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FISCAL IMPACT REPORT

SPONSOR Herndon **LAST UPDATED** _____
ORIGINAL DATE 2/25/2025
SHORT TITLE Housing Stabilization Program **BILL**
NUMBER House Bill 420
ANALYST Esquibel

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$6,000.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA BHSD		\$346.1	\$346.1	\$692.2	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act. Duplicates Senate Bill 350

Sources of Information

LFC Files

Agency Analysis Received From
 Corrections Department (CD)
 Health Care Authority (HCA)
 New Mexico Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of House Bill 420

Senate Bill 350 (SB350) would appropriate \$6 million from the general fund to the Health Care Authority (HCA) to address transitional housing support needs for former inmates reentering the population and administer a housing stabilization program.

FISCAL IMPLICATIONS

The appropriation of \$6 million contained in the bill is a recurring expense to the general fund.

Any unexpended or unencumbered balance remaining at the end of FY26 shall revert to the general fund.

HCA indicates it would be unable to spend the \$6 million appropriation in one year just serving the smaller reentry population.

SIGNIFICANT ISSUES

The General Appropriation Act of 2025 as passed by the House of Representatives includes \$221.4 million for housing and housing support services. This amount includes \$110 million to support transitional housing and the expansion of housing services providers that facilitate behavioral health services and substance abuse recovery, homelessness assistance, and prevention for persons with behavioral health needs, including \$80 million for programs in Albuquerque and Bernalillo County and \$10 million for programs in Las Cruces and Doña Ana County.

Agency Name	General Fund	Other State Funds	Federal Funds	Total
Administrative Office of the Courts		\$7,000.0		\$7,000.0
For grants to judicial districts to enhance regional case management, behavioral health grant writing, peer-operated crisis response and recovery support services, behavioral health and homeless outreach and engagement; and grants to judicial districts based on the submitted regional plans for specialty, diversion, problem-solving and treatment courts and associated programs and pretrial services.		\$7,000.0		\$7,000.0
Corrections Department		\$2,000.0		\$2,000.0
To expand reentry services, career technical programming and housing opportunities for the New Mexico corrections department population. The other state funds appropriation is from the community corrections grant fund.		\$2,000.0		\$2,000.0
Department of Finance and Administration	\$7,000.0			\$7,000.0
For consulting and strategic planning to support innovative models to end homelessness.	\$2,000.0			\$2,000.0
To the local government division for grants to local governments to support a direct-to-housing encampment response, with streamlined housing placements, on-campsite services from outreach workers, housing navigators and case managers, ongoing closed campsite maintenance and an intensive focus on closure and cleaning of campsites.	\$5,000.0			\$5,000.0
Health Care Authority	\$15,629.4	\$10,815.9	\$66,741.3	\$93,186.6
For additional vouchers in the linkages program.	\$5,000.0			\$5,000.0
For grants to integrate behavioral health incentive-based treatment into other substance use disorder treatment modalities.	\$2,500.0			\$2,500.0
For startup costs to build capacity for housing providers for people experiencing homelessness and to build capacity for medical services for people involved with the criminal justice system.	\$8,129.4		\$28,638.6	\$36,768.0
To provide medical respite for the homeless.		\$10,815.9	\$38,102.7	\$48,918.6
University of New Mexico	\$2,000.0			\$2,000.0
To the health sciences center and the department of health for mobile health units, medication-assisted treatment and other health outreach for homeless persons, including telemedicine.	\$2,000.0			\$2,000.0
Veterans' Services	\$200.0			\$200.0
To leverage federal revenues for transitional housing services for homeless veterans and their families, including life skills training and case management services.	\$200.0			\$200.0
Total	\$24,829.4	\$19,815.9	\$66,741.3	\$111,386.6

ADMINISTRATIVE IMPLICATIONS

The Health Care Authority’s Behavioral Health Services Division (BHSD) indicates it would require an additional 2 FTE to implement the provisions of the bill at a cost of \$346 thousand.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB420 duplicates Senate Bill 350.

TECHNICAL ISSUES

The term “housing stabilization program” and “reentry” should be defined and expanded to include a larger unhoused population to adequately expend the appropriation.

OTHER SUBSTANTIVE ISSUES

HCA reports its Behavioral Health Services Division (BHSD) oversees a wide range of housing related programs, and the eligibility criteria of programs often include serious mental illness. Currently, BHSD supports a rental assistance program that began in November 2023 with opioid settlement funding, Fresh Start Rental Assistance. Fresh Start targets individuals experiencing homeless people with opioid use disorder and includes the reentry population. To date, 351 individuals have received rental assistance.

MFA reports New Mexico has an incarceration rate of 647 per 100,000 people, and a recidivism rate of 37 percent, which is higher than the national average. A factor of recidivism for released inmates includes a challenge in securing long-term, safe housing.

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