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FISCAL IMPACT REPORT

SPONSOR Lundstrom/Johnson ORIGINAL DATE 2/13/19
 LAST UPDATED _____ HB 535

SHORT TITLE Gallup Homeless Services SB _____

ANALYST Woods

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Related to an appropriation in the General Appropriation Act
 Related to SB 402

SOURCES OF INFORMATION

LFC Files
 U.S. Department of Housing and Urban Development (HUD)
 New Mexico Human Services Department
 New Mexico Coalition to End Homelessness
 DataUSA

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

SUMMARY

House Bill 535 appropriates \$200 thousand from the general fund to the Department of Finance and Administration (DFA) to provide homeless services in Gallup county.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2020 shall revert to the general fund.

SIGNIFICANT ISSUES

MFA states there is a significant need for homeless services in Gallup and McKinley County. The 2017 Point in Time (PIT) count identified 197 persons experiencing homelessness in McKinley County, 156 of whom were housed in emergency shelters and 41 of whom were in transitional housing. A PIT count is an actual physical count of unsheltered people, people in emergency shelters, and people in transitional housing on a specified night in January. It is not intended to be a complete count of all persons experiencing homelessness; however it is a snapshot or best attempt to capture the homeless population.

In 2017, PIT reported 1,186 persons experiencing homelessness in New Mexico outside of Bernalillo County, and 1,318 persons experiencing homelessness in Bernalillo County, for a total of 2,504 in New Mexico. The 197 persons experiencing homelessness in McKinley County represents 7.9 percent of the homeless population within the state. In comparison, McKinley County represents 3.4 percent of the state's population, according to 2017 American Community Survey five-year estimates. While not every homeless person in McKinley County resides in Gallup, the fact that the county has more than double the expected homelessness rate given its population indicates a great need for housing and services for persons experiencing homelessness.

PERFORMANCE IMPLICATIONS

MFA administers several programs that assist people experiencing homelessness:

1. The Continuum of Care (CoC) program provides state matching funds to service providers that receive federal Continuum of Care grants. HUD announced its most recent Continuum of Care grants on February 8, 2019. New Mexico received \$11.2 million, which is administered by the New Mexico Coalition to End Homelessness. From that amount, the Coalition's Impartial Review Committee awards New Mexico entities that provide permanent supportive housing, transitional housing or supportive services. Located in Gallup, Chuska Permanent Supportive Housing and Freedom Springs Rehobeth Hospital Permanent Supportive Housing were awarded funds from the \$11.2 million. Freedom Springs is a new award and Chuska is a renewal award. That being said, the Coalition administers federal HUD CoC funding and MFA administers state matching funds that it receives from the Behavioral Health Division of the Human Services Department. Those matching funds provide the required non-federal match for federal CoC grantees.
2. The Emergency Homeless Assistance Program (EHAP) provides grants to assist emergency shelters, including homeless and domestic violence shelters, with operating costs and essential services. Battered Family Services in Gallup, a domestic violence shelter, currently receives funding under this program. Funding comes from both federal and state sources.
3. The Rental Assistance Program (RAP) provides rental assistance for those experiencing homelessness or those who are at risk of becoming homeless. Rental assistance includes rent, utilities and arrears, security and utility deposits, application fees and case management. MFA does not currently have a service provider for RAP in Gallup or McKinley County.

4. Linkages are a state-funded permanent supportive housing voucher program for persons with severe mental illness who are homeless or precariously housed. The program currently operates with \$1.35 million from the Behavioral Health Division of the Human Services Department. MFA currently administers the program in Bernalillo, Sandoval, Dona Ana, Luna, Grant, San Juan, Santa Fe and Taos counties. Additional funding and qualified providers are needed in other counties, including McKinley, to expand the program statewide.

The New Mexico Coalition to End Homelessness recently received a \$3.37 million Youth Homelessness Demonstration Program (YHDP) grant from HUD to address youth homelessness in 14 counties in northern New Mexico. One of the service providers for YHDP is Youth Shelters Gallup, which will provide services in McKinley and Cibola counties. MFA may administer the state match for YHDP as the program becomes operational.

ADMINISTRATIVE IMPLICATIONS

This bill does not specify an agency to provide the homeless services, only that DFA would receive an appropriation.

MFA could administer the appropriation through its current programs that serve Gallup. Alternatively, the appropriation could be made directly to one or more state agencies to provide services or contact with homeless service providers operating in Gallup without involvement from MFA.

RELATIONSHIP

The General Appropriation Act provides \$2.5 million to fund the Human Services Department which includes reducing homelessness rates. The General Appropriation Act does not provide further details regarding homelessness.

Senate Bill 402 provides matching funds to the MFA for a HUD grant to reduce youth homelessness in New Mexico. The Youth Homelessness Demonstration Program who will expend the funds in accordance with the grant serves McKinley county.

TECHNICAL ISSUES

LFC assess the funding as revolving while MFA assess the appropriation is nonrecurring.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Gallup county will not receive the \$200 thousand appropriation and the homeless will continue to rely on the preexisting programs to combat homelessness.

CW/gb