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## FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINALDATE 01/24/12  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
 SHORT TITLE New Mexico Housing Trust Fund SB 78  
 ANALYST Daly

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$5,000.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
	\$5,000.0	\$0.0	Nonrecurring	Housing Trust Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates: Capital outlay request

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

### SUMMARY

#### Synopsis of Bill

Senate Bill 78 appropriates \$5 million from the general fund to the New Mexico Housing Trust Fund for the purpose of affordable housing activities consistent 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 and initially capitalized with a \$10 million appropriation. Another \$5 million was appropriated to the Fund in subsequent legislative sessions. The MFA reports an additional \$9 million in loan repayments and interest earnings, which has resulted in \$24 million in total award capacity. The purpose of the trust fund is to provide infrastructure for affordable housing statewide. The fund is managed by the MFA in conjunction with the Housing Trust Fund Advisory Committee. The MFA's governing body is responsible for ensuring that on an annual basis the total funds awarded from the fund attract at least three times as much funding from other sources. MFA advises that to date successful Trust Fund applicants have brought ten times as much funding from other sources as those awarded out of the Fund.

The appropriation of \$5 million contained in this bill is a nonrecurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

## **SIGNIFICANT ISSUES**

According to MFA, it has awarded \$21 million for affordable housing development, and has leveraged approximately \$200 million, which combined funding will result in the new construction and preservation of 1,361 affordable homes throughout the state, comprised of new single family for-sale housing, owner-occupied housing rehabilitation, and rental units.

MFA notes that it has held quarterly funding rounds since late 2005. Funds are awarded to the most competitive applications, regardless of activity, based on merit. MFA asserts that, in light of mortgage market credit crunch and dwindling federal resources available for housing and economic development, this appropriation is necessary not only to meet unaddressed affordable housing needs throughout the state, but also to sustain the momentum this program has achieved. MFA projects, based on the Fund's history to date, this appropriation will leverage approximately \$48 million and create more than 325 homes and hundreds of jobs statewide.

## **ADMINISTRATIVE IMPLICATIONS**

The Trust Fund Act allows MFA reimbursement for actual expenses incurred in administering the fund, which reimbursement cannot exceed five percent of total funds dispersed from the Fund.

## **DUPLICATION**

MFA advises it has also submitted this request via the capital outlay process, with Representative Bobby Gonzales as the sponsor.

## **OTHER SUBSTANTIVE ISSUES**

MFA notes it receives only one other source of funding comparable to Fund monies: HUD HOME funds. New Mexico's HOME allocation has been cut by the federal government by 52 percent, and MFA reports it does not have the resources to compensate for this cut.

MD/lj