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FISCAL IMPACT REPORT

SPONSOR Gallegos, DY **ORIGINAL DATE** 01/31/14
LAST UPDATED 02/01/14 **HB** 243

SHORT TITLE Homeless Person Housing Assistance **SB** _____

ANALYST Geisler

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|---------|------------------------------|------------------|
| FY14 | FY15 | | |
| | \$500.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 173

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

House Bill 243 appropriates \$500,000 from the general fund to the Human Services Department (HSD) to fund the MFA programs to assist homeless persons with permanent and transitional supportive housing assistance. No more than five percent of the appropriation may be used by the New Mexico mortgage finance authority for administrative expenses. Any unexpended balance remaining at the end of FY15 shall revert.

FISCAL IMPLICATIONS

This bill specifies that the funds can be used for provision of supportive housing, case management services, life skills training, counseling and other services related to helping homeless persons become stable and move into housing. MFA will spend the funds over a one-year period to provide permanent and transitional supportive housing assistance services for homeless individuals. MFA will use its existing supportive housing agencies to provide these services, but will have to enter into a Joint Powers Agreement with DFA pursuant to Section 58-18-5.5 NM5A 1978.

SIGNIFICANT ISSUES

HB 243 provides funding to the existing network of more than 25 supportive housing programs for chronically homeless individuals. Rental costs are paid by U.S. Housing and Urban Development (HUD), but the state and local communities must pay for the supportive services that go along with the housing to ensure that the individuals will remain housed. Supporting housing and related services are a key factor in stabilizing clients that have been homeless and dealing with mental or substance abuse issues.

MFA estimates that the \$500,000 appropriation will help 2,700 chronically homeless individuals obtain the supportive services that they need to find and retain housing. Permanent supportive housing reduces the costs of other, more expensive services. A City of Albuquerque study showed when people enter supportive housing the emergency room costs they incur decrease by 65.9 percent, emergency shelter costs decrease by 93 percent, jail costs decrease by 96 percent, and outpatient medical visits decrease by 40 percent.

ADMINISTRATIVE IMPLICATIONS

MFA currently administers supportive services through its Emergency Homeless Assistance Program with funding from HUD’s Emergency Solutions Grant (ESG) and the New Mexico State Homeless Assistance allocation. Administrative systems and a network of supportive housing service providers are already in place to administer this appropriation through EHAP.

DUPLICATION

House Bill 243 is duplicated by Senate Bill 173.

GG/ds