

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Morales ORIGINAL DATE 02/19/17
 LAST UPDATED _____ HB _____

SHORT TITLE Permanent Supportive Housing Services SB 273

ANALYST Boerner

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|-----------|---------------------------|---------------|
| FY17 | FY18 | | |
| | \$2,500.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY17 | FY18 | FY19 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|------|--------|--------|-------------------|---------------------------|---------------|
| Total | | \$76.5 | \$76.5 | \$153.0 | Recurring | General Fund |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

NM Mortgage Finance Authority (MFA)

SUMMARY

Synopsis of Bill

Senate Bill 273 appropriates \$2.5 million from the general fund to the Human Services Department for permanent supportive housing services, including case management services, life-skills training, housing counseling and rental assistance and other services.

FISCAL IMPLICATIONS

The appropriation of \$2.5 million contained in this bill is a recurring expense to the general fund. Any unexpended balance remaining at the end of fiscal year 2018 shall revert to the general fund.

Further, HSD explains the appropriation in this bill would more than double the number of individuals and families receiving services in the state's existing supportive housing program called Linkages. Linkages' current allocation of \$1.58 million supports 177 eligible individuals and their families and operates in seven counties: Bernalillo, San Juan, Taos, Santa Fe, Dona Ana, Lea, and Luna. As HSD explains below, expansion of the program would require the addition of a supportive housing manager at a cost of about \$ 76.5 thousand per year, and ideally, sustained program funding thorough future years to ensure continued support of individuals who typically stay in the program until a Section 8 voucher opens up or until they achieve self-sufficiency.

- 1) HSD currently has one staff member who administers the full range of supportive housing programs, which includes Linkages permanent supportive housing, low income housing tax credit properties, and shorter-term assistance such as transitional housing and move-in and eviction assistance. An expansion of the Linkages program would require the addition of a supportive housing program manager. Total salary and benefits for that individual is estimated at \$76,482 per annum.
- 2) Permanent supportive housing requires sustained funding. Once an individual is enrolled in Linkages, he/she typically stays in the program until a Section 8 voucher opens up or until achieving self-sufficiency. Section 8 currently has a 5-7 year wait list. Linkages attrition in FY16 was 12 percent, with 88 percent remaining in the Linkages program. Therefore, it is reasonable to estimate an impact to the FY19 operating budget of \$2.2 million (88 percent of \$2.5 million) to sustain assistance for those added to the program by the bill's one-time allocation.

SIGNIFICANT ISSUES

HSD explains that the New Mexico Behavioral Health Purchasing Collaborative's (Collaborative) Linkages' Permanent Supportive Housing Program is a state-funded initiative designed to provide rental subsidies and supportive services to vulnerable populations linking them to affordable quality housing with community-based, individualized services. Initiated in 2007, Linkages prioritizes homeless or precariously housed individuals with serious mental illnesses, including Native Americans living off reservation.

Linkages also improves New Mexico's compliance with the U.S. Supreme Court's decision in *Olmstead v L.C.* that individuals with disabilities be afforded the ability to live in the most integrated setting possible. The collaboration of local housing organizations, supportive service providers, the MFA, and HSD form the main structure of the Linkages program.

The Senate Memorial 44 (2015 Regular Session) Working Group recommended the Legislature increase investment in Linkages to build statewide capacity for addressing homelessness.

MFA provided the following statistics regarding homelessness people in New Mexico:

According to the 2016 point-in-time count by the New Mexico Coalition to End Homelessness, there are 1,809 households sheltered in New Mexico on any given night. Currently there are 2,423 supportive housing beds in New Mexico for people experiencing homelessness who are also disabled. New Mexico needs at least an additional 690 permanent supportive housing beds to house people who are both disabled and homeless. An additional \$2.5 million would help New Mexico serve new supportive housing for 280 households. A 2016 UNM study for the City of Albuquerque’s supportive housing program found an average savings of \$14,728 in program costs per person. Jail costs decreased 55.7 percent after entering housing. Hospital emergency room costs decreased by 76.8 percent in the 2-3 years after entering housing, and inpatient costs decreased by 55.9 percent.

PERFORMANCE IMPLICATIONS

The Behavioral Health Services Division of HSD would administer the additional allocation in partnership with the MFA using existing procedures.

ADMINISTRATIVE IMPLICATIONS

MFA currently administers supportive services through its Emergency Homeless Assistance Program (EHAP) with funding from HUD’s Emergency Solutions Grant (ESG) and the New Mexico State Homeless Assistance allocation. Administrative systems and a network of supportive housing service providers are already in place to administer this appropriation through EHAP and through Linkages.

AMENDMENTS

MFA requested the bill be amended to include nonreverting language for this appropriation to allow the agencies using this funding to continue to provide assistance for all of the households added with the funds.

ALTERNATIVES

HSD points out it was awarded a Substance Abuse and Mental Health Services Administration (SAMHSA) grant that provides funding for permanent supportive housing through September 2018 for 450 chronically homeless individuals with behavioral health conditions. SAMHSA funding is more restrictive than the state Linkages program because it is only available to chronically homeless individuals and may not be used for rental assistance vouchers. Consequently, the SAMHSA grant program relies on a combination of Linkages and HUD rental assistance vouchers to provide the affordable housing component. Linkages currently has a wait list of 129 individuals. HSD will continue to seek additional grant funding for permanent supportive housing.

CB/al