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FISCAL IMPACT REPORT

ORIGINAL DATE 1/19/2008

SPONSOR Rodriquez LAST UPDATED _____ HB _____

SHORT TITLE New Mexico Housing Trust Fund SB 130

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$15,000.0	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 130 appropriates \$15 million from the general fund to the New Mexico Housing Trust Fund to carry out the provisions of the New Mexico Housing Trust Fund Act.

FISCAL IMPLICATIONS

The appropriation of \$15 million contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

SIGNIFICANT ISSUES

Enacted 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. 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 Act further states that “(m)oney in the fund is appropriated to the authority for the purposes

of carrying out the provisions of the New Mexico Housing Trust Fund Act.”

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.” The initial appropriation for use under the Housing Trust Fund was \$10 million, and another \$3 million has been appropriated to the fund in the last two legislative sessions. MFA has awarded \$12,153,854 to sixteen projects; these projects will result in the development or rehabilitation of 1,037 housing units throughout the state (596 of which will be single family homeownership units). Importantly, these projects will leverage another \$180.4 million in other financing sources. In other words, *successful Housing Trust Fund applicants brought almost fifteen times as much funding from other sources as MFA awarded in state funds.*

Finally, the Act states “(m)oney from the fund may also be used to reimburse the authority for actual expenses incurred in administering the fund in an amount not to exceed five percent of total funds disbursed from the fund.”

PERFORMANCE IMPLICATIONS

According to MFA the agency has held quarterly funding rounds since late 2005. Funds are awarded to the most competitive application, regardless of activity, based on merit. Here are some quick facts regarding the funding process:

- ◆ MFA has 16 active (or completed) projects in the pipeline to which \$12,153,854 has been awarded in Housing Trust Funds
- ◆ These awards have leveraged \$180,456,893 in other public and private funding (almost 15:1)
- ◆ When completed, the awarded projects will comprise of 1,037 units in 14 counties, two pueblos, one reservation, and one colonia:
 - 596 units of single family for-sale housing
 - 30 units of owner-occupied housing rehabilitation
 - 411 rental units (29 of which are designated for people with special needs)

In light of the success of the first nine quarterly funding rounds, projected needs associated with numerous workforce housing initiatives, and the successful passage of Constitutional Amendment 4 and subsequent amendments to the Affordable Housing Act, an additional appropriation of \$15 million to further capitalize the New Mexico 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.

ADMINISTRATIVE IMPLICATIONS

According to the New Mexico Housing Trust Fund Act “(m)oney from the fund may also be used to reimburse the authority for actual expenses incurred in administering the fund in an amount not to exceed five percent of total funds disbursed from the fund.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Appropriations are necessary not only to meet unaddressed housing needs throughout the state, but also to sustain the momentum this valuable program has achieved.