



ARIZONA HOUSE OF REPRESENTATIVES

Fifty-sixth Legislature
Second Regular Session

House: APPROP DP 9-7-0-1

HB 2782: homeless shelter fund; performance audit

Sponsor: Representative Gress, LD 4

House Engrossed

Overview

Establishes a new Homeless Shelter and Services Fund with a transfer of \$75,000,000 from the FY 2024 Housing Trust Fund deposit. Creates new criminal violations involving drugs in homeless service zones.

History

The possession, use, manufacture, sale and transportation of dangerous and narcotic drugs is illegal and carries felony classifications ranging from class 4 to class 2 (A.R.S. §§ [13-3407](#); [13-3408](#)).

The Arizona Department of Housing (ADOH) administers various programs and funds related to housing of low- and moderate-income families, housing affordability, special needs populations and decaying housing stock ([A.R.S. § 41-3953](#)). As part of the FY 2024 budget, \$150,000,000 was appropriated to ADOH for a deposit into the Housing Trust Fund and an additional total of \$60,000,000 was appropriated to a new Homeless Shelter and Services Fund, which was established in session law ([Laws 2023, Ch. 133](#)).

Provisions

Criminal Classification

1. Establishes a new felony for intentionally being present in a drug-free homeless service zone to sell or transfer dangerous or narcotic drugs. (Sec. 1)
2. Designates the offense as the same class of felony if the violation had not occurred within a drug-free homeless service zone, except that the presumptive, minimum and maximum sentences must be increased by one year and the individual is not eligible for probation. (Sec. 1)
3. Creates a new class 1 misdemeanor for a provider of services to homeless individuals who allows the possession or use of dangerous or narcotic drugs in a drug-free homeless service zone. (Sec. 1)
4. Adds a fine, to be imposed by the court upon conviction of either new offense, of \$2,000 or three-times the value of the drugs involved in the charge, whichever is greater. (Sec. 1)
5. Requires providers of facility-based homeless services to maintain a visible notice identifying the building as a drug-free homeless service zone. (Sec. 1)
6. Defines *drug-free homeless service zone* as an area within 300 feet of a homeless services facility or shelter. (Sec. 1)

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| <input type="checkbox"/> Prop 105 (45 votes) | <input type="checkbox"/> Prop 108 (40 votes) | <input type="checkbox"/> Emergency (40 votes) | <input type="checkbox"/> Fiscal Note |
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Department of Public Safety (DPS) Reporting

7. Requires the Director of DPS to collect information indicating crimes committed against and by homeless individuals and to include a summary of this data in DPS's annual report to the Governor and Legislature. (Sec. 2, 3)

Homeless Shelter and Services Fund

8. Creates the Homeless Shelter and Services Fund as a continuously appropriated and non-lapsing fund under ADOH to provide specified services to individuals experiencing homelessness. (Sec. 4)
9. Requires recipients of grants from the Homeless Shelter and Services Fund to report on outcomes of individuals experiencing homelessness annually by December 1, 2024. (Sec. 4)
10. Prioritizes spending for:
 - a) parking areas with access to water, electricity and bathrooms;
 - b) camping facilities that are limited to homeless individuals that provide mental health and substance abuse evaluations;
 - c) shelters that house up to three individuals for up to two years and provide sleeping accommodations, electricity, showers and bathrooms; and
 - d) temporary shelters that house up to four individuals and provide programs to improve employment and income. (Sec. 4)
11. Exempts owners and employees of private campgrounds from civil actions unless the claim involves intentional or grossly negligent conduct. (Sec. 4)
12. Allows ADOH to use money to construct temporary housing for homeless individuals and provide a 25% bonus payment for local governments that meet predetermined goals of reducing time spent by homeless individuals in jail, prison or hospitals. (Sec. 4)
13. Prohibits additional funding to political subdivisions that have a higher per capita rate of homelessness than the state average and that receive Homeless Shelter and Services fund monies until:
 - a) the rate of homelessness is at or below the state average; and
 - b) the political subdivision does not directly or indirectly prohibit enforcement of public camping, sleeping or obstructing a public right-of-way laws. (Sec. 4)
14. Prohibits individuals from using state- or local-owned lands for unauthorized sleeping, camping or long-term shelter, with violations receiving a warning and an offer for services or shelter. (Sec. 4)
15. Authorizes a county attorney to bring a civil action against any political subdivision to prohibit the political subdivision from violating these provisions. (Sec. 4)

Mixed Hoteling

16. Requires a homeless shelter provide who engages in mixed hoteling to post specified signs at locations in the facility and online. (Sec. 4)
17. Prohibits state or local monies from being used for mixed hoteling. (Sec. 4)
18. Defines *mixed hoteling* as providing shelter rooms to homeless individuals while concurrently providing hotel services on the same premises. (Sec. 4)

Performance Audit and Appropriations

19. Instructs the Auditor General to conduct a special audit of the amount of expenditures made in the state on individuals experiencing homelessness and submit the special audit report to the Governor, Legislature and Secretary of State by December 31, 2025. (Sec. 5)
20. Transfers \$75,000,000 from the FY 2024 Housing Trust Fund deposit to the Homeless Shelter and Services Fund. (Sec. 6)
21. Transfers, from remaining unexpended monies in the FY 2024 Housing Trust Fund deposit, the following:
 - a) \$50,000,000 to the Arizona Health Care Cost Containment System for five additional secure behavioral health residential facilities;
 - b) \$5,000,000 to the Auditor General for all costs for the performance audit; and
 - c) \$10,000,000 to the Substance Abuse Services Fund for medicated assisted treatment for homeless individuals. (Sec. 6)