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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/17

SPONSOR Salazar, T LAST UPDATED _____ HB 136

SHORT TITLE Homeless Rapid Rehousing SB _____

ANALYST Boerner

APPROPRIATION (dollars in thousands)

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

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		None Noted	None Noted	None Noted	Recurring	

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Bill 136 appropriates \$2 million from the general fund to HSD for the New Mexico Mortgage Finance Authority (NMMFA) to assist people who are homeless with rapid housing services. These services would include: case management, life-skills training, housing counseling, short-term and long-term rental assistance and other services that help homeless people obtain and maintain stable permanent housing.

No more than 5 percent of the appropriation may be used by NMMFA for administrative expenses.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended balance remaining at the end of fiscal year 2018 shall revert to the general fund.

SIGNIFICANT ISSUES

HSD states HB136 is the result of the Senate Memorial 44 Working Group in which HSD participated with other organizations as described in the Working Group's November 2015 report and recommendations.

(<https://www.nmlegis.gov/handouts/LHHS%20111615%20Item%2011%20SM%2044%20Working%20Group%20Recommendations.pdf>)

Rapid rehousing provides rental assistance and flexible housing services to individuals and families for a limited period to help them regain housing stability. In 2009, Congress reauthorized incentives for communities to adopt rapid rehousing. Congress also included \$1.5 billion for rapid rehousing in the American Recovery and Reinvestment Act (ARRA) to help prevent large increases in homelessness among families impacted by the recession. In the first year, 110,000 homeless people (including family members) received rapid rehousing assistance to move out of homelessness and back into housing. More than half of all households did so with just one month of assistance. The data emerging from local communities on the impact of rapid rehousing shows that rapid rehousing reduces family homelessness.

The SM44 Working Group reported that poverty, geographic isolation, and other social determinants of health are prevalent in NM and all contribute to homelessness. People experiencing homelessness in New Mexico include: families with children; people who are working at low-wage jobs; those with complex clinical needs, such as mental illness, substance use disorder, and/or chronic health problems; individuals with a history of trauma; migrant workers; runaway teens; victims of domestic violence; formerly incarcerated individuals; and veterans. Individuals with mental illness compose the highest percentage of those who are homeless.

The Working Group estimated the number of homeless individuals in NM at 17,000. The federal Substance Abuse Mental Health Services Administration estimates that of those who are homeless, 80 percent are transitionally homeless, 10 percent to 15 percent are episodically homeless, and 5 percent to 10 percent are chronically homeless.

The New Mexico Mortgage Finance Authority notes also that Rapid Rehousing has proven to be more cost effective than emergency shelter. The U.S. Department of Housing and Urban Development (HUD) released a study in July 2015, *Family Options Study: Short-Term Impacts of Housing and Services Interventions for Homeless Families* (https://www.huduser.gov/portal/publications/affhsg/family_options_study.html) that found emergency shelter is far more expensive than rapid rehousing. The study, which included cost analyses for hundreds of programs in 12 U.S. cities, found that the average monthly cost of providing emergency shelter to a homeless family is \$5,000, while the average monthly cost of providing rapid rehousing to a homeless family is just \$880 per month.

PERFORMANCE IMPLICATIONS

MFA currently administers rapid rehousing through its Rental Assistance Program (RAP). RAP was established by MFA to provide homeless prevention assistance to individuals and families and rapid rehousing assistance to individuals or families experiencing homelessness. MFA may combine the funding it receives from HUD’s Emergency Solutions Grant program with the New Mexico State Homeless Assistance allocation for RAP. With these funding sources, MFA would provide the services specified in HB136 to the existing network of providers across the state. HSD’s Income Support Division would provide oversight of MFA’s use of funds for rapid rehousing services.

ADMINISTRATIVE IMPLICATIONS

Because the MFA is not permitted to receive direct appropriations of state funds from the legislature, it would have to enter into a Joint Powers Agreement with the Department of Finance Administration pursuant to Section 58-18-5.5 (G).

CB/al