

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 20, 2009**

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

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

**IN RE: SB1002** by Deuell (Relating to the continuation and functions of the Texas State Affordable Housing Corporation.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1002, Committee Report 2nd 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	\$411,000	(\$1,572,000)	\$4,129,845	(\$4,129,845)
2011	\$500,000	(\$1,588,000)	\$0	\$0
2012	\$595,000	(\$1,604,000)	\$0	\$0
2013	\$687,000	(\$1,619,000)	\$0	\$0
2014	\$781,000	(\$1,636,000)	\$0	\$0

**Fiscal Analysis**

The bill would amend the Government Code relating to the continuation and functions of the Texas State Affordable Housing Corporation (TSAHC). The bill would transfer the powers, duties, and assets of the TSAHC, and require the board of TSAHC to dissolve the Corporation, and assist in the transition plan at the request of the director of the Texas Department of Housing and Community Affairs.

The bill also includes a sunset provision. TSAHC is subject to the Sunset Act and unless continued in existence, the corporation would be abolished September 15, 2015. The bill would take effect September 1, 2009.

## Methodology

TDHCA anticipates there would be 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.

According to the analysis provided by the Texas State Affordable Housing Corporation, upon dissolution of the Corporation there would be an approximate cash balance available for a one-time transfer to the Texas Treasury Safekeeping Trust Fund - Fund Held Outside the Treasury, totaling \$4,129,845 in fiscal year 2010. This balance equals total cash and liquidated investment holdings less liabilities immediately due and payable when the Corporation is transferred to TDHCA..

For the purpose of this analysis, TSAHC estimates a revenue gain to the state of \$411,000 in fiscal year 2010, \$500,000 in fiscal year 2011, \$595,000 in fiscal year 2012, \$687,000 in fiscal year 2013, \$781,000 in fiscal year 2014, totaling \$2,974,000 for the five-year period from Single Family Fee Income, Multi-family Bond Program Fees, and Loan Servicing Fees. 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.

In addition, TSAHC analysis provided estimated costs to operate programs transferred to TDHCA. According to the analysis, salaries, overhead, and payroll related costs will be required to operate the programs. Estimated expenditures are based on TSAHC's historical operating costs including staff of 15 FTEs. Estimated costs also include expenditures necessary to fund the employee retirement system pension and healthcare accounts. TSAHC noted TSAHC employees do not receive state funded pension or healthcare benefits. Based on these assumptions, TSAHC estimates operating costs to the state of approximately \$1.6 million in fiscal years 2010-2014, totaling \$8.0 million for the five-year period.

TSAHC noted that non-liquid assets for notes receivable (\$3,049,936) and loans receivable (\$1,297,968) were not included in the calculation since collection is tied to mortgages and other long-term payment agreements.

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

According to TSAHC, the bill would result in the termination of the 501(c)(3) non-profit status granted by the IRS. Consequently, the ability of the state to raise funds from charitable foundations, private donors, and financial institutions seeking to meet Community Reinvestment Act credit would be lost. TSAHC reported the amount of funds received to date was an estimated \$2.27 million (excluding funds received from TDHCA), and the amount leveraged was more than \$7.5 million for affordable housing in Texas.

**Source Agencies:** 116 Sunset Advisory Commission, 332 Department of Housing and Community Affairs, 712 Texas Engineering Experiment Station

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