



# 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. Creates new criminal violations involving drugs in homeless service zones. Transfers \$5,500,000 from the FY 2024 Housing Trust Fund deposit and \$50,000,000 from the Consumer Remediation Subaccount.

### **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 an employee of facility that provides services to homeless individuals who knowingly violates a drug-free homeless service zone's policies prohibiting the possession or use of dangerous or narcotic drugs. (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, except that domestic violence shelters may place the notice inside the facility. (Sec. 1)
6. Defines *drug-free homeless service zone* as a homeless services facility or shelter. (Sec. 1)

<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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***Arizona Criminal Justice Commission (ACJC) Reporting***

7. Requires ACJC to collect and annually report information on:
  - a) Drug overdoses among individuals experiencing homelessness, including the number of drug overdoses and number of deaths caused by drug overdose; and
  - b) Crimes committed against and by homeless individuals. (Sec. 2)

***Homeless Shelter and Services Fund***

8. Creates the Homeless Shelter and Services Fund as a non-lapsing fund under ADOH, subject to legislative appropriation. (Sec. 3)
9. Specifies that all grants from the Homeless Shelter and Services Fund must be made to operators or providers within drug-free homeless service zones. (Sec. 3)
10. Requires recipients of grants from the Homeless Shelter and Services Fund to report on specified outcome-based metrics of individuals experiencing homelessness for three years, beginning December 1, 2024. (Sec. 3)
11. Prioritizes grants for services benefiting homeless individuals who are children, parents or legal guardians with children, senior citizens and veterans. (Sec. 3)
12. Prohibits additional funding to political subdivisions until the political subdivision does not directly or indirectly prohibit enforcement of public camping, sleeping or obstructing a public right-of-way laws. (Sec. 3)
13. Prohibits individuals from using state- or local-owned lands for unauthorized sleeping, camping or long-term shelter. (Sec. 3)
14. Authorizes a county attorney to bring a civil action against any political subdivision to prohibit the political subdivision from violating these provisions. (Sec. 3)
15. Directs ADOH to provide a quarterly report to the Joint Legislative Budget Committee (JLBC) outlining expenditures and other outlined information. (Sec. 3)

***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. 3)
17. Prohibits state or local monies from being used for mixed hoteling. (Sec. 3)
18. Defines *mixed hoteling* as providing shelter rooms to homeless individuals while concurrently providing hotel services on the same premises but excludes emergency or temporary shelter for domestic violence victims and parents with children. (Sec. 3)

***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. 4)
20. Transfers \$5,500,000 from the FY 2024 Housing Trust Fund deposit to the following:
  - a) \$5,000,000 to the Auditor General for all costs for the performance audit; and
  - b) \$500,000 to ACJC to implement data collection requirements. Sec. 5)
21. Appropriates \$50,000,000 from the Consumer Remediation Subaccount of the Consumer Restitution and Remediation Revolving Fund to the Arizona Health Care Cost Containment System for the establishment of five secure behavioral health residential facilities. (Sec. 5)

***Miscellaneous***

22. Defines *dangerous drug, homeless individual, narcotic drug* and *individual experiencing homelessness*. (Sec. 1, 3)
23. Makes technical changes. (Sec. 2)