

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 21, 2015**

**TO:** Honorable Kevin Eltife, Chair, Senate Committee on Business & Commerce

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2473** by Davis, Yvonne (Relating to establishing a grant program in the Texas Department of Housing and Community Affairs to assist certain organizations that make residential mortgage loans to residents of certain neighborhoods.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2473, As Engrossed: a negative impact of (\$102,974,017) through the biennium ending August 31, 2017.

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>
2016	(\$54,137,133)
2017	(\$48,836,884)
2018	(\$21,654,473)
2019	\$0
2020	\$0

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Change in Number of State Employees from FY 2015</b>
	<b>1</b>	
2016	(\$54,137,133)	2.0
2017	(\$48,836,884)	2.0
2018	(\$21,654,473)	2.0
2019	\$0	0.0
2020	\$0	0.0

## **Fiscal Analysis**

The bill would amend the Government Code relating to establishing a grant program in the Texas Department of Housing and Community Affairs to assist certain organizations that make residential mortgage loans to residents of certain neighborhoods.

The bill would require the Texas Department of Housing and Community Affairs (TDHCA), in consultation with the Department of Savings and Mortgage Lending, to create and administer the Homeownership Assistance Program to assist homebuyer education and counseling for households in neighborhoods that have homeownership rates of less than 50%; to assist foreclosure prevention efforts; to direct financial support for enforcement activities to prosecute financial fraud or deceptive practices relating to homebuyers; and to provide public outreach on homebuyer and foreclosure activities. The bill requires the TDHCA board to adopt rules required to establish this program.

The bill would take effect on September 1, 2015.

## **Methodology**

Based on information provided by TDHCA, this analysis assumes the program will provide households assistance via proceeds received by the state through the National Mortgage Fraud Settlement. In 2012, the state received \$134,628,489 through the settlement, \$10 million of which was deposited into the judicial fund and the remainder of which was deposited into General Revenue. Therefore, it is assumed that the cost of the program is equivalent to the \$124,628,489 previously deposited into General Revenue, although those funds are not dedicated for this purpose. TDHCA assumes that this funding will be appropriated over a three year period.

To implement the provisions of the bill, TDHCA estimates utilizing \$16.8 million in General Revenue for homebuyer counseling reimbursement in fiscal years 2016-18; \$42.0 million in General Revenue for foreclosure prevention counseling reimbursement in fiscal years 2016-18; \$37.4 million in General Revenue for financial support to local government entities to prevent and prosecute financial fraud or deceptive practices relating to homebuyers in fiscal years 2016-18; and \$27.9 million in General Revenue to provide public outreach for the homebuyer counseling and foreclosure prevention counseling in fiscal years 2016-18. TDHCA would develop and roll out the program over a three-year period, with the majority of activity occurring in fiscal years 2016 and 2017.

TDHCA assumes that 2.0 FTEs would be needed to oversee the contracts with nonprofits, local units of government, and media. The agency assumes an annual salary cost of \$65,000 with \$44,044 annually in benefits and payroll costs. Additionally, the agency estimates costs pertaining to supplies, equipment and travel to be \$12,000 in fiscal year 2016, \$9,000 in fiscal year 2017, and \$5,500 in 2018. This analysis assumes administrative costs will be funded through the program appropriations.

The Department of Saving and Mortgage Lending anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within their current resources.

## **Local Government Impact**

There would be a positive fiscal impact to local governments that receive funding for prevention and prosecution of financial fraud or deceptive practices relating to homebuyers from the Texas Department of Housing and Community Affairs (TDHCA). TDHCA anticipates that an estimated \$37,397,908 would be awarded to local governments for enforcement and prevention activities.

**Source Agencies:** 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs, 450 Department of Savings and Mortgage Lending

**LBB Staff:** UP, CL, NV, JSm, KVe, SD, JLi