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FISCAL IMPACT REPORT

SPONSOR Salazar, T ORIGINAL DATE 01/23/18
LAST UPDATED _____ HB 132

SHORT TITLE Homeless Rapid Rehousing SB _____

ANALYST Amacher

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$2,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to: SB 73

SOURCES OF INFORMATION

LFC Files

Responses Received From

Mortgage Finance Authority (MFA)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 132 appropriates \$2 million from the general fund to the Human Services Department for expenditure in FY19 for the New Mexico Mortgage Finance Authority (MFA) to assist people who are homeless with rapid rehousing services, including case management services, 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 five percent of this appropriation shall be used for administrative expenses. Any unexpended or unencumbered balance remaining at the end of fiscal year 2019 shall revert to the general fund.

If enacted, the effective date of this bill is May 16, 2018.

FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY19 shall revert to the general fund.

SIGNIFICANT ISSUES

HB 132 appropriates \$2 million from the general fund to the HSD for expenditure in FY19 for the MFA to assist people who are homeless with rapid rehousing services, including case management services, 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. Any unexpended or unencumbered balance remaining at the end of fiscal year 2019 shall revert to the general fund. No more than five percent of this appropriation shall be used for administrative expenses.

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 to help prevent large increases in 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.

MFA currently administers rapid rehousing through its Rental Assistance Program (RAP). RAP provides homeless prevention assistance for households at risk of becoming homeless as well as rapid rehousing for individuals and families experiencing homelessness. Funding for RAP comes from the U.S. Department of Housing and Urban Development (HUD) Emergency Solutions Grant program and the New Mexico State Homeless Assistance allocation. This appropriation will allow MFA to serve approximately 280 additional individuals or families through RAP, using the existing network of providers across the state.

ADMINISTRATIVE IMPLICATIONS

This bill limits administrative expenses to no more than five percent of the appropriation. MFA indicates if the funds are appropriated, MFA will expend the funds over a one-year period to provide rapid rehousing services to an additional 280 individuals and families that are either at risk or are experiencing homelessness.

RELATIONSHIP

HB 132 relates to SB 73 which appropriates \$2.5 million from the general fund to HSD for FY 19 for similar services as HB 132 such as life skills training, housing counseling, and other services that help the homeless. SB 73 specifically supports services provided to people with behavioral health-related disabilities through the established Linkages program between the Behavioral Health Division of HSD and the MFA.

OTHER SUBSTANTIVE ISSUES

Rapid Rehousing has proven to be more cost effective than emergency shelter, as noted by MFA. In July 2015, HUD released a study which found that rapid rehousing is far more cost-effective than emergency shelter, “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). MFA points out this study, which included costs 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 five thousand (\$5,000), while the average monthly cost of providing rapid rehousing to a homeless family is \$800 per month.

In 2015, the Senate Memorial 44, Coordinate Housing Services for Homelessness, created a working group that developed a report with recommendations for further consideration by the state's legislature. This 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 to 10 percent are chronically homeless.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

MFA notes that rapid rehousing assistance for 280 individuals/families who are at risk of becoming homeless or experiencing homelessness will not occur.

JMA/sb/jle