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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 2/2/2015 **HB** _____

SPONSOR Martinez

SHORT TITLE MFA Veteran Home Rehabilitation **SB** 109

ANALYST Dorbecker

APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17	FY18	FY19		
	\$2,000.0				Recurring	General Fund

Parenthesis () indicate expenditure decreases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 109 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 bill provides no more than ten percent of the appropriation may be used by MFA for administrative expenses.

The bill was introduced for the Mortgage Finance Authority Act Oversight Committee and the Military and Veterans' Affairs 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 reports the \$2 million appropriation would provide funding for MFA to rehabilitate the homes of approximately 100 honorably discharged, low-income veterans, at an average cost of \$20,000 per home. Rehabilitation work would include repairs to address structural damage, health and safety code requirements, modifications to accommodate physically impaired veterans, and appliance replacement.

MFA states the bill would provide badly needed additional funding for home rehabilitation in New Mexico. According to the U.S. Census American Community Survey 1-year estimates for 2013, New Mexico's poverty rate (22 percent) is the second highest in the nation. MFA adds high poverty and low incomes prevent many homeowners from making needed repairs to their homes. Further, while low-income veterans are eligible to apply for MFA's existing rehabilitation and weatherization programs, the program is oversubscribed and additional funding is needed to support demand for rehabilitation statewide.

According to the New Mexico Department of Veterans' Services (DVS), there are approximately 171,000 veterans in New Mexico. Of them, 71 percent are older than 50 years of age, more than 11 percent live in poverty, and more than 11 percent are disabled. MFA believes the bill will provide funding to improve the health, safety, accessibility, and quality of life for these veterans and it would also increase the value of New Mexico's aging housing stock.

PERFORMANCE IMPLICATIONS

MFA currently administers two existing programs to rehabilitate veteran-owned homes, the House by House Rehabilitation and the NM Energy\$mart (weatherization). Both programs could potentially be leveraged to perform additional work on veteran homes or serve additional veteran households. Other leverage may exist with funding from USDA, Federal Home Loan Bank, and a federal veterans loan program.

ADMINISTRATIVE IMPLICATIONS

MFA currently administers a home rehabilitation program for low-income homeowners. MFA would administer the veteran home rehabilitation program alongside its existing home rehabilitation program and there would be no additional operating budget impact from the bill.

HD/je/bb