

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 7, 2007

TO: Honorable Kevin Bailey, Chair, House Committee on Urban Affairs

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

IN RE: HB3878 by Menendez (Relating to the operation and management of the Texas State Affordable Housing Corporation.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code relating to the operation and management of the Texas State Affordable Housing Corporation (TSAHC). The bill would require the Texas Department of Housing and Community Affairs (TDHCA) to approve a biennial budget for TSAHC no later than July 1 of each odd-numbered year for the state fiscal biennium that begins on September 1 of that same odd-numbered year. The bill would require TSAHC to transfer additional revenue that exceeds the amount needed to pay operating and overhead costs and maintain TSAHC's fund reserves to TDHCA to transfer to the Housing Trust Fund. As TDHCA is the administrator of the Housing Trust Fund it is anticipated that these funds to TDHCA would be directly deposited to the Housing Trust Fund and would remain outside the treasury.

Based on information provided by TDHCA, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would require TSAHC to locate in office space that is owned or leased by the state, and if possible, located in the same building or near the offices of TDHCA. TSAHC would be required to terminate any lease or lease agreement for office space on the earliest date possible and without being assessed a penalty.

The bill would take effect September 1, 2007.

Local Government Impact

TSAHC reports that it has a bank note with the Wells Fargo Community Development Corporation that would become payable immediately upon passage of the bill. The escalation payoff amount would be \$1,050,000. In addition, TSAHC currently pays \$19.51 per square foot for office space and assumes leasing space near TDHCA will result in higher lease costs.

Source Agencies: 332 Department of Housing and Community Affairs

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