

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 28, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

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

IN RE: HB3431 by Menendez (Relating to the transfer of the powers, duties, and programs of the Texas State Affordable Housing Corporation to the Texas Department of Housing and Community Affairs and to the establishment of certain other programs and divisions within the department.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3431, As Introduced: 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 Appropriated Receipts 666	Probable (Cost) from Appropriated Receipts 666	Probable Revenue Gain from Texas Treasury Safekeeping Trust Fund - Fund Held Outside the Treasury	Probable (Cost) from Texas Treasury Safekeeping Trust Fund - Fund Held Outside the Treasury
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 to the transfer of the powers, duties, and programs of the Texas State Affordable Housing Corporation (TSAHC) to the Texas Department of Housing and Community Affairs (TDHCA). The bill establishes a Nonprofit Assistance Division and creates a homeless grant program to fund support services for the homeless population. The bill requires that all powers and duties be transferred to TDHCA no later than January 1, 2010.

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 the Homeless Grant Program.

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 homeless grant program established under the bill. 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

LBB Staff: JOB, KJG, MW, NV