LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 2, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: **HB1883** by Van Arsdale (Relating to a moratorium on the provision of financial assistance by the Texas Department of Housing and Community Affairs to certain counties or for housing developments in those counties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1883, As Introduced: a negative impact of ($520,000) through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	($260,000)
2007	($260,000)
2008	$0
2009	$0
2010	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue (Loss) from *APPROPRIATED RECEIPTS* 666
2006	($260,000)	($957,247)
2007	($260,000)	($1,094,582)
2008	$0	($293,170)
2009	$0	($311,670)
2010	$0	($311,670)

Fiscal Analysis

The bill would require a moratorium from September 1, 2005 to September 1, 2007 on payments or awards of financial assistance made by the Texas Department of Housing and Community Affairs (TDHCA) to a county with a population of 3 million or more or to a housing development in a county of that size.

The bill would take effect September 1, 2005. The provisions of the bill would not affect a contractual obligation that exists on the effective date of the bill.

Methodology

Based on the 2000 federal decennial census, Harris County would be the only county impacted by the bill. TDHCA indicates that applications from Harris County constitute one-quarter to one-third of the housing tax credit and multifamily mortgage revenue bond applications received by the agency each year. Based on the information and analysis provided by TDHCA, it is assumed the two-year moratorium on the award of housing funds to Harris County would result in a revenue loss from one-time application fees that would have been collected in fiscal years 2006 and 2007, as well as a revenue loss from recurring compliance and management fees that would have been collected in future years.

TDHCA estimates that the loss of housing tax credit application fees would be $492,862 in fiscal years 2006 and 2007 and the loss of multifamily bond application fees would be $327,050 in fiscal years 2006 and 2007. TDHCA estimates the revenue loss from recurring compliance fees, bond administration fees, and management fees would be $137,335 in fiscal year 2006; $274,670 in fiscal year 2007; $293,170 in fiscal year 2008; and $311,670 each year thereafter. These revenue losses are identified in the table above as Appropriated Receipts.

Based on the analysis of TDHCA, the provisions of the bill would result in a decrease in the number of multifamily bond applications received by the Bond Review Board from developers in Harris County for the Private Activity Bond Program, which is estimated to be 52 applications per year. At the current fee of $5,000 per application, TDHCA estimates a revenue reduction of $260,000 in General Revenue Funds in fiscal years 2006 and 2007.

Local Government Impact

Because the bill would not have statewide impact on units of local government of the same type or class, no comment from this office is required by the rules of the House/Senate as to its probable fiscal implication on units of local government.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: JOB, DLBa, TG