LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 16, 2013

TO: Honorable Harold V. Dutton, Jr., Chair, House Committee on Urban Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2802** by Johnson (Relating to the allocation of low income housing tax credits by the Texas Department of Housing and Community Affairs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2802, As Introduced: an impact of $0 through the biennium ending August 31, 2015.

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
2014	$0
2015	$0
2016	$0
2017	$0
2018	$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *Appropriated Receipts* 666	Probable Revenue Gain from *Appropriated Receipts* 666	Change in Number of State Employees from FY 2013
2014	($372,308)	$372,308	4.5
2015	($372,308)	$372,308	4.5
2016	($372,308)	$372,308	4.5
2017	($372,308)	$372,308	4.5
2018	($372,308)	$372,308	4.5

Fiscal Analysis

The bill would amend the Government Code relating to the allocation of low income housing tax credits by the Texas Department of Housing and Community Affairs (TDHCA). The bill directs

TDHCA to administer the allocation of housing tax credits to developments financed through the private activity bond program in the same way the allocation of housing tax credits to developments not financed throught the private activity bond program.

The bill would take effect September 1, 2013.

Methodology

Based on provisions of the bill this analysis assumes the non-competitive 4 percent tax credit program which is awarded in conjunction with the State's private activity bond program will follow all statutory requirements of the competitive 9 percent tax credit program. According to information provided by TDHCA, currently the 4 percent housing tax credit program is an open-cycle program where applicants may apply for the program at any time during the year, rather than during a fixed award cycle with set deadlines. The program is also non-competitive where applicants are subject to the eligibility and threshold requirements under the Qualified Allocation Plan (QAP) and Uniform Multifamily Rules, as applicable, but they are not competing with other applicants and therefore, are not subject to the extensive scoring criteria utilized in the QAP for the 9 percent housing tax credit program. According to TDHCA, implementation of the bill will require that the 4 percent housing tax credit program exactly mirror the 9 percent housing tax credit program, in terms of (1) administrative procedure as well as (2) award cycle timing. Based on these provisions of the bill, TDHCA indicates the agency will need to adopt the extensive rulemaking, scoring, application process and procedure, application review, contract creation, and closing activity that is currently undertaken for the 9 percent housing tax credit program, but for the 4 percent program.

For the purpose of this analysis, TDHCA indicates it would need $372,308 and 4.5 Full-time Equivalents (FTE) positions each fiscal year to implement the provisions of the bill. TDHCAs analysis assumes the following: 1.5 FTEs would be needed in the Multifamily Finance Division to incorporate new requirements in the program rules, manuals, application and application workshops; 2.0 FTEs would be needed in the Real Estate Analysis Division to conduct underwriting procedures to determine the long-term financial viability of each applicant property; and 1.0 FTE in the Legal Division to assist with possible workload related to rulemaking, amendment and waiver issues, monitoring and enforcement issues and drafting amendments and releases of land use restriction agreements.

Based on the analysis of the agency, it is assumed that TDHCA would adjust license fees to cover any additional costs associated with the implementation of this bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: UP, KKR, MW, NV