

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 20, 2009

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

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

IN RE: HB3168 by Davis, Yvonne (Relating to the creation of a natural disaster reconstruction demonstration initiative.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3168, As Introduced: a negative impact of (\$6,872,540) 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	(\$6,738,970)
2011	(\$133,570)
2012	(\$65,285)
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$6,738,970)	2.0
2011	(\$133,570)	2.0
2012	(\$65,285)	1.0
2013	\$0	0.0
2014	\$0	0.0

Fiscal Analysis

The bill would amend the Government Code relating to the creation of a natural disaster reconstruction demonstration initiative. The bill directs the Department of Housing and Community Affairs (TDHCA) to establish the natural disaster reconstruction demonstration initiative. The bill also directs TDHCA to develop a plan for the best methods of securing temporary housing and reconstructing permanent housing for persons displaced by a natural disaster.

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

For the purposes of this analysis, TDHCA estimates it would need two additional staff (Program Specialist at \$50,000 per year plus benefits of \$14,850 per year). Staff would be responsible for developing a plan; developing program requirements, protocols, application forms, etc. to ensure achievement of program goals and appropriate use of public funds; scoring requests for proposals for demonstration programs; and providing on-going technical assistance and oversight to program sub grantees. Other costs associated with staffing include computer equipment and office supplies, totaling \$4,000.

To determine the amount of grant funding that would be needed to develop 60 homes, TDHCA assumed the following based on previous disaster related activities: Units are assumed to be demonstration-type structures in nature with a variety of materials and labor requirements for production. The average cost per structure is estimated as an average of \$85,000 (\$85,000 x 60 homes for hard and soft costs \$5,100,000).

TDHCA estimates additional per unit costs would include cost of demolition; debris removal and site prep (\$600,000); utility hookups (including any necessary cabling and plumbing connections (\$48,000); accessibility features (would apply to an estimated 30 percent of units and total \$54,000); permitting (\$90,000), and wastewater treatment - assume 40 percent have sewer at \$1,500 per hookup (\$36,000); assume 60 percent require individual septic (\$360,000). Total Costs for homes would be \$6,288,000.

Program administration costs for sub grantees is 5 percent of total costs, which is consistent with the federal program (\$314,400.00). Total Grants to sub grantees would be \$6,602,400.

There would be costs for travel associated with technical assistance and monitoring: technical assistance Year 2, assume two trips per demonstration site = 6 trips X \$250 average travel costs X 2 staff = \$3,000; monitoring Year 3: assume two trips per demonstration site = 6 trips X \$250 average travel costs X 2 staff = \$3,000.

According to the analysis provided by TDHCA, the legislation does not specify the funding source but directs TDHCA to utilize available funding sources. The agency states that it is unclear whether recently received federal disaster recovery dollars could be used for this pilot project. As the agency's HOME funds are restricted to certain areas of the state and have substantial requirements placed on them, this analysis assumes General Revenue Funds would be used for this initiative.

Technology

The agency estimates costs of \$3,000 for computers for additional staff.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: JOB, DB, MW, NV