, leverage at least \$140 million in other funding sources.

PERFORMANCE IMPLICATIONS

Since its creation, the state investment of \$18.7 million has grown to \$26 million as a result of interest and leveraged \$474 million in other funding sources. Due to MFA’s ability to leverage funding with other sources, this fund has a 25-to-1 return on investment.

New Mexico Housing Trust Fund Investments

	Total Units	Low Income Units	Moderate Income Units	Market Rate Units	Amount	% of Total	Leverage
Single Family New Construction	314	153	22	139	\$7,900,561	17%	\$52,076,516
Single Family Rehabilitation	30	30	-	-	\$160,679	0%	\$160,679
Multifamily New Construction	1,598	1,430	11	157	\$20,080,899	47%	\$253,172,292
Multifamily Rehabilitation	1,342	1,294	-	48	\$14,276,680	34%	\$168,615,172
MFA Administration	-	-	-	-	\$1,067,056	2%	-
Totals	3,284	2,907	33	344	\$46,862,710	100%	\$474,024,659

Source: MFA

According to MFA, hundreds of construction jobs are created throughout the state due to construction activity financed by the New Mexico Housing Trust Fund. Based on the National Association of Home Builders economic model, 5,830 jobs have been supported and \$433.8 million in local income has been generated as a result of New Mexico Housing Trust Fund construction activity.

ADMINISTRATIVE IMPLICATIONS

MFA administers the New Mexico 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 the MFA board of directors 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 New Mexico Housing Trust Fund annually to the Mortgage Finance Authority Act oversight committee.

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.

RELATIONSHIP

Relates to Senate Bill 280 that includes \$2.5 million for the Housing Trust Fund.