

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

April 23, 2003

TO: Honorable Robert Talton, Chair, House Committee on Urban Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2541 by Menendez (Relating to a program to meet the need for affordable housing in this state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2541, As Introduced: a negative impact of (\$2,104,488) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$1,091,994)
2005	(\$1,012,494)
2006	(\$1,015,194)
2007	(\$1,046,494)
2008	(\$1,020,594)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2003
2004	(\$1,091,994)	18.0
2005	(\$1,012,494)	18.0
2006	(\$1,015,194)	18.0
2007	(\$1,046,494)	18.0
2008	(\$1,020,594)	18.0

Fiscal Analysis

The bill would establish the state-local Texas Affordable Housing Partnership Program (program). The program would provide funds to localities to create local housing partnerships, expand the production and preservation of affordable housing, and further affordable housing components of local government comprehensive plans.

The bill would also create the Texas Affordable Housing Assistance Trust Fund (TAHATF) as a state trust fund with the Comptroller. The Comptroller would distribute 80 percent of TAHATF monies annually to local housing assistance trust funds. The remaining 20 percent would be distributed based on certain criteria to the Local Housing Trust Fund, which is held outside of the State Treasury. If a local government did not comply with the requirements, its funding would remain in TAHATF for a

period up to 18 months, after which the funds would be distributed to the Local Housing Trust Fund.

No later than April 30 of each year, a participating locality would have to submit a report to the Department of Housing and Community Development (TDHCA) on the locality's affordable housing programs in the previous calendar year. TDHCA would be required to review the plan and either certify the plan or identify inconsistencies with the requirements of the program. TDHCA would also be required to assist the local government in revising the plan if it initially proves to be inconsistent with program requirements. TDHCA would be required to provide technical assistance to counties and eligible municipalities regarding certain criteria. TDHCA would also be required to monitor the activities of counties and eligible municipalities to determine compliance with program requirements and collect data on the operation and achievements of housing partnerships.

Methodology

In determining the number of local housing programs to be established, TDHCA assumed that some municipalities would have their own programs, but that mostly county programs would be established and that some counties would consolidate programs, resulting in 230 programs, or slightly fewer than the total number of counties in Texas.

According to TDHCA, it would require 18 full-time-equivalent (FTE) positions with total direct salary costs of \$666,000. The FTEs would include 13 planners to review the local plans and annual reports and collect data on the operation and achievements of housing partnerships. These planners would also provide technical assistance with regard to the plans, as well as the creation of partnerships, the design of local housing assistance programs, the implementation of local housing incentive programs, and the provision of support services. In addition, the FTEs would include five monitors to monitor the activities of counties and eligible municipalities to determine compliance with program requirements and collect data on the operation and achievements of housing partnerships.

TDHCA estimates it would incur \$28,750 in travel costs for 115 technical visits, approximately \$108,000 for rent costs for the new FTEs, \$9,000 in material and supply costs, \$60,300 for one-time costs for cubicles, and \$30,400 for equipment including computers.

Although the provisions of the bill would establish a new fund without any specified funding, this analysis assumes the program costs would come from General Revenue.

The provisions of the bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill takes effect September 1, 2003.

Technology

TDHCA estimates that it would need \$27,000 for 18 new computers and \$1,200 for three new printers in fiscal year 2004.

Local Government Impact

Based on responses from the cities of Abilene, Carrollton, Dallas, Houston, Waco, and Weatherford, no significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs

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