

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

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

**April 7, 2009**

**TO:** Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations & Trade

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

**IN RE: SB2292** by Lucio (Relating to the establishment of a natural disaster housing reconstruction initiative.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2292, As Introduced: a negative impact of (\$6,755,220) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$14,000)
2011	(\$6,741,220)
2012	(\$138,320)
2013	(\$69,035)
2014	(\$4,750)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2009</b>
2010	(\$14,000)	2.0
2011	(\$6,741,220)	2.0
2012	(\$138,320)	2.0
2013	(\$69,035)	2.0
2014	(\$4,750)	2.0

**Fiscal Analysis**

The bill would amend the Government Code relating to the establishment of a natural disaster housing reconstruction initiative. The bill would establish a natural disaster housing reconstruction initiative to encourage the development of a model reconstruction plan for future reconstruction efforts in increasing the effective and efficient delivery of natural disaster recovery services by state agencies. The bill would create a 19-member natural disaster housing reconstruction advisory committee and would direct the Office of the Governor to appoint a natural disaster housing reconstruction coordinator to call committee meetings. Under the provisions of the bill, the Texas Department of Housing and Community Affairs (TDHCA) would provide funding for the advisory committee through the department's research funds. In addition, the Governor would be directed to appoint an employee from the Governor's office or the administrative head of a state agency as the natural disaster housing reconstruction coordinator. The bill also states that the committee shall conduct a

housing reconstruction demonstration program to develop and implement in three areas previously affected by a natural disaster. The bill would require the program to provide for the replacement of at least 20 houses in each area to test the feasibility of implementing the plan in the production of replacement housing for victims of natural disasters. The bill would also require the program to be implemented using available funds from the Housing Trust Fund or any other federal or state funds available.

The bill would take effect September 1, 2009.

### **Methodology**

For the purposes of this analysis, TDHCA estimates two additional Program Specialists at \$50,000 per year plus benefits at \$14,850 per year would be needed for administration and oversight of the committee responsibilities. The agency also estimates costs for computer equipment for additional staff at \$3,000. According to TDHCA, travel costs associated with advisory committee meetings in year 1 include: (9 non - Austin based meeting attendees) X \$250 per traveler for each Austin Based meeting X 2 meetings = \$4,500 (19 Austin based attendees) X \$250 per traveler X 2 non-Austin based meetings = \$9,500. Total travel costs associated with Advisory Committee Meetings year 1 = \$14,000. Travel Costs associated with Advisory Committee meetings in Years 2 and 4 include: 9 non-Austin based meeting attendees X \$250 (Average TDHCA travel costs for 2008)=\$2,250. Travel Costs associated with Advisory Committee meetings Years 3 and 5 include: 19 Austin-based meeting attendees X \$250 = \$4,750. The bill directs TDHCA to pay for costs associated with advisory committee report out of research funds. The agency estimates the total cost to be \$21,000 out of General Revenue funds.

To determine the amount of grant funding that would be needed to develop 60 homes as described in the bill, TDHCA assumed the following: 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) Additional per unit costs include: cost of demolition, debris removal and site prep at \$10,000 each, totaling \$600,000. Utility hookups (including any necessary cabling and plumbing connections is \$800 each, totaling \$48,000. Accessibility features (will apply to an estimated 30% of units is \$3,000 each, totaling \$54,000. Permitting is estimated at \$1,500, totaling \$90,000. Wastewater treatment, assuming 40% have sewer is estimated at \$1,500 per hookup, totaling \$36,000. Assume 60% require individual septic is estimated at \$10,000 per home, totaling \$360,000. Based on these assumptions, total costs for homes total approximately \$6,288,000. Program administration costs for sub grantees = 5% of total (consistent with federal program) is \$314,400. Total Grants to Sub grantees would total \$6,602,400.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor, 332 Department of Housing and Community Affairs, 357 Office of Rural Community Affairs

**LBB Staff:** JOB, CL, MW, NV