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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/06

SPONSOR Lujan, B. LAST UPDATED _____ HB 659

SHORT TITLE New Mexico Housing Trust Fund SB _____

ANALYST Kehoe

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$5,000.0	NFI	Non-Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
\$5,000.0	NFI	NFI	Non-Recurring	Housing Trust Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
 New Mexico Mortgage Finance Authority (MFA)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 659 transfers \$5 million from the general fund to the New Mexico Housing Trust Fund for the purpose of caring out the provisions of the New Mexico Housing Trust Fund Act. The New Mexico Mortgage Finance Authority (MFA) is the trustee of the fund and the State Investment Council acts as investment agent for the fund.

FISCAL IMPLICATIONS

The New Mexico Housing Trust Fund was created in 2005, Chapter 105, initially capitalized with a \$10 million appropriation. The purpose of the trust fund is to provide infrastructure for affordable housing statewide. The fund is managed by the New Mexico Mortgage Finance Authority in conjunction with a Housing Trust Fund Advisory Committee. The MFA governing body is 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.

House Bill 659 provides a transfer of \$5 million to the Housing Trust Fund on the effective date of enactment of the bill. Any unexpended balances remaining at the end of a fiscal year shall not revert to the general fund.

SIGNIFICANT ISSUES

Over 29 applications were submitted to MFA for funding in its inaugural round of financing. Of the proposed projects, nine were funded for over \$6 million. According to MFA, the funding will result in the development or rehabilitation of 578 housing units throughout the state, 544 of which will be single family homeownership units. The projects leveraged an additional \$103 million in other financing sources. The majority of the units will house low and moderate income families.

According to MFA, six more applications were received in the second application process which ended January 13, 2006 totaling \$5.2 million. However, only \$4 million remains in the Housing Trust Fund. The MFA anticipates the 2005 funding will be entirely obligated by September 30, 2006.

House Bill 659 would provide additional funding to allow another round of applications to meet unaddressed housing needs throughout the state and will sustain the purpose of the fund.

OTHER SUBSTANTIVE ISSUES

The New Mexico Housing Trust Fund Advisory Committee consists of nine members who shall represent geographically the state, affordable housing advocates and practitioners. The nine members will consist of three public members appointed by the governor; three public members appointed by the President Pro Tempore of the Senate; and three public members appointed by the Speaker of the House of Representatives. Members of the committee shall be appointed for two-year terms and be eligible for reappointment.

LMK/nt