

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 2, 2015

TO: Honorable Eddie Lucio Jr., Chair, Senate Committee on Intergovernmental Relations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB2063** by Lucio (Relating to the establishment and administration of the Texas Safe Home Demonstration Program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2063, Committee Report 1st House, Substituted: a negative impact of (\$1,000,000) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$500,000)
2017	(\$500,000)
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
	1
2016	(\$500,000)
2017	(\$500,000)
2018	\$0
2019	\$0
2020	\$0

Fiscal Analysis

The bill would amend the Government Code relating to the establishment and administration of the Texas Safe Home Demonstration Program.

The bill would require the Texas Department of Housing and Community Affairs (TDHCA) to create and administer a program to provide financial assistance for the repair of or the demolition and replacement of owner-occupied single family homes that are in a condition that poses a risk to the health and safety of the occupants. The bill requires the TDHCA board to adopt rules required to establish the program.

The bill would take effect September 1, 2015.

Methodology

The bill does not provide a funding source for the implementation of the Texas Safe Home Demonstration Program, therefore, TDHCA has assumed an amount of \$500,000 in General Revenue for fiscal year 2016 and \$500,000 for fiscal year 2017 for implementation of the demonstration program.

This analysis assumes that funding to households will be in the form of grants and thus will not generate any program revenue. TDHCA estimates that nine owner-occupied homes could be repaired, demolished and/or replaced with their assumed appropriation. This would result in grant funding of up to \$50,000 per participating household.

The bill allows for up to 10 percent of program funding to be used for program administration. TDHCA assumes that their existing staff would be utilized for the administration of the program. This would require no additional FTEs. The agency estimates that by utilizing 25 percent of an existing FTE to administer the program this would result in a cost of approximately \$20,000 each fiscal year. This cost would equate to 4 percent of the program funding utilized for program administration by the state. The remaining 6 percent of the allowable administration fee would then be set aside for local administrators. This would result in a cost of \$30,000 each fiscal year. The total cost of \$50,000 each fiscal year taken for administration of the program would leave \$450,000 in General Revenue for grant funding.

Local Government Impact

There may be costs to certain governmental entities to administer the Texas Safe Home Program; however, the bill would allow TDHCA to allocate a certain portion of funding to administrators. No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 332 Department of Housing and Community Affairs

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