

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** HB2084

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Herring

**3. Committee:** General Laws

**4. Title:** Department of Housing and Community Development; rapid re-housing pilot project.

**5. Summary:** Requires the Department of Housing and Community Development (DHCD) to establish a three-year rapid re-housing pilot project in geographic regions of the state. The department is also required to evaluate the effectiveness of the pilot program and report its findings and recommendations in a final report to the Governor and the Housing Commission at the end of the three-year project. Participating localities are required to provide a biannual report to the department to assist in DHCD's evaluation.

**6. Budget Amendment Necessary:** No. See item 8, below.

**7. Fiscal impact estimates are preliminary.** See item 8, below.

**8. Fiscal implications:** The fiscal impact of the bill is indeterminate and a rapid re-housing pilot program is scalable within resources available for that purpose. It is anticipated that there will be some costs to DHCD in developing and administering such a pilot program, especially if separate program reporting was required, but these costs could be absorbed within existing resources. Additionally, there will be costs in implementing the program and providing financial support to participating localities.

The American Recovery and Reinvestment Act of 2009 (ARRA) created the Homelessness Prevention and Rapid Re-housing Program (HPRP), which is similar to the program proposed in the bill. The purpose of HPRP program is to provide financial assistance and services to either prevent individuals and families from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized. The funds under HPRP are intended to target two populations of persons facing housing instability: 1) individuals and families who are currently in housing but are at risk of becoming homeless and need temporary rent or utility assistance to prevent them from becoming homeless, or assistance to move to another unit (prevention); and, 2) individuals and families who are experiencing homelessness (residing in emergency or transitional shelters or on the street) and need temporary assistance in order to obtain housing and retain it (rapid re-housing). Under HPRP, the Commonwealth received \$11.4 million in federal funds. Based on demand for this program, it is anticipated that the state's allocation of funding will be committed or expended prior to, or shortly after, the end of FY 2011.

Any costs related to establishing a state rapid re-housing pilot program, and the continuation of rapid re-housing assistance, in FY 2012 will need to be funded directly with general fund dollars. In addition to HPRP, DHCD provides homeless prevention assistance through the Homeless Intervention Program (HIP). HIP provides temporary rental and mortgage assistance to low-income households at imminent risk of homelessness due to a crisis situation, and security deposit and temporary rental assistance to homeless families and individuals. HB1500/SB800 includes \$4.1 million in FY 2011 and FY 2012, from the general fund, for HIP.

Altogether, in FY 2012, just over \$11.4 million from the general fund is appropriated for various homelessness related programs, including shelter support. The Department is already moving toward implementing program changes in accordance with the Governor's Housing Policy that employ the rapid re-housing model. According to DHCD, up to \$1 million of existing general fund resources currently directed at addressing homeless services could be reallocated to support a limited rapid re-housing pilot program. The redirected \$1 million would be done in consultation with homeless service and shelter providers to assure the most effective use of these limited resources.

**9. Specific Agency or Political Subdivisions Affected:** Localities and the Department of Housing and Community Development.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** Due to the escalating demand for mandated uses of TANF funds, beginning in FY 2012, DHCD will not receive any TANF funds for homeless services. Given the demand for mandated TANF services, surplus funds will not be available for optional services and all TANF funds are fully allocated in FY 2012.

**Date:** 1/25/11

**Document:** G:\2011 Session\Legislation\HB2084.doc