



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0504.01: Provide grants for permanent supportive housing facilities

Primary Sponsor: Cora Neumann Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$50,000,000 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$43,739,224 | \$18,727,524 | \$18,724,237 | \$18,809,015 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$50,000,000 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$50,000,000)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| General Fund Balance | | | | |

Description of fiscal impact

SB 504 transfers \$50 million from the general fund, and \$25 million from the behavioral health system for future generations fund, to establish a permanent supportive housing grant program to provide grant funding to nonprofit corporations to construct or rehabilitate structures for use as permanent supportive housing.

FISCAL ANALYSIS

Assumptions

Department of Commerce

1. Section 2 of the bill establishes a permanent supportive housing state special revenue fund and allows for up to 3% of funds allocated to the account to be used for administrative costs.
2. Section 3 authorizes the department to make up to \$75 million in grants from the fund to nonprofit corporations for property acquisition, construction, space acquisition, remodeling, repairs, and the purchase of appliances and equipment.
3. The department currently estimates administrative costs will not fully utilize the 3% allowance, however for the purposes of this fiscal note it is assumed the minimum amount available for grants would be \$72,750,000 (\$75 million x 97%). Any part of the administrative allowance not used would increase the amount available for grants.
4. The actual number of grants that will be made depends upon the number of eligible projects accessing the program. While the number of potentially eligible projects may vary, the department estimates the average grant amount would be \$3,000,000, resulting in approximately 24 to 25 funded projects.
5. The department estimates an average of roughly \$18.25 million will be granted in each fiscal year over the next two biennia.

6. To adopt guidelines and develop and review applications, to draft grant agreements including project management plans and reporting requirements, to review and process payment requests, to track outcomes and ensure compliance with program requirements and applicable regulations, the department estimates it would require 4.00 FTE including 2.00 FTE program specialists, 1.00 FTE accountant, and 1.00 FTE program supervisor.
7. Operating expenses would include contracting a professional consultant with the permanent supportive housing subject matter experience to assist department staff in application workshops, and to provide technical assistance on project design and feasibility to support as many communities as possible to successfully access the program. Additional costs would include supplies, marketing and communications for program materials and website content development, travel expenses for staff to hold application workshops with communities across the state and conduct ongoing oversight, office space rental, and associated overhead.
8. The department estimates the total administrative costs would be \$489,224 in FY 2026, \$477,524 in FY 2027, \$474,237 in FY 2028, and \$481,051 in FY 2029.

Department of Public Health and Human Services

1. SB 504 provides a \$25 million transfer from the behavioral health system for future generations fund, to establish a permanent supportive housing grant program. The bill does not identify that individuals with behavioral health needs or developmental disabilities are a target population of permanent supportive housing grants.

Fiscal Analysis Table

| Department of Commerce | | | | |
|----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
| <u>Fiscal Impact</u> | | | | |
| FTE | 4.00 | 4.00 | 4.00 | 4.00 |
| TOTAL Fiscal Impact | 4.00 | 4.00 | 4.00 | 4.00 |
| <u>Expenditures</u> | | | | |
| Personal Services | \$350,550 | \$350,550 | \$355,808 | \$361,145 |
| Operating Expenses | \$138,674 | \$126,974 | \$118,429 | \$119,907 |
| Transfers | \$75,000,000 | \$0 | \$0 | \$0 |
| Grants | \$18,250,000 | \$18,250,000 | \$18,250,000 | \$18,327,963 |
| TOTAL Expenditures | \$93,739,224 | \$18,727,524 | \$18,724,237 | \$18,809,015 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$50,000,000 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$43,739,224 | \$18,727,524 | \$18,724,237 | \$18,809,015 |
| TOTAL Funding of Expenditures | \$93,739,224 | \$18,727,524 | \$18,724,237 | \$18,809,015 |
| <u>Revenues</u> | | | | |
| State Special Revenue (02) | \$75,000,000 | \$0 | \$0 | \$0 |
| TOTAL Revenues | \$75,000,000 | \$0 | \$0 | \$0 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$50,000,000) | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$31,260,776 | (\$18,727,524) | (\$18,724,237) | (\$18,809,015) |
| Department of Public Health and Human Services | | | | |

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|----------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| <u>Funding of Expenditures</u> | | | | |
| <u>Revenues</u> | | | | |
| State Special Revenue (02) | (\$25,000,000) | \$0 | \$0 | \$0 |
| TOTAL Revenues | (\$25,000,000) | \$0 | \$0 | \$0 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| State Special Revenue (02) | (\$25,000,000) | \$0 | \$0 | \$0 |

STATEWIDE SUMMARY

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|----------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | |
| FTE | 4.00 | 4.00 | 4.00 | 4.00 |
| TOTAL Fiscal Impact | 4.00 | 4.00 | 4.00 | 4.00 |
| <u>Expenditures</u> | | | | |
| Personal Services | \$350,550 | \$350,550 | \$355,808 | \$361,145 |
| Operating Expenses | \$138,674 | \$126,974 | \$118,429 | \$119,907 |
| Transfers | \$75,000,000 | \$0 | \$0 | \$0 |
| Grants | \$18,250,000 | \$18,250,000 | \$18,250,000 | \$18,327,963 |
| TOTAL Expenditures | \$93,739,224 | \$18,727,524 | \$18,724,237 | \$18,809,015 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$50,000,000 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$43,739,224 | \$18,727,524 | \$18,724,237 | \$18,809,015 |
| TOTAL Funding of Expenditures | \$93,739,224 | \$18,727,524 | \$18,724,237 | \$18,809,015 |
| <u>Revenues</u> | | | | |
| State Special Revenue (02) | \$50,000,000 | \$0 | \$0 | \$0 |
| TOTAL Revenues | \$50,000,000 | \$0 | \$0 | \$0 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$50,000,000) | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$6,260,776 | (\$18,727,524) | (\$18,724,237) | (\$18,809,015) |

Technical Concerns**Department of Commerce**

1. SB 504 does not include administrative rule-making authority for the department. Administrative rule-making authority would enable the department to establish parameters for the permanent supportive housing grant program that are not address in the bill.
2. Section 1(1) provides a definition of "Homeless" referring to 24 CFR 578.3. This CFR includes definitions for "Homeless" as well as "Chronically Homeless". Section 1(2)(b) of the bill refers to "address[ing] the needs of persons experiencing chronic homelessness." The "Chronically Homeless" definition is significantly narrower, and would limit the eligible universe of potential beneficiaries, and is often difficult to document.
3. The bill does not include an appropriation.

NO SPONSOR SIGNATURE

3/3

Sponsor's Initials

Date



Budget Director's Initials

3/3/2025

Date