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FISCAL IMPACT REPORT

ORIGINAL DATE 1/19/19

SPONSOR Martinez, RC LAST UPDATED _____ HB _____

SHORT TITLE Home Rehab for Certain Veterans SB 46

ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$2,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 82

SOURCES OF INFORMATION

LFC Files

Responses Received From

Veterans' Services Department (VSD)

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 46 appropriates \$2 million from the general fund to the Department of Finance and Administration for expenditure in FY20 by the New Mexico Mortgage Finance Authority to provide rehabilitation for homes owned and occupied by low-income honorably discharged veterans in New Mexico whose income does not exceed sixty percent of the area median income.

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 FY20 shall revert to the general fund.

The funds would be leveraged with HUD's Veterans Home Rehabilitation and Modification pilot program, for which MFA has been awarded funding. No more than 10 percent of the appropriation will be used by for administrative expenses; five percent will cover MFA's administrative costs and five percent will cover the administrative costs of service providers.

MFA reports they currently administer two existing rehabilitation programs—House by House Rehabilitation and NM EnergySmart—that can potentially be leveraged to perform additional work on veteran-owned homes or serve additional veteran households. Other leverage may exist with funding from Federal Home Loan Bank, USDA and other federal veterans’ programs.

SIGNIFICANT ISSUES

The appropriation will provide funding for approximately 120 honorably discharged, low-income veterans’ homes, at an average cost of \$15 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 MFA, New Mexico has a high percentage of veterans. The U.S. Census 2017 American Community Survey 5-year estimates, New Mexico is home to 150,650 veterans representing 9.5 percent of our adult population, compared to only 7.7 percent in the U.S. Of these, 45,849 are disabled veterans and 5,075 are disabled veterans in poverty. Veterans Data Central states that more than 25,000 New Mexico veterans live in homes with one or more major problem with quality, crowding or cost and an estimated 248 veterans are currently homeless. Furthermore, approximately half of New Mexico veterans are over age 65, meaning the need to modify homes to address physical mobility and other age-related issues is increasing over time.

PERFORMANCE IMPLICATIONS

According to MFA, while low-income veteran homeowners are eligible to apply for MFA’s existing programs—House by House Rehabilitation and NM EnergySmart—these programs are oversubscribed and additional funding is needed to support demand for rehabilitation statewide.

RELATIONSHIP

SB46 is identical to HB82 except that SB46 references veterans whose income does not exceed sixty percent of the area median income and HB82 references veterans whose taxable income does not exceed sixty percent of the area median income.

OTHER SUBSTANTIVE ISSUES

The funds would be leveraged with HUD’s Veterans Home Rehabilitation and Modification pilot program, for which MFA has been awarded funding. New Mexico was one of seven states to receive funding.

The bill was endorsed by the Mortgage Finance Authority Act Oversight Committee.

JL/sb/al