

<b>LFC Requester:</b>	<b>Jeannae Leger</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

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*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 3/4/2025 *Check all that apply:*  
**Bill Number:** SB 145 Original  Correction   
 Amendment  Substitute

**Sponsor:** Roberto "Bobby" J. Gonzales **Agency Name** 992 – New Mexico Mortgage  
**Short Title:** HOUSING TRUST FUND & AFFORDABLE HOUSING **and Code** Finance Authority  
**Number:** (Housing New Mexico | MFA) **Person Writing** Robyn Powell  
**Phone:** 505-767-2271 **Email** rpowell@housingnm.org

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
NA	\$500,000	Nonrecurring	General Fund

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0	\$0	\$0	\$0	\$0	\$0

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None  
Duplicates/Relates to Appropriation in the General Appropriation Act: None

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

SB 145 makes a one-time, non-reverting, appropriation of \$500 million from the general fund to the New Mexico Housing Trust Fund (NMHTF) for expenditure beginning in fiscal year 2026. Additionally, the bill proposed to set aside for local governments. Any funds unawarded through the set-aside would be released from the restriction after one year.

The Senate Health and Public Affairs Committee substitute incorporates the following changes into Senate Bill 145:

1. Increases the local government set-aside from 10% of the appropriation to 30% of the appropriation.
  - Designates 50% of the set aside (or 15% of the total appropriation) for rural municipalities.
  - Designates 50% of the set aside (or 15% of the total appropriation) for other municipalities and counties.
2. Removes the requirement that rural municipalities or counties provide no less than three times match to access set-aside funding.
3. Requires that the rural municipality or county “have demonstrated the ability to expedite zoning processes that support affordable housing development projects” to be eligible for funding, whereas the original bill stipulated that MFA shall *prioritize* funding for local governments who had done sone.

The legislature established the NMHTF in 2005 to fund the acquisition, building, rehabilitation, preservation, financing, weatherization, and home energy efficiency upgrades for low to moderate income New Mexicans. The New Mexico Mortgage Finance Authority (Housing New Mexico | MFA), as the Trustee of the NMHTF, has established programs, partnerships, and administrative capacity to effectively utilize state funds for housing development, preservation of existing affordable housing, and homeownership programs across the entire state.

#### **FISCAL IMPLICATIONS**

The passage of SB 145 would result in a one-time, non-reverting, appropriation of \$500 million from the general fund to the NMHTF. The appropriation does not impact the state operating budget because Housing New Mexico | MFA, as a self-supporting quasi-governmental entity, does not rely on the state for any operational funding.

#### **SIGNIFICANT ISSUES**

**Amendment** – Increasingly local governments, urban and rural alike, are seeking to spur affordable housing initiatives. The 30% set-aside would designate funding for local governments, with 15% reserved for rural municipalities and 15% reserved for other municipalities. While local governments are currently eligible to solicit NMHTF funding, the set-aside would ensure that municipalities and counties are guaranteed funding availability.

The removal of the 3:1 match requirement ensures that local governments that cannot provide additional funding still have access to the set-aside. Housing New Mexico will ensure that the *3:1 overall leverage ratio* that is required by the New Mexico Housing Trust Fund Act is met or

exceeded by incentivizing local governments that are able to provide leverage and by prioritizing non-set aside funding for projects that have a high leverage ratio. Currently Housing New Mexico maintains a 16:1 leverage ratio by balancing low-leverage projects with high-leverage projects. Projects with low leverage typically support those experiencing homelessness or extremely low-income households. Projects with high leverage are most often development projects that bring in significant federal and private capital, and down payment assistance that is leveraged with first mortgage financing.

**Need** – According to data provided by the Department of Housing and Urban Development (HUD), 30% (236,625) of households in New Mexico have at least one housing problem. A transformative investment to the NMHTF is required to address the housing crisis facing the state. Housing New Mexico | MFA would use this appropriation to mitigate the affordable housing crisis in the state in the following ways:

- Build rental and homeownership housing,
- Supply downpayment assistance,
- Rehabilitate aging housing stock,
- Fund homelessness and homelessness prevention programs,
- Invest in innovative affordable housing projects.

**Impact** – An investment of \$500 million would allow Housing New Mexico | MFA and its partners to serve an estimated 10,000 New Mexicans in addition to those approximately 20,000 families Housing New Mexico is able to serve currently.

The table below provides an analysis of how a \$500 million appropriation could improve housing opportunities based on the approximate cost of various program types (see “assumptions”). Currently, Housing New Mexico | MFA maximizes its federal resources for affordable housing, meaning transforming the housing landscape requires significant state investment.

	Assumptions		2025		2026		2027	
	Investment Cost		Assistance Target	Investment Cost	Assistance Target	Investment Cost	Assistance Target	Investment Cost
Down Payment Assistance*	\$10,000	per borrower	2,000	\$ 20,000,000	2,040	\$ 20,400,000	2,081	\$ 20,808,000
Rental Housing Development*	\$50,000	per unit	1,200	\$ 60,000,000	1,224	\$ 61,200,000	1,248	\$ 62,424,000
Single Family Housing Development*	\$250,000	per unit	500	\$ 125,000,000	510	\$ 127,500,000	520	\$ 130,050,000
Single Family Housing Rehabilitation	\$150,000	per unit	100	\$ 15,000,000	102	\$ 15,300,000	104	\$ 15,606,000
Homeless and Homelessness Prevention – Permanent	\$100,000	per unit	200	\$ 20,000,000	204	\$ 20,400,000	208	\$ 20,808,000
Homeless and Homelessness Prevention –Homelessness	\$6,000	per household	1,000	\$ 6,000,000	1,020	\$ 6,120,000	1,040	\$ 6,242,400
Total			5,000	\$ 246,000,000	5,100	\$ 250,920,000	5,202	\$ 255,938,400
Cumulative Total			5,000	\$ 246,000,000	10,100	\$ 496,920,000	15,302	\$ 752,858,400

*\*For these programs, NMHTF awards are typically part of a larger capital stack, are among layered funding sources or administered as a revolving line of credit. The investment costs shown are an estimate of the portion NMHTF would cover.*

Housing New Mexico | MFA balances NMHTF allocations to programs based on two primary criteria: meeting housing needs throughout the state and maintaining the sustainability of the funding source. Downpayment assistance and rental and single-family housing development are

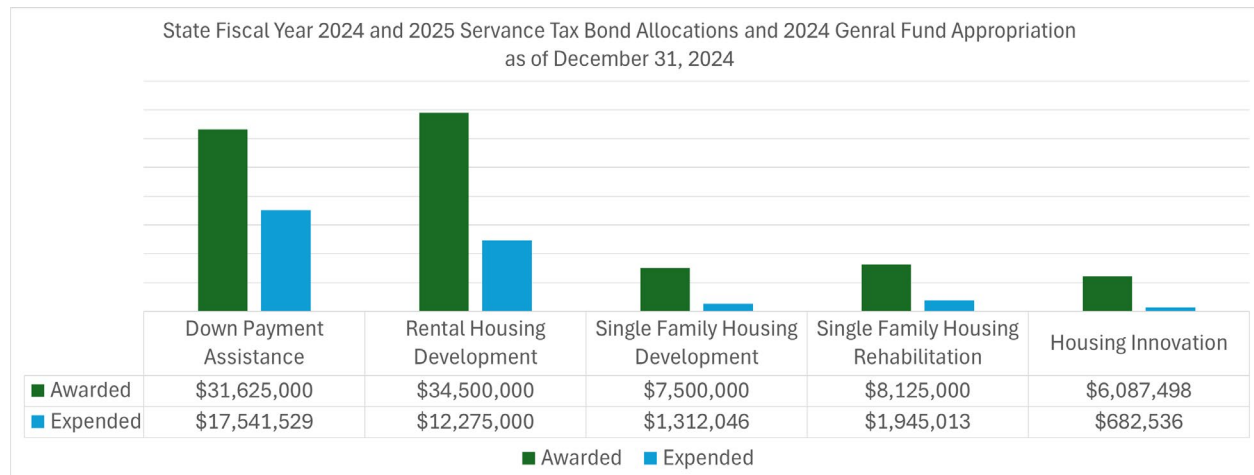
typically administered as loans, generating program income and significant leverage. Housing New Mexico | MFA prioritizes grant funding for programs serving the most vulnerable populations, including those facing or experiencing homelessness as well as very low-income seniors and veterans.

**Affordable Housing Defined** – Housing is considered affordable when housing costs do not exceed 30% of a household’s income. The MFA Act allows Housing New Mexico | MFA to serve households earning up to 150% area median income (AMI) with the NMHTF. This upper limit helps in providing homeownership opportunities and reaching the “missing middle”. The majority of those assisted with NMHTF are between 30% - 80% AMI.

**PERFORMANCE IMPLICATIONS**

In the 17 months since funding from the NMHTF severance tax bond earmark legislation became available, Housing New Mexico has allocated 85% to various programs and activities, awarded 73% to grantees, and expended 28% of the \$122.15 million allocations. This includes \$88.57 million from the severance tax bond earmark (state fiscal years 2024 and 2025) and the one-time \$50 million appropriation made available July 1, 2024. These performance metrics demonstrate Housing New Mexico’s capacity to urgently deploy funding and serve households in need..

These performance metrics demonstrate Housing New Mexico | MFA’s capacity to urgently deploy funding and serve households in need. The table below shows funding allocated, awarded, and expended by activity, as of December 31, 2024.



**ADMINISTRATIVE IMPLICATIONS**

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

**TECHNICAL ISSUES**

**OTHER SUBSTANTIVE ISSUES**

**ALTERNATIVES**

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

**AMENDMENTS**