

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 1, 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 transfer of the powers and duties of the Texas State Affordable Housing Corporation to the Texas Department of Housing and Community Affairs, including the transfer of certain housing programs to that department.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3878, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>APPROPRIATED RECEIPTS</i> 666	Probable Revenue Gain/(Loss) from <i>APPROPRIATED RECEIPTS</i> 666
2008	(\$25,000)	\$0
2009	(\$54,245)	\$0
2010	(\$263,386)	\$527,469
2011	(\$259,786)	\$714,281
2012	(\$263,786)	\$893,604

Fiscal Year	Change in Number of State Employees from FY 2007
2008	0.0
2009	0.0
2010	3.0
2011	3.0
2012	3.0

## **Fiscal Analysis**

The bill would amend the Government Code to transfer the powers and duties of the Texas State Affordable Housing Corporation (TSAHC) to the Department of Housing and Community Affairs (TDHCA). The bill would transfer certain programs of TSAHC to TDHCA. The executive director of TDHCA would be required to adopt a transition plan for TDHCA's assumption of the former powers and duties of TSAHC that would ensure that the transfer be fully implemented not later than September 1, 2009.

The bill would take effect September 1, 2007.

## **Methodology**

Based on information received from TDHCA, this analysis assumes that TSAHC would not be fully transferred to TDHCA until September 1, 2009, and that the process would begin upon the effective date of the bill.

Based on information provided by TDHCA, this analysis assumes that TDHCA would need an additional 3.0 full-time-equivalents (FTEs) beginning in 2010 including 2.0 FTEs to account for and service TSAHC's accounts, and 1.0 FTE to monitor TSAHC's bond multifamily portfolio. This analysis also assumes that TDHCA would need to have additional costs beginning in 2010 of \$70,843 each year related to inspection costs of TSAHC's properties.

This analysis estimates costs for staff of \$115,600 for 3.0 FTEs in each fiscal year from 2010 to 2012. Other operating expenses, equipment, travel, and professional services are estimated at \$25,000 in fiscal year 2008, \$54,245 in fiscal year 2009, \$113,938 in fiscal year 2010, and \$110,338 from fiscal year 2010 through fiscal year 2012. Estimated benefits costs also include \$33,848 in each fiscal year from 2010 through fiscal year 2012.

This analysis assumes that TDHCA would have increased revenues beginning in 2010 due to additional single family bond activity, multifamily bond activity, and fee income from previous TSAHC single family issuances. Based on the analysis of TDHCA, it is also assumed that expenditures in fiscal years 2008 and 2009 would be paid from revenues previously collected and available to the agency that would be eligible for these spending purposes.

## **Technology**

TDHCA would have a technology impact of \$10,000 in fiscal year 2009 and \$3,600 in fiscal year 2010.

## **Local Government Impact**

The Texas State Affordable Housing Corporation reports fiscal year 2008 costs of approximately \$2.3 million to transfer its powers and duties to TDHCA. These costs include: accrued vacation pay to employees; the remainder of its building, office equipment, and telecommunications leases; and escalations of payoffs to the Wells Fargo Community Development Corporation and two Federal Home Loan bank notes.

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

**LBB Staff:** JOB, DB, MW, AH, KJG