

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 1, 2009

TO: Honorable Yvonne Davis, Chair, House Committee on Urban Affairs

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

IN RE: HB3161 by Davis, Yvonne (Relating to the administration of the Texas Department of Housing and Community Affairs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3161, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2011.

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 |
|-------------|--|
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain from <i>Appropriated Receipts</i> 666 | Probable (Cost) from <i>Appropriated Receipts</i> 666 | Probable Revenue Gain from <i>Texas Treasury Safekeeping Trust Fund - Fund Held Outside the Treasury</i> | Probable (Cost) from <i>Texas Treasury Safekeeping Trust Fund - Fund Held Outside the Treasury</i> |
|-------------|--|---|--|---|
| 2010 | \$950,668 | (\$950,668) | \$109,000,000 | (\$109,000,000) |
| 2011 | \$1,117,686 | (\$1,117,686) | \$109,000,000 | (\$109,000,000) |
| 2012 | \$1,277,381 | (\$1,277,381) | \$109,000,000 | (\$109,000,000) |
| 2013 | \$1,432,215 | (\$1,432,215) | \$109,000,000 | (\$109,000,000) |
| 2014 | \$1,578,584 | (\$1,578,584) | \$109,000,000 | (\$109,000,000) |

Fiscal Analysis

The bill would amend the Government Code relating to the administration of the Texas Department of Housing and Community Affairs (TDHCA). The bill transfers the powers, duties, and assets of the Texas State Affordable Housing Corporation (TSAHC) to the TDHCA. The bill requires that all powers and duties be transferred to TDHCA no later than January 1, 2010. The bill also requires TDHCA to conduct a study regarding the effectiveness of the annual state low income housing plan.

The bill would take effect immediately upon receiving a two-thirds majority vote in each house. If the bill does not receive a two-thirds vote in each house, the bill would take effect September 1, 2009.

Methodology

TDHCA would anticipate increased revenues associated with fees collected in association with the Single Family (SF) and Multifamily (MF) bond issuances and with certain loan servicing activity currently undertaken by the TSAHC. Consistent with current TDHCA bond fees used for administrative purposes, these fees would initially be deposited in the Texas Treasury Safekeeping Trust Fund but then be transferred to TDHCA's Appropriated Receipts account within the Treasury. For fiscal year (FY) 2010 TDHCA estimates: \$254,818 (anticipated Fee Income from previous TSAHC Single Family Issuances) + \$332,000 (total fees associated with MF Bond Program) + \$363,850 (Loan Servicing Fee) = \$950,668. For FY 2011 it is estimated at: \$152,500 (TDHCA fee income related with SF Bond Activity from 2010-14) + \$239,529 (Anticipated Fee Income from previous TSAHC SF Issuances) + \$380,000 (total fees associated with MF Bond Program) + \$345,658 (Loan Servicing Fee) = \$1,117,686. Based on information provided by TDHCA, this analysis assumes that all revenues accumulated from the fees mentioned above would be expended each fiscal year for Housing Trust Fund or other housing activities.

According to the analysis provided by TDHCA this legislation would transfer approximately \$109 million in private activity bond authority together with existing TSAHC assets and liabilities to the TDHCA. Based on information provided by TDHCA, an estimate of current total TSAHC assets was not available for the formulation of its analysis. Accordingly, this analysis does not include an amount for current TSAHC assets or liabilities. Based on information provided by TDHCA, this analysis assumes that \$109 million in bond proceeds would be expended each year in loans made under the provisions of the bill.

As required by the bill, TDHCA would administer single family and multifamily mortgage revenue bond programs, including the Professional Educator Home Loan Program and the "Homes for Heroes" Loan Program, currently administered by the Corporation; revenues the Department would receive in association with Corporation bond programs would be applied to the Housing Trust Fund or other housing activities. TDHCA also identified revenues associated with the Corporation's role as master servicers of certain TDHCA bond issuances; these would also be transferred to the Department.

This analysis also assumes that administrative duties and responsibilities associated with implementing the provisions of the bill could be covered within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, DB, MW, NV, TP, KJG