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FISCAL IMPACT REPORT

SPONSOR Martinez **ORIGINAL DATE** 1/27/16
LAST UPDATED **HB**

SHORT TITLE MFA Veteran Home Rehabilitation **SB** 101

ANALYST Malone

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$2,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 99

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Mortgage Finance Authority (MFA)

Department Military Affairs (DMA)

Veteran’s Services Department (VSD)

SUMMARY

Synopsis of Bill

Senate Bill 101 appropriates \$2 million from the general fund to the Department of Finance and Administration (DFA) for expenditure in FY16 for 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. The rehabilitation can include repairs related to structural damage due to natural decay or disasters, replacement and repairs of utility appliances to comply with housing health and safety code and, accessibility modifications for physically impaired veterans.

The bill provides no more than ten percent of the appropriation may be used by MFA for administrative expenses. The bill was endorsed by the Mortgage Finance Authority Act Oversight Committee.

There is no effective date of this bill. It is assumed that the new effective date is 90 days after this session ends.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY16 shall revert to the general fund.

SIGNIFICANT ISSUES

MFA notes that a \$2 million appropriation will provide funding to rehabilitate the homes of approximately 100 honorably discharged, low-income veterans, at an average cost of \$20 thousand per home. Rehabilitation work will include repairs to address structural damage and health and safety code requirements, modifications to accommodate physically impaired veterans, and appliance replacement.

According to the New Mexico Department of Veterans' Services 2015 Annual Report, there are 171,528 veterans in New Mexico, 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 8.5 percent of New Mexico veterans live in poverty and 19.2 percent have a service connected disability rating. This bill will improve health and safety, accessibility and quality of life for these veterans.

MFA notes that according to U.S. Census American Community Survey 1-year estimates for 2014, New Mexico's poverty rate (21.3 percent) is the second 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—48 percent of homes were built before 1980 and only 17 percent of homes were built since 2000. While low-income veterans are eligible to apply for MFA's existing rehabilitation and weatherization programs, the organization reports that these programs are oversubscribed and additional funding is needed to support demand for rehabilitation statewide.

DMA reports that there are existing federal VA programs that specifically provide for a Home Improvement and Structural/Alterations (HISA) for veterans, up to \$6,800 per veteran who has a service connected disability. Also, there is a VA Housing and Homeless Veteran Prevention Program (VHHP) and the Veterans Choice Voucher (HCV) Program, for veteran rental assistance for homeless veterans. Along these same general federal veteran housing initiatives is the HUD Veterans Affairs Supportive Housing Program (VASH) and even some local initiatives such as the Las Vegas Homeless Veterans Transition Program. Therefore, the necessity of such a piece of legislation could be subject to debate or discussion as to other available forms of financial support alternatives before the state of New Mexico should create this well-intended financial priority.

ADMINISTRATIVE IMPLICATIONS

MFA currently administers a House by House Rehabilitation program for low-income homeowners and would administer this appropriation within that program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates SB 99, which also provides funding for this reason.

OTHER SUBSTANTIVE ISSUES

DFA observes that all expenditures made under the program must be made in accordance of the Affordable Housing Act (Section 6-27-1 through Section 6-27-9 NMSA 1978). The Affordable Housing Act establishes the basis by which funding for this purpose can be appropriated consistent with the New Mexico Constitution. The Act specifically requires in Section 6-27-6 NMSA 1978 that the disbursement of funds to a qualifying veteran must be through rules that have been promulgated by MFA. To the extent these rules have not been adopted they would need to go into effect prior to the start of this program.

According to the National Center for Veterans Analysis and Statistics:

- Veterans have lower overall rates of poverty than Non-Veterans.
- The Veteran poverty growth rate is less than that of Non-Veterans; however, Veteran poverty is rising.
- The poverty rate for Veterans between the ages of 18 to 34 is higher than all other age groups.
- Disabled Veterans have higher poverty rates than disabled non-Veterans for all age groups except over age 65. Veteran poverty trends need monitoring due to higher poverty rates in disabled Veterans.
- The rate of Veterans living in households in receipt of SNAP benefits is lower than that of Non-Veterans, however, the growth rate of Veterans in SNAP households is increasing sharply.
- Higher rates of poverty in Gulf War Veterans are notable.
- Service-connected disabled Veterans have significantly lower rates of poverty than disabled non-Veterans.
- Veteran poverty is not uniform across America and is clustered in states located in the Southeast and Northwest United States.

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