F I S C A L   I M P A C T   R E P O R T

ORIGINAL DATE 1/27/15
SPONSOR Ortiz y Pino **LAST UPDATED** ____ **HB** ____

SHORT TITLE Enterprise Zone Supportive Housing **SB** 38

ANALYST Graeser/Dorbecker

APPROPRIATION (dollars in thousands)

Appropriation					Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17	FY18	FY19		
10,950.0					Nonrecurring	General Fund

(Parenthesis ( ) indicate expenditure decreases)

Note: the funds may be expended in fiscal years FY 2015 through FY 2020.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	220.0	220.0	220.0	660.0	Nonrecurring	MFA Operating Budget

(Parenthesis ( ) indicate expenditure decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
New Mexico Mortgage Finance Authority (MFA)
Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

SB 38 appropriates $10.950 million from the general fund to the Department of Finance Administration for expenditure in fiscal years 2015 through 2020 for the New Mexico Mortgage Finance Authority to establish five enterprise zone supportive housing initiatives in the state. To establish these enterprise zones, the MFA will use the heading home collective impact model, which is a collaborative approach that incorporates public, private, government and non-profit partners with various areas of expertise and a common agenda to create housing solutions in New Mexico's most vulnerable areas.

This bill contains an emergency clause.

See Significant Issues (below) for a description of the Heading Home organization and model.

This bill is endorsed by the Legislative Health and Human Services Committee.

FISCAL IMPLICATIONS

SB 38 appropriates $10.950 million from the general fund to DFA for the MFA for expenditure in fiscal years 2015 through 2020. Any unexpended or unencumbered balance remaining at the end of fiscal year 2020 shall revert to the general fund. There is no provision in the bill to allow either MFA or any subcontractors to cover administrative costs. These are estimated at 8 percent to 10 percent of the grant amount, and will be shared between MFA and Heading Home.

SIGNIFICANT ISSUES

MFA provides the following background:

> "Heading Home is a 501(c)3 organization based in Albuquerque which operates Albuquerque Heading Home, a successful and nationally-recognized program that maximizes local resources to make experiences for homelessness rare, short-lived and non-recurring. SB38 is based upon presentations made by Heading Home to the Behavioral Health Subcommittee and the Legislative Health and Human Services Committee in 2014."

> "SB38 appropriates funding to expand the Heading Home model in five New Mexico communities. Presentations made to the Behavioral Health Subcommittee and the Legislative Health and Human Services Committee identify the communities as Albuquerque (Year 1), Las Cruces (Year 2), Santa Fe (Year 3), Farmington (Year 4) and Gallup (Year 5), and state that funding will be used for case management, supportive services, housing vouchers and operating/administrative expenses."

DFA, although supportive is, however, somewhat concerned:

> "Establishing five enterprise zone supportive housing initiatives using the heading home collective impact model is an inherently complex undertaking by the MFA. Each of the five enterprise zone supporting housing initiatives will be unique to the specific area that it is established. It will require much cooperation by the stakeholders involved to agree on the make up of the enterprise zone supporting housing initiatives."

> "By using the heading home collective impact model, MFA will develop the five enterprise zones through collaborative partnerships with nonprofits, governments, businesses, the public and other enterprises to work on housing initiatives. These housing initiatives will serve to solve different housing problems, such as housing for disabled veterans, the homeless, underserved communities, and housing shortages. Housing issues will be addressed through a collaborative effort as opposed to MFA working to find solutions on their own."

PERFORMANCE IMPLICATIONS

DFA notes the following performance impacts: “Given the heading home collective impact model's reliance on a shared common agenda and shared measurement systems, a level of uniformity can be assumed in regard to the program as a whole as well as for each of its five component parts. Having MFA serve as the backbone support organization helps facilitate a unity of purpose across all five enterprise zones as well as ensure that the central mission is maintained in a consistent fashion. Measurement of results can be based on initial goals defined by MFA and their stakeholder partners once the program is implemented and at discrete intervals during the implementation as well as at the end of 2020 when the funds have been expended.”
However, MFA notes that it “currently administers several homeless and special needs housing programs. MFA contracts with and provides funding to homeless and domestic violence shelters and to non-profits and housing authorities that issue rental assistance/vouchers and provide related supportive services. Similarly, MFA would implement SB38 by contracting with a qualified entity or entities to expand Heading Home in Albuquerque and four additional communities.”

ADMINISTRATIVE IMPLICATIONS

Both DFA and MFA note that SB38 does not identify administrative fees needed by MFA to cover its costs to oversee the program, including monitoring the entities and sub grantees with which MFA would contract. Without specific mention of administration costs, entities under contract with MFA would also not be able to be reimbursed for administrative expenses.

It is assumed that with this level of funding and their existing organizational structure, MFA will not be negatively impacted administratively. It is not identified if administrative funds will be carved from the appropriation.

DFA will need to establish an oversight mechanism of the funds.

OTHER SUBSTANTIVE ISSUES

The money will only be needed in annual tranches, with the first-year costs estimated at $850.0.

There is no provision in the bill to address either DFA oversight costs, or MFA’s administrative costs. MFA respectfully requests the bill be amended to allow 8 percent to 10 percent of the grant to be used to cover these administrative costs.

LG/bb