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FISCAL IMPACT REPORT

ORIGINAL DATE 1/26/2021

SPONSOR Rodriguez/Pinto LAST UPDATED _____ HB _____

SHORT TITLE Preservation of Housing SB 27/ec

ANALYST Leger

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NFI	NFI	NFI			

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 28 – New Mexico Housing Trust Fund

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 27 expands the purpose of the New Mexico Housing Trust Fund Act (the Act) to include home preservation, weatherization, rental and mortgage assistance. The bill expands the awarding of funds to be based on need as determined by the MFA. The development of program guidelines are permitted.

This bill contains an emergency clause and would become effective immediately upon signature by the governor.

FISCAL IMPLICATIONS

The bill does not include an appropriation. Operations of the Act are absorbed by the MFA. MFA requests \$12 million in capital outlay funds; the LFC 2021 capital outlay framework includes \$3 million for the New Mexico Housing Trust Fund (HTF).

Since the creation of the HTF, the state has invested \$22 million to the fund. MFA has grown the fund to \$32.8 million through loan and investment interest. More than \$50.2 million has been awarded to statewide projects. The fund has leveraged \$565 million in other funding resulting in a 25-1 return on investment.

SIGNIFICANT ISSUES

Enacted in 2005, the Act was created to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state, limited to building new affordable housing. Funding of projects was only awarded on a competitive basis.

According to MFA, expanding allowable uses of the Act will allow MFA to respond with more flexibility to the state’s housing needs, including rental and mortgage assistance, housing counseling, down payment assistance, home rehabilitation and weatherization, and programs to address homelessness.

PERFORMANCE IMPLICATIONS

MFA reports, the need flexibility has become particularly acute in wake of the of the coronavirus pandemic. A study by the National Coalition of State Housing Agencies estimates that as of this month between 60,000 and 80,000 households in New Mexico are unable to pay rent and are at risk of eviction.¹ The enactment of this bill would, for example, permit HTF money to be used to help prevent these families from losing their home. Further, greater flexibility will enable MFA to fund programs that better target the unique housing needs of rural and urban areas of the states.

New Mexico Housing Trust Fund Investments Since Inception

	Total Units	Low Income Units	Moderate Income Units	Market Rate Units	Dollars	% of Total	Leverage
Single Family New Construction	314	153	22	139	\$7,900,561	15%	\$52,076,516
Single Family Rehabilitation	30	30	-	-	\$160,679	1%	\$160,679
Multifamily New Construction	1,910	1,742	11	157	\$23,380,899	45%	\$308,991,261
Multifamily Rehabilitation	1,584	1,530	-	54	\$18,776,680	36%	\$204,091,432
MFA Administration	-	-	-	-	\$1,346,428	3%	-
Totals	3,838	3,455	33	350	\$51,565,246	100%	\$565,319,888

Source: MFA

MFA is designated as the state government’s housing agency, administering state and federal housing programs. MFA is governed by a seven-member board including the lieutenant governor, state treasurer and state attorney general. The MFA Legislative Oversight Committee is empowered to monitor and oversee the operations and rules and regulations formulated by the authority. The authority develops its own budget which is approved by its board of directors and does not require legislative approval.

JL/rl/al

¹ Analysis of Current and Expected Rental Shortfall and Potential Evictions in the US; Prepared for National Council of State Housing Agencies; September 25, 2020