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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 139

SHORT TITLE: NM Housing Trust Fund

SPONSOR: Reps. Anyanonu/Johnson

LAST ORIGINAL
UPDATE: _____ **DATE:** 1/23/2026 **ANALYST:** Ortega

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$135,000.0	Nonrecurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
Mortgage Finance Authority

SUMMARY

Synopsis of House Bill 139

House Bill 139 (HB139) appropriates \$135 million from the general fund to the New Mexico housing trust fund (HTF) for expenditure in FY27 and subsequent years for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$135 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY27 shall not revert to the general fund.

The Legislature established the HTF in 2005 to fund the acquisition, building, rehabilitation, preservation, financing, weatherization, and home energy efficiency upgrades for low- to moderate-income New Mexicans. MFA, the trustee of the HTF, has established programs, partnerships, and administrative capacity to effectively utilize state funds for housing development, preservation of existing affordable housing, and homeownership programs statewide.

Laws 2022, Chapter 38, amended the Severance Tax Bonding Act to earmark 2.5 percent of annual senior severance tax bonds (STBs) for the HTF. Below is a breakdown of how much funding the HTF has received since:

- FY24 STB (\$37.5 million)
- FY25 STB (\$34.6 million)
- FY25 GF transfer (\$50 million)
- FY26 STB (\$44.8 million)

According to MFA, 100 percent (\$166.9 million) of the funding has been allocated to various programs and activities and is fully encumbered. Of this amount, 85 percent (\$142.7 million) has been awarded to grantees, and 45 percent (\$74.5 million) of the total allocation has been expended. The funding includes \$116.91 million from the severance tax bond earmark (state fiscal years 2024, 2025, and 2026) and a one-time \$50 million appropriation made available in FY25. MFA reports that this funding has assisted more than 8,200 families statewide.

SIGNIFICANT ISSUES

According to MFA and data provided by the Root Policy, New Mexico is projected to need approximately 58 thousand units by 2045, including 39.3 thousand ownership units and 18.6 thousand rental units. MFA states, current construction trends suggest production may not be keeping pace with demand as data from the U.S. Census Building Permit Survey and Root Policy show that fewer than 8,000 residential building permits were requested statewide in 2024. Affordability pressures have increased as housing costs have outpaced income growth. The 2025 New Mexico Housing Needs Assessment found median household income rose 22.2 percent between 2018 and 2023, while median home prices increased 72.5 percent over the same period, reducing access to homeownership. MFA states housing is considered affordable when housing costs do not exceed 30 percent of household income. The Mortgage Finance Authority Act allows MFA to serve households earning up to 150 percent area median income (AMI) using the HTF. This upper limit helps in providing homeownership opportunities and reaching the “working families/missing middle.” MFA analysis also highlights the importance of preserving existing housing stock, as the American Community Survey (2023 five-year estimates) indicates that 42.6 percent of New Mexico’s housing units were built prior to 1980 and may require reinvestment to remain viable.

MFA states, a transformative investment to the HTF is required to address the housing needs facing the state. Such an investment would mitigate the affordable housing crisis in the following ways:

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

MFA provided the table below as an analysis of how a \$135 million appropriation could improve housing opportunities based on the approximate cost of various program types and serve an estimated 5,200 New Mexicans. MFA forecasts total funding needs of approximately \$181 million based on current organizational and partner capacity, established development pipelines, and demonstrated statewide demand. After accounting for an estimated \$45 million severance

tax bond allocation in FY27, MFA identifies a remaining funding gap of \$135 million.

Impact Area	Investment Cost		Assistance Target	Total Investment
Down Payment Assistance*	\$10,000	per borrower	2,000	\$20,000,000
Rental Housing Development*	\$50,000	per unit	1,400	\$70,000,000
Single Family Housing Development*	\$150,000	per unit	500	\$75,000,000
Home Rehabilitation and Preservation for Veterans, Seniors, Disabled People, and other Special Populations	\$25,000	per unit	200	\$5,000,000
Homeless and Homelessness Prevention – Permanent Supportive Housing	\$50,000	per unit	100	\$5,000,000
Homeless Services and Prevention	\$ 6,000	per household	1,000	\$6,000,000
Total NMHTF Demand			5,200	\$181,000,000
Estimated Severance Tax Bond Allocation to the NMHTF				\$45,000,000
Estimated Program Income Earned by the NMHTF				\$1,700,000
Funding Gap				\$134,500,000
*Funding for these uses is typically issued as a loan and generates program income.				

MFA balances HTF allocations to programs based on two primary criteria: meeting housing needs throughout the state and maintaining the sustainability of the funding source while meeting the HTF requirements to include leverage. Although the statutory leverage requirement is three to one, MFA maintains a leverage requirement of 12 to one. Downpayment assistance and rental and single-family housing development are typically administered as loans, generating program income and significant leverage. 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.

PERFORMANCE IMPLICATIONS

MFA provided the following performance implications:

As the state’s affordable housing finance agency, the New Mexico Mortgage Finance Authority has dedicated homeownership, housing development, and community development departments that would immediately be able to implement the funding. The asset management department ensures compliance with all of the affordable housing requirements. The New Mexico Mortgage Finance Authority has an extensive network of providers statewide and established affordable housing request for proposals, notice of funding availabilities, and other procurement mechanisms to ensure that funding is efficiently distributed throughout the state in a fair and competitive process.

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