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## FISCAL IMPACT REPORT

SPONSOR Gonzales/Alcon ORIGINAL DATE 1/22/19  
 LAST UPDATED \_\_\_\_\_ HB 75

SHORT TITLE Low-Income Home Emergency Repairs SB \_\_\_\_\_

ANALYST Kehoe

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$2,000.0		Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
 New Mexico Mortgage Finance Authority (MFA)

### SUMMARY

#### Synopsis of Bill

House Bill 75, endorsed by the Mortgage Finance Authority Act Oversight Committee, appropriates \$2 million from the general fund to the Department of Finance and Administration for expenditure by the New Mexico Mortgage Finance Authority (MFA) for the purpose of providing emergency and minor repairs of homes occupied by low-income persons in New Mexico.

### FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a nonrecurring expense to the general fund for expenditure in fiscal year 2020. Any unexpended or unencumbered balance remaining at the end of fiscal year 2020 shall revert to the general fund.

In 1975, as a governmental instrumentality, MFA was designated as the state government housing agency to administer state and federal housing programs. Any state resources to MFA must flow through DFA or some other appropriate state agency.

The appropriation in this bill may only be used to provide “emergency and minor repairs” such as those necessitated by natural disasters, repairs and replacement of roofs, and accessibility

modifications for physically impaired persons. The home modifications can only be made for homes occupied by low-income persons. The MFA reports the appropriation in this bill will provide funding to address 250 low-income households at an average cost of \$7,500 per home. No more than five percent of the appropriation may be used by MFA for administrative purposes.

### **SIGNIFICANT ISSUES**

The existing federally-funded home rehabilitation programs administered by MFA require that the entire home be brought up to code compliance, and federal regulations do not allow for smaller emergency repairs. The MFA reports the demand for services within this bill are high due to the state's older housing stock and comparatively low-income population.

According to a U.S. Census American Community Survey over a five-year period in 2017, New Mexico's poverty rate (20.6 percent) is one of the highest in the nation. The high poverty and low incomes prevent many homeowners from saving for emergency events or unexpected life events. MFA also states, "New Mexico's housing stock is aging—46 percent of homes were built before 1980 and only 19 percent of homes were built since 2000.

### **ADMINISTRATIVE IMPLICATIONS**

The MFA would administer the emergency and minor home repair program proposed in this bill with its existing home rehabilitation program using the same service providers and administrative systems.

LMK/sec/gb