

LFC Requester:	Jeannae Leger
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/24/2025 *Check all that apply:*
Bill Number: SB 2 Original Correction
 Amendment Substitute

Sponsor:	<u>Benny Shendo Jr., George Munoz, David Gallegos</u>	Agency Name and Code:	<u>992 – New Mexico Mortgage Finance Authority</u>
Short Title:	<u>PUBLIC HEALTH & SAFETY INITIATIVES</u>	Number:	<u>(Housing New Mexico MFA)</u>
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
	\$140,000	Nonrecurring	General Fund

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
NA	NA	NA	NA	NA

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Senate Bill 2 aims to improve public health and safety through an investment of \$140 million in behavioral health, crisis response, homelessness, and housing services.

Senate Bill 2 proposes general fund appropriations of \$1.7 million allocated to the Administrative Office of the Courts for statewide resource mapping and regional planning for judicial district programs. Additionally, the bill proposes appropriations to fund the implementation of the plan, including:

- \$7 million to the Administrative Office of the Courts for regional case management, behavioral health support, and specialty courts.
- \$10 million to the Health Care Authority for grants to counties, municipalities, and tribal entities for outpatient and diversion services, including medication-assisted treatment and community-based services.
- \$43 million to the Health Care Authority to establish or expand regional acute care facilities and certified community behavioral health clinics in areas with higher education institutions, supporting Medicaid-eligible services and behavioral health zones.
- \$7.5 million to the Health Care Authority for 24-hour crisis response facilities, associated services, and technical support.
- \$1.3 million to the Corrections Department for discharge planning from correctional facilities and transitional services.
- \$5 million to the Department of Public Safety to purchase regional mobile crisis response, recovery and outreach equipment and vehicles.
- \$11.5 million to the Health Care Authority for regional mobile crisis and recovery response, intervention and outreach teams.
- \$1 million to the Health Care Authority for education and outreach within behavioral health regions on available behavioral health services based on behavioral health plans.
- \$2 million to the Department of Public Safety for diversion, crisis intervention, collaborative and embedded crisis response, mental health, social work, and community and intercept resources training.
- \$1 million to the University of New Mexico Health and Science Center for mobile health units, medication-assisted treatment and other health outreach to homeless persons, including telemedicine.
- \$1 million to the Department of Health for mobile health units, medication-assisted treatment and other health outreach to homeless persons, including telemedicine.
- \$48 million to the Department of Finance and Administration for the New Mexico Mortgage Finance Authority to support the expansion of housing services providers that facilitate behavioral health services and substance misuse recovery, homelessness assistance and prevention for persons with behavioral health needs and transitional housing.

FISCAL IMPLICATIONS

The passage of SB 2 would result in a one-time, non-reverting, appropriation of \$140 million from the general fund for expenditure beginning in fiscal year 2025. The \$48 million portion of the appropriation to the Department of Finance and Administration for the New Mexico Mortgage Finance Authority to support housing initiative would not impact the state operating budget because Housing New Mexico | MFA, as a self-supporting quasi-governmental entity, does not rely on the state for any operational funding.

SIGNIFICANT ISSUES

Homelessness is a rapidly growing concern for New Mexico, as evidenced by the most recent HUD data quantifying homelessness in the state, showing a 50% increase from the number of homeless people from 2022 (2,560) to 2023 (3,842). (*HUD Point in Time Count Data as of January 2025.*) The inclusion of \$48 million for increasing housing services provides resources to address the root causes of homelessness, which are the 1) lack of affordable housing, 2) demand for bolstered behavioral health services (including substance use disorder recovery, 3) need for more or expanded homelessness assistance programs. Housing initiatives that could be funded with the investment proposed in SB 2 for housing may include: *permanent supportive housing* that offers long term housing with on-going supportive services, *transitional housing* that pairs short- or medium-term housing (typically two years) with supportive services, and homelessness prevention and homeless shelter operations. The long-term benefits of these interventions include:

- Reducing recidivism – Many individuals released from correctional facilities lack stable housing, increasing their risk of reoffending.
- Fewer emergency calls – Unhoused individuals disproportionately rely on emergency services for shelter, healthcare, and crisis intervention.
- Improved social cohesion – Stable housing fosters community relationships and trust, which deter criminal activities and promote collective safety efforts.
- Economic benefits – Stable housing allows individuals to seek and maintain employment, reducing economic disparities that often correlate with crime.

PERFORMANCE IMPLICATIONS

Housing New Mexico | MFA (New Mexico Mortgage Finance Authority) has well-established program infrastructure and capacity to deploy expansion of housing services providers that facilitate behavioral health services and substance misuse recovery, homelessness assistance and prevention for persons with behavioral health needs and transitional housing.

Below are examples of programs and projects that could be expanded, replicated or tailored with the funding made available through the passage of Senate Bill 2:

- Recovery Housing Program (RHP) – RHP provides funds to develop housing or maintain housing and recovery services for individuals impacted by a substance use disorder. The program receives an annual allocation of approximately \$2 million and is oversubscribed each year.
- Housing Innovation – Housing Innovation is a flexible funding program created to fund projects that offer a community-based and innovative approach to housing. Recent

awards made to support transitional housing include:

- Funding for education based transitional housing for primarily women and children to Saranam.
- Funding for re-entry housing paired with workforce development to North Central New Mexico Economic Development District.
- Funding for transitional housing for homeless veterans in Socorro.
- Permanent Supportive Housing Development – Housing New Mexico | MFA advances permanent supportive housing by layering federal affordable housing financing with state, local and private funding. Recent development examples include:
 - Route 66: 47 units (Albuquerque)
 - Cornerstone: 30 units (Silver City)
 - Desert Hope: 40 units (Albuquerque)
 - Vista de Socorro: 32 units (Socorro)
 - Amador Crossing: 50 units (Las Cruces)
 - HOPE Village: 42 units (Albuquerque)
- Linkages – Housing New Mexico | MFA administers approximately \$4 million allocated through Behavioral Health and Human Services Division for a housing voucher program designated for extremely low-income persons with a serious mental illness diagnosis. The program has proven to be an effective intervention for housing a population with a high risk of chronic homelessness.
- Homelessness Prevention – Housing New Mexico | MFA administers approximately \$1.6 million in federal funding for homeless prevention, which can include short-term rental assistance and eviction prevention. About half of this funding was part of Coronavirus relief will be spent within the next two years.
- Shelter Operation – Housing New Mexico | MFA administers about \$1 million in federal funding for shelter operation. This funding is awarded to approximately 15 shelters and covers only a minor share of their operations.
- State Homelessness Funding – The state designates \$1.2 million annually to supplement the federal homelessness prevention and shelter operations.

Despite administering funding for programs to address the continuum of housing need, the demand for housing services exceeds the resources available. SB 2 proposes a significant investment that would help close this gap.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

AMENDMENTS