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FISCAL IMPACT REPORT

SPONSOR	Mai	rtinez/Rodella	ORIGINAL DATE LAST UPDATED		НВ		
SHORT TITI	L E	MFA Veteran Home Rehabilitation			SB	42/aSPAC	
				ANAI	LYST	Amacher	

APPROPRIATION (dollars in thousands)

Appropr	iation	Recurring	Fund Affected	
FY18	FY19	or Nonrecurring		
	\$2,000.0	Nonrecurring	General Fund	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Veterans Services Department (NMVSD) Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 42 makes clear funding is available to rehabilitate homes owned and occupied by low-income honorably discharged veterans.

Synopsis of Original Bill

Senate Bill 42 appropriates \$2 million from the general fund to the Department of Finance and Administration for expenditure in FY19 for the MFA to provide necessary rehabilitation for homes occupied by low-income honorably discharged veterans in New Mexico whose income does not exceed 60 percent of the area median income. Rehabilitation includes repairs of utility appliances to comply with housing health and safety code requirements, accessibility modifications for physically impaired veterans, and structural damages due to natural decay or disasters. No more than ten percent of this appropriation shall be used for administrative purposes. Any unexpended or unencumbered balance remaining at the end of FY19 shall revert to the general fund.

Senate Bill 42/aSPAC – Page 2

This bill is endorsed by the Mortgage Finance Authority Act Oversight Committee. If enacted, the effective date of this bill is May 16, 2018.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY19 shall revert to the general fund.

SIGNIFICANT ISSUES

This bill as amended appropriates \$2 million for expenditure only in FY19 to provide necessary rehabilitation for homes owned and occupied by low-income honorably discharged veterans in New Mexico whose income does not exceed 60 percent of the area median income. MFA indicates these funds will help approximately 100 homes at an average cost of \$20,000 per home. Rehabilitation includes repairs of utility appliances to comply with housing health and safety code requirements, accessibility modifications for physically impaired veterans, and structural damages due to natural decay or disasters. No more than ten percent of this appropriation shall be used for administrative purposes.

According to the New Mexico Department of Veterans' Services Annual Report, there are 170,132 veterans in New Mexico (Department of Veterans Affairs, 2015), representing 8.2 percent of the state's population. Seventy-four percent of New Mexican veterans are older than 50 years of age. Recent state-by-state data from the Housing Assistance Council at www.veteransdata.info reports that 8.7 percent of New Mexico veterans live in poverty and 20.5 percent have a service connected disability rating. MFA notes this bill will improve the health and safety, accessibility, and quality of life of life for these veterans.

MFA emphasizes the significance this appropriation provides the state by increasing the value of New Mexico's aging housing stock through home rehabilitation. According to the U.S. Census 2016 American Community Survey 1-year estimates, New Mexico's poverty rate (19.8 percent) is the third highest in the nation. High poverty and low incomes prevent many homeowners from making needed repairs to their homes. New Mexico's housing stock is also aging – 46 percent of homes were built before 1980 and only 19 percent of homes were built since 2000. While low-income veterans are eligible to apply for MFA's existing rehabilitation and weatherization programs, these programs are oversubscribed. Additional funding is needed to support the demand for statewide home rehabilitation.

ADMINISTRATIVE IMPLICATIONS

MFA currently administers a House by House Rehabilitation program for low-income homeowners. The appropriation outlined in this bill would be administered within that program. This bill limits administrative expenses to no more than ten percent of the appropriation. MFA indicates five percent will cover its administrative costs and five percent for administrative costs of its service providers.

Senate Bill 42/aSPAC – Page 3

OTHER SUBSTANTIVE ISSUES

Additional funding is needed to support demand for home rehabilitation statewide. Although existing programs within MFA, such as House by House Rehabilitation and NM Energy\$mart, are already oversubscribed, there is the possibility these funds may be leveraged to perform additional work on veterans' homes. Other leverage may exist from Federal Home Loan Bank, the United States Department of Agriculture and other federal veteran programs.

JMA/al/jle