

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 22, 2009

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

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

IN RE: HB3540 by Davis, Yvonne (Relating to the provision of housing, weatherization and energy assistance to persons who are elderly, homeless or with disabilities through the establishment of the Texas Housing Independence Campaign.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3540, As Introduced: a negative impact of (\$6,388,896) 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	(\$3,196,698)
2011	(\$3,192,198)
2012	(\$3,192,198)
2013	(\$3,196,698)
2014	(\$3,192,198)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from ORCA Federal Funds 5091	Probable (Cost) from Community Affairs Fed Fd 127	Change in Number of State Employees from FY 2009
2010	(\$3,196,698)	(\$22,447,975)	(\$2,000,000)	4.0
2011	(\$3,192,198)	(\$22,442,725)	(\$2,000,000)	4.0
2012	(\$3,192,198)	(\$22,442,725)	(\$2,000,000)	4.0
2013	(\$3,196,698)	(\$22,442,725)	(\$2,000,000)	4.0
2014	(\$3,192,198)	(\$22,442,725)	(\$2,000,000)	4.0

Fiscal Analysis

The bill would amend the Government Code relating to the provision of housing, weatherization, and energy assistance to persons who are elderly, homeless, or have disabilities, through the establishment of the Texas Housing Independence Campaign.

The bill would establish the Texas Housing Independence Campaign Task Force, which would include representatives from the Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA), Public Utility Commission (PUC), Texas Department of Human Services, Texas Department of Mental Health and Mental Retardation, Texas Department on Aging and Disability Services, and the Department of Assistive and Rehabilitative Services. The task force

would be required to coordinate interdepartmental and interagency plans and develop a unified campaign plan; research housing needs and programs and aggregate, analyze, and report the program initiatives and funding commitments of each participating department and agency for activities under the campaign; and certify whether sufficient programs and resources have been committed to meet the campaign plan and goals. Under the provisions of the bill, participating agencies would be required to revise existing program services and funding rules to contribute adequate program resources and target services as necessary to achieve the goals of the campaign plan.

The bill would direct TDHCA and ORCA to specifically assign housing funding and community development block grants, housing tax credits, weatherization, Texas Housing Trust Fund, program revenues, program income, excess proceeds from any related activities, and energy assistance funds, as well as any other resources available to both these agencies at levels sufficient to meet the requirements of the campaign plan.

In addition to the provisions stated above, the bill would establish four new programs which include (1) Texas Housing Independence Campaign Housing Assistance Program; (2) Texas Housing Independence Campaign Residential Architectural Barrier Removal Program; (3) Texas Housing Independence Campaign Energy Cost Burden Reduction Program; and (4) Texas Housing Independence Campaign Service Enriched Housing Initiative. Regarding the Texas Housing Independence Campaign Residential Architectural Barrier Removal Program, the bill would require both TDHCA and ORCA to spend no less than \$5 million each year on the program from available funds.

The bill would take effect September 1, 2009.

Methodology

For the purposes of this analysis, TDHCA estimates three FTEs (1 Planner II at \$45,000 per year plus benefits and 1 Program Specialist at \$45,000 per year plus benefits and 1 Program Specialist at \$50,000 per year plus benefits) would be required to fulfill the duties related to the administrative support of the Task Force, planning, and coordinating agencies plans; researching housing needs and programs; training and technical assistance; and reporting on each of the four programs included in the bill.

The bill describes the following:

- (1) Housing Assistance Program, which includes the requirement that TDHCA market the housing units to the targeted populations. This analysis includes four trips a year for this program at \$250 each.
- (2) The Architectural Barrier Removal Program, which stipulates that TDHCA must provide the training and technical assistance necessary to participate in the programs. This analysis includes four annual classroom trainings at \$400 for room rental and four additional technical assistance trips with travel costs at \$250 per trip.
- (3) The Energy Cost Burden Reduction Program, which includes the duties of researching and monitoring the program's effectiveness in reducing the cost of utilities. The bill would also require staff to recommend and support demonstration programs that test initiatives reducing the cost burden on the targeted households. This analysis assumes four trips to assess existing programs per year at \$250 per trip.
- (4) The Service Enriched Housing Initiative, which requires staff to identify barriers to service-enriched housing; develop a plan to cross-educate staff in agencies; provide technical assistance and training to local housing and health entities about service-enriched housing; and develop performance measures to track the progress of the program. This analysis includes four annual classroom trainings at \$400 for room rental and four additional technical assistance trips with travel costs at \$250 per trip.

The proposed Texas Housing Independence Campaign Residential Architectural Barrier Removal Program would require, at a minimum, that TDHCA expend no less than \$5 million each year to assist some portion of 3,000 elderly or disabled Texas households. Based on information provided by TDHCA, it is assumed that \$3 million in General Revenue Funds for the Housing Trust Fund and \$2 million from Federal Funds available in its budget each year would be used for this purpose.

Based on information provided by TDHCA, a total cost of \$15,969,990 in General Revenue Funds is estimated over the five-year period of fiscal years 2010-2014, which would include three FTEs a year. The total costs would include costs for grants of \$15 million, annual personnel costs of \$140,000; employee related costs of \$39,998; operating expenses of \$3,000 per year; travel related expenses of \$6,000 per year; equipment costs of \$4,500 in years one and four; and costs related to training at \$3,200 per year.

According to the analysis provided by ORCA, the bill could require a complete re-allocation of Community Development Block Grant (CDBG) funding as well as other funding by ORCA. If the bill is enacted, ORCA will be unable to award grants under its current action plan, current allocation, and to its usual and eligible entities for the usual program purposes.

The proposed Texas Housing Independence Campaign Housing Assistance Program would require ORCA, at a minimum, to fund construction or rehabilitation of 1,000 housing units during the biennium. Generally, CDBG funds cannot be used for new construction, so the reallocation is based on the cost of rehabilitation only. The average cost for rehabilitation of a housing unit under the CDBG program is \$34,756 per unit. This would result, at a minimum, in a \$17.4 million re-allocation of CDBG funds over the biennium. In addition, the proposed Texas Housing Independence Campaign Residential Architectural Barrier Removal Program would require, at a minimum, that ORCA expend no less than \$5 million a year to assist some portion of 3,000 elderly or disabled Texas households. This funding would also come from CDBG funds. The proposed Texas Housing Independence Campaign Energy Cost Burden Reduction Program would require ORCA to develop and undertake a new program. The bill would require ORCA to revise existing program services and funding rules to permit them to contribute adequate program resources and target services as necessary to achieve the goals of the campaign plan.

To implement the provisions of the bill, ORCA estimates a total cost of approximately \$22.4 million each year in CDBG Funds. The agency's estimate includes a request for one additional FTE at \$56,000 per year, approximately \$70,000 in benefits and other operating expenses, and \$22.3 million in grants awarded.

Based on the analysis provided by the PUC, it is assumed that existing resources could be used for the provisions of the bill.

This analysis also assumes that existing resources at health and human services (HHS) agencies could not be used to implement the provisions of the bill due to restrictions imposed by federal or state law. It is assumed that a new appropriation would be needed to implement the bill. The funds could be either directly appropriated to TDHCA or appropriated to HHS agencies, who would then transfer those funds to TDHCA through interagency contracts.

Technology

TDHCA estimates equipment costs related to the FTEs are \$4,500 in year one and \$4,500 in year four.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs, 357 Office of Rural Community Affairs, 473 Public Utility Commission of Texas, 529 Health and Human Services Commission, 537 State Health Services, Department of, 538 Assistive and Rehabilitative Services, Department of, 539 Aging and Disability Services, Department of

LBB Staff: JOB, DB, MW, NV, ES