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FISCAL IMPACT REPORT

Stansbury/Trujillo/
 Akhil/Akhil/
SPONSOR Hochman-Vigil **ORIGINAL DATE** 2/21/19 **LAST UPDATED** _____ **HB** 657
SHORT TITLE ABQ Affordable Housing Study **SB** _____
ANALYST Leger

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$150.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

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

SUMMARY

Synopsis of Bill

House Bill 657 appropriates \$150 thousand from the general fund to the Local Government Division of DFA for expenditure in FY20 and FY21 to conduct an analysis of existing affordable housing resources and unmet needs in the City of Albuquerque.

The bill specifies the findings shall include: number of affordable housing units, funding needs to bridge gaps of affordable rental housing, unmet need, demand for emergency shelter, geospatial analysis of affordable housing stock in the city, among others.

FISCAL IMPLICATIONS

The appropriation of \$150 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

MFA will make staff available to participate in the study and provide data and resources for the study, as needed. Based on the outcome and lessons learned from the Albuquerque study, MFA can consider conducting a similar study to provide a framework for ending homelessness statewide.

SIGNIFICANT ISSUES

According to the U.S. Department of Housing and Urban Development (HUD), affordable housing is needed for families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. As it is, federal housing assistance reaches only a fraction of the large and growing number of low-income households in need. Between the shortage of subsidized housing and the ongoing losses of low-cost rentals through market forces, low-income households have increasingly few housing options.

DFA provided the following statistics for the City of Albuquerque (the City):

- The Albuquerque Journal reported on 12/19/2018 that New Mexico is at the top nationally when it comes to the percentage of people experiencing chronic homelessness. HUD's annual homeless survey reported there were 2,551 people counted in NM. About 42 percent of them had been continuously homeless for a year or more. Only the District of Columbia had as high of a percentage of chronically homeless people.
- The New Mexico Coalition to End Homelessness conducted a Point-In-Time (PIT) Count is a joint project in the City of Albuquerque on 1/23/2017 and reported a total of 1,318 homeless persons with 384 persons unsheltered.
- KOB 4 reported on 12/02/2018 that Albuquerque Public Schools counted roughly 2,000 homeless students this year.

Furthermore, research shows,

- KOAT 7 reports, the City of Albuquerque is partnering with UNM and the Health Sciences Center to tackle homelessness by providing better access to behavioral health care and assistance to tackle addiction. Construction of a new shelter with triage support to provide 24/7 for indigent care, mental health crisis treatment and addiction totals \$35 million (\$28 million from the state and \$7 million from the City).
- The City has developed One Albuquerque Housing Fund for the public to contribute directly to housing vouchers. Donations can provide basic move in supplies, 1 month of rental assistance, and case management support, 1 year of rental assistance and case management support, among others.

PERFORMANCE IMPLICATIONS

The City administration has prioritized addressing housing needs through various programs and partnerships.

In 2015, Bernalillo county implemented a gross receipt tax, the revenue is supposed to fund more substance abuse and behavioral health programs. It appears as though a portion of the tax proceeds are to fund a housing program aimed to help inmates coming out of jail. It is unclear if Bernalillo county and the city of Albuquerque will coordinate efforts to combat housing needs. According to a news report from KOAT on February 20, 2018, \$49 million was collected.

ADMINISTRATIVE IMPLICATIONS

DFA provides comments from the City of Albuquerque, *“This bill would fund a study to provide a clearer picture of the affordable rental housing needs in Albuquerque and would help City of Albuquerque, other affordable housing funders, nonprofit organizations, developers and stakeholders work together to more effectively address gaps in affordable rental housing for very low income people. People with very low incomes experiencing homelessness, at high risk of homelessness or with high housing instability would benefit. The bill would help improve the efficiency of government, as it could help us better allocate scarce resources.”*

DFA points out, there will need to be a coordinated effort between DFA and the City of Albuquerque to ensure that the January 1, 2020 deadline is met for contracting services. Grant Agreements can be expected to be issued in August-September. This will give the City approximately 3-4 months to execute the grant agreement, conduct procurement, and enter into a contract.

RELATIONSHIP

House Bill 2 includes \$2.5 million to reduce reincarceration and homelessness rates and to improve prison and county jail reentry services and healthcare diagnoses for incarcerated nonviolent offenders. The behavioral health services program of the human services department, in consultation with the behavioral health purchasing collaborative and the mortgage finance authority, shall establish a process by which counties and agencies may apply for grants to increase access to evidence-based behavioral health services and improve local indigent housing Options. Counties and agencies that leverage other revenue sources, including federal funds, shall also receive prioritization. The behavioral health services program of the human services department shall report outcomes, types and numbers of individuals served to the governor, legislative finance committee and legislative health and human services committee by November 1, 2019.

TECHNICAL ISSUES

On page 2, line 8, item 2 after the word “any” should be changed to ready “amount of funds needed” or “funding needs”.

JL/sb