

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 3, 2011

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

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

IN RE: SB825 by Lucio (Relating to the provision of affordable housing in rural communities and small municipalities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB825, As Introduced: a negative impact of (\$790,358) through the biennium ending August 31, 2013.

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
2012	(\$399,429)
2013	(\$390,929)
2014	(\$390,929)
2015	(\$390,929)
2016	(\$390,929)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$399,429)	5.0
2013	(\$390,929)	5.0
2014	(\$390,929)	5.0
2015	(\$390,929)	5.0
2016	(\$390,929)	5.0

Fiscal Analysis

The bill would amend the Government Code relating to the provision of affordable housing in rural communities and small municipalities. The bill directs the Texas Department of Community Affairs (TDHCA) Board to create field offices in rural areas of the state and to specify the duties for each field office. It directs TDHCA to establish an Office of Rural Community and Small Municipality Housing Initiatives (Office). The bill states that subject to available funding, TDHCA may establish not more than seven field offices as part of this larger office. The office is to coordinate meetings at least twice a year between TDHCA program directors and rural representatives to discuss best practices for housing. The office is also to establish an online clearinghouse of information related to best practices for rural communities.

The bill also directs the office to establish regional nonprofit housing development organizations and

it directs TDHCA to use HOME funds to implement this measure. The bill directs the office to conduct annual training on housing programs and increasing housing opportunities for local officials, community organizations, nonprofits, and private developers. The training course must be made available online in real time. TDHCA is also directed to provide periodic training on the same matters to these groups.

In addition, provisions of the bill direct the office to provide assistance upon request to a governing body of a municipality or county for help in developing comprehensive housing plans for rural communities, supporting local housing initiatives, and identifying federal resources to fund those plans and initiatives. Provisions of the bill state that TDHCA may establish pilot projects to test and develop new approaches to providing housing in rural areas for very low income and low income families. And, the bill directs the office to fund housing initiatives for agricultural workers and their families including new housing initiatives, housing rehabilitation initiatives, and tenant-based rental assistance. The office is also to develop pilot projects to serve agricultural workers, to document their housing needs, to determine whether the needs are critical in nature, and to develop initiatives to address those needs.

The bill would take effect September 1, 2011.

Methodology

For the purposes of this analysis, TDHCA assumes it will need funding for an additional 5.0 FTEs plus operating expenses each fiscal year to implement the provisions of the bill (Program Specialist III at a salary amount of 53,061 each year), totaling \$265,305 each year in salaries and \$73,914 for benefits. Additional costs for staff include: equipment costs (\$13,500 in FY 2012); phones (\$6,000 per year); other operating expenses (\$5,000 per year); travel costs (\$36,000 per year); and a one-time cost of \$1,000 in FY 2012 for professional services to install cable in field offices to connect new staff to TDHCA's Information System.

Technology

For the purposes of this analysis, TDHCA assumes a cost of \$14,500 in FY 2012 and \$6,000 in subsequent years for equipment expenses for phones and to install additional network cable to support field offices.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State, 332 Department of Housing and Community Affairs, 357 Texas Department of Rural Affairs

LBB Staff: JOB, KM, MW, NV, KKR, BTA