

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 21, 2005**

**TO:** Honorable Burt R. Solomons, Chair, House Committee on Financial Institutions

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

**IN RE: HB2536** by Coleman (relating to urban land bank demonstration programs. ), **Committee Report 1st House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend the Local Government Code as it relates to the urban land bank demonstration program by changing which home-rule municipalities the program would apply. In addition, the bill would change the definition for low income household and add a definition for middle income household, moderate income household, and very low income household, as well as make adjustments to requirements and operations of the program. The bill would take effect September 1, 2005.

Under current statute, the urban land bank demonstration program applies only to the City of Dallas (home-rule municipality with a population of 1.18 million or more and that is located predominantly in a county that has an area of less than 1,000 square miles). The proposed change in applicability criteria would add the cities of Fort Worth, El Paso, Austin, San Antonio, and Houston.

**Local Government Impact**

The fiscal impact would vary by applicable city. As an example, the City of Houston (population 1.9 million) reports that the administrative and related costs of implementing provisions of the bill would be \$100,000 per year for two new staff, plus \$3 million in fiscal year 2007 for attributed subsidies required to support set asides for low and lower income housing production. The city estimates attributed subsidies would cost \$5 million in fiscal year 2008 and \$10 million in each of fiscal years 2009 and 2010. The city estimates it would experience revenue gains of \$34,000 in fiscal year 2007, \$105,000 in fiscal year 2008, \$237,000 in fiscal year 2009, and \$383,000 in fiscal year 2010 from new property tax income.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** JOB, JRO, JB, DLBa