

LFC Requester:

Eric Chenier

**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** \_\_\_\_\_ *Check all that apply:*  
**Bill Number:** HB420 Original  Correction   
 Amendment  Substitute

**Sponsor:** Rep. Herndon  
**Short Title:** Housing Stabilization Program

**Agency Name and Code** HCA-630  
**Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

| Appropriation |           | Recurring or Nonrecurring | Fund Affected |
|---------------|-----------|---------------------------|---------------|
| FY25          | FY26      |                           |               |
| \$0.0         | \$6,000.0 | Nonrecurring              | SGF           |
|               |           |                           |               |

(Parenthesis ( ) indicate expenditure decreases)

**REVENUE (dollars in thousands)**

| Estimated Revenue |           |       | Recurring or Nonrecurring | Fund Affected |
|-------------------|-----------|-------|---------------------------|---------------|
| FY25              | FY26      | FY27  |                           |               |
| \$0.0             | \$6,000.0 | \$0.0 | Nonrecurring              | SGF           |
|                   |           |       |                           |               |

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

|              | FY25  | FY26    | FY27    | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|-------|---------|---------|-------------------|---------------------------|---------------|
| <b>Total</b> | \$0.0 | \$346.1 | \$346.1 | \$692.2           | Recurring                 | SGF           |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
Duplicates/Relates to Appropriation in the General Appropriation Act

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Synopsis:

Senate Bill 350 (SB350) appropriates six million dollars from the general fund to the Health Care Authority (HCA) for expenditure in FY26 to address transitional housing support needs for the reentry population and administer a housing stability program.

#### **FISCAL IMPLICATIONS**

HCA, Behavioral Health Services Division (HCA BHSD) would need 2 FTE (70) and 1 supervisor (80) FTE at \$346,100, per fiscal year to implement programming that addresses the transitional housing support needs for the re-entry population and administration of a housing stabilization program. These positions would establish programming parameters and policy, identify provider agencies via the formal Request for Application process, select qualified provider agencies to deliver the services, oversee the providers to ensure adherence to contractual obligations, and manage budgetary expenditures.

#### **SIGNIFICANT ISSUES**

SB350 specifies that the appropriation is for expenditure of \$6,000,000 in fiscal year 2026 only. Housing related programming requires a recurring fund source to best serve the needs of the target population.

Per the Housing and Urban Development (HUD), transitional housing provides temporary housing with supportive services to individuals and families with the goal of interim stability to move and maintain permanent housing for a term of up to 24 months.

<https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-program-components/transitional-housing/>

SB350 specifically focuses on the reentry population. Limiting the target population to re-entry would pose an issue to expend the full appropriation. In FY24, HCA BHSD collaborated with the New Mexico Corrections Department (NMCD) to utilize a \$2,500,000 dollar State General Fund special appropriation to initiate a housing program named, RESET. In its first year, the program supported 205 unduplicated individuals released from state correctional facilities and who had a serious mental illness or other complex behavioral health diagnosis. The appropriated funding was sufficient to initiate an exploratory housing program. In FY25, BHSD allocated one million dollars from its operating budget to continue implementation and advance other comprehensive services. However, in its second year, to date RESET has served 79 unduplicated individuals at a cost of \$357,740, because it has become more challenging to find additional providers and landlords who will engage with the desired target population in a manner that directly impacts recidivism. Also, aligning housing inventory that meets probation and parole conditions, regardless of the type of offense, has presented barriers. To adequately spend six million dollars would require casting a broader net beyond the population mentioned in the bill, and over a multi-year timeline, instead of one year. With the proposed amount, other demographics to be considered could include individuals with severe mental illness, substance use, co-occurring disorders, serious mental illness

and victims impacted by domestic violence, drug trafficking, homeless and/or precariously housed.

### **PERFORMANCE IMPLICATIONS**

The intention of SB350 aligns with HCA initiatives to support a continuum of services to address the needs of individuals experiencing housing insecurity and with the existing functions of HCA BHSD staff who oversee multiple housing related programs. SB350 would enhance a service(s) in the continuum of housing supports.

The scale of programming with an appropriation of \$6,000,000 would need to have a broader target population to serve to avoid funding reversion.

Delivering services tied to housing and reentry requires a unique set of providers and housing inventory. Collaboration with state correctional facilities and county detention centers would enable broader success to the type of outcomes intended by SB350. Yet, this scope of stakeholder engagement would necessitate more time than the one-year allocation being proposed.

### **ADMINISTRATIVE IMPLICATIONS**

SB350 presents an opportunity for further coordination with the NMCD; collaboration would best support the application for the intention of this bill to identify the reentry population in need.

No IT impact.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

#### **TECHNICAL ISSUES**

SB350 references transitional housing support needs and a housing stabilization program.

“Transitional Housing” is defined by HUD as a temporary housing with supportive services, and SB350 could be interpreted as an appropriation to support a specific type of programming rather than an array of services.

Define “housing stabilization program”; the term can be interpreted as programs for a wide range of focus to include and not limited to the following: permanent supportive housing, which is subsidized housing or vouchers with support services; rental assistance program, which is support to pay rent/utility costs; and/or transitional housing which is temporary housing with support services.

Define “reentry population”; it is not clear what limitations, if any, exist. Does reentry from state correctional facility and/or detention center qualify. Would there be time limitation as to when a person exited incarceration? Would housing support be available to the individual alone, or family units?

#### **OTHER SUBSTANTIVE ISSUES**

HCA BHSD oversees a wide range of housing related programs, and the eligibility criteria of programs most often include serious mental illness to fall under HCA BHSD. Currently, HCA BHSD supports a rental assistance program that began in November 2023 with opioid settlement funding, (Fresh Start) Rental Assistance. Fresh Start targets individuals experiencing homelessness and/or are precariously housed with opioid use disorder and includes the reentry population; however, the eligibility criteria does not require the reentry element. To date 351

individuals have benefited from the program by receiving 6-9 months rental assistance or up to \$10,000 rental assistance, whichever came first. In FY24, the program expended all funding allocated, over \$1,200,000, serving 120 unduplicated clients. In FY25, the program has expended over 95% of the allocated funding in the amount of \$1,800,000 and served 317 unduplicated clients. HCA BHSD supplemented the shortfall of \$1,100,000 with Federal ARPA funds in FY25 to the program to support the volume increase. At the end of FY25 it is projected the Fresh Start Program will have expended over \$2,900,000. HCA BHSD could expand this program with SB350, if the target population were broader, as stated in Significant Issues. The program is going extremely well and supporting community needs. HCA BHSD is gathering data to evaluate the effectiveness of this program with outcome metrics.

#### **ALTERNATIVES**

None

#### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The target population will continue to have limited resources to secure housing stability.

#### **AMENDMENTS**