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FISCAL IMPACT REPORT

SPONSOR Morales ORIGINAL DATE 1/23/18
 LAST UPDATED _____ HB _____

SHORT TITLE Behavioral Health Supportive Housing SB 73

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$2,500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$76.5	\$76.5	\$229.5	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Bill 132, Homeless Rapid Rehousing

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico Mortgage Finance Authority (MFA)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 73 would appropriate \$2.5 million from the general fund in FY19 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 to help people who are homeless or at risk of homelessness with behavioral health-related disabilities obtain and maintain stable permanent housing.

FISCAL IMPLICATIONS

SB73 would appropriate \$2.5 million from the general fund in FY19 to the Human Services Department for recurring services. Any unexpended or unencumbered balance remaining at the end of FY19 shall revert to the general fund.

The Human Services Department (HSD) indicates the state's permanent supportive housing program is called Linkages which currently has \$1.58 in funding and supports 175 eligible individuals and their families and operating in six counties: Bernalillo, San Juan, Taos, Santa Fe, Dona Ana, and Luna. The proposed additional appropriation of \$2.5 million would more than double the number of individuals and families receiving services. HSD indicates doubling the program would require the addition of a supportive housing program manager with an estimated salary of \$76,482.

The Human Services Department (HSD) reports permanent supportive housing requires sustained funding. Once an individual is enrolled in permanent supportive housing, he/she typically stays in the program until a Section 8 voucher opens up or until achieving self-sufficiency. Section 8 currently has a five to seven year wait list. Supportive housing attrition in FY16 was 12 percent, with 88 percent remaining in the Linkages program. HSD estimates the provisions of the bill would have an impact to the FY20 operating budget of \$2.2 million (88 percent of \$2.5 million) to maintain recurring assistance for people added to the program under the bill's proposal.

The Mortgage Finance Authority (MFA) indicates it administers permanent supportive housing in collaboration with HSD using both federal and state funds, and the funding in the bill would support approximately 280 additional households that are experiencing homelessness or are at risk of becoming homeless due to behavioral health-related disabilities.

SIGNIFICANT ISSUES

The Human Services Department (HSD) indicates the Linkages program has two parts: rental assistance in the form of housing vouchers, and support services to help eligible individuals maintain housing and move toward recovery from behavioral health-related disabilities. HSD's Behavioral Health Services Division (BHSD) oversees the program and manages the support services component, and allocates a portion of Linkages funds to the Mortgage Finance Authority to manage the rental assistance component.

The Mortgage Finance Authority (MFA) reports the bill would provide additional funding for the Linkages program which MFA currently administers with funding from the Behavioral Health Services Division (BHSD) of the Human Services Department (HSD). The Linkages program provides permanent supportive housing services for people who are homeless or at risk of becoming homeless due to behavioral health-related disabilities through a network of agencies that serve seven counties in New Mexico. The \$2.5 million appropriation in SB73 would enable MFA to serve more counties if qualified agencies are available to provide services.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB73 relates to House Bill 132, Homeless Rapid Rehousing, which would appropriate \$2 million from the general fund to the Mortgage Finance Authority for homeless housing, not necessarily

tied to homeless individuals with behavioral health-related disabilities.

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

TECHNICAL ISSUES

The MFA requests the last sentence in the bill be amended to say “Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.” If the funds are nonreverting, MSA indicates agencies using the funding can continue providing assistance for all of the households added with the funds.

OTHER SUBSTANTIVE ISSUES

HSD reports the New Mexico Behavioral Health Purchasing Collaborative’s 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. The current Linkages budget supports approximately 175 individuals and their families. The New Mexico Coalition to End Homelessness estimates that, as of January 2018, there are over 1,600 homeless people with mental illness who could benefit from a Linkages voucher. [*Strategic Plan for Supportive Housing in New Mexico: 2018-2023*, January 2018]

The New Mexico Mortgage Finance Authority reports according to the New Mexico Coalition to End Homelessness, in 2017 there were at least 2,495 people who were homeless in New Mexico on any given night. Currently, there are 2,636 supportive housing beds in New Mexico that are filled by previously homeless individuals, many of whom have one or more disabilities. New Mexico needs an estimated additional 1,639 permanent supportive housing beds to house people who are currently experiencing homelessness and are disabled.

A 2016 University of New Mexico (UNM) study for the City of Albuquerque’s supportive housing program found an average savings of \$14,728 in program costs per person. The study found jail costs decreased 55.7 percent after entering housing, hospital emergency room costs decreased by 76.8 percent in two to three years after entering housing, and inpatient costs decreased by 55.9 percent. [Guerin, P. and Minssen, A. (2016). *City of Albuquerque Heading Home Cost Study Report*. University of New Mexico, Institute for Social Research.]

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