LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 2019

TO: Honorable Angie Chen Button, Chair, House Committee on Urban Affairs

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **HB1583** by Neave (Relating to the creation of a government shutdown housing relief loan program; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1583, As Introduced: a negative impact of ($8,100,740) through the biennium ending August 31, 2021.

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
2020	($1,000)
2021	($8,099,740)
2022	($250)
2023	($250)
2024	($250)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from *General Revenue Fund* 1	Probable Revenue Gain from *General Revenue Fund* 1	Probable Revenue Gain from *Texas Treasury Safekeeping Trust (outside Treasury)*
2020	($1,000)	$0	$0
2021	($8,119,428)	$19,688	$0
2022	($250)	$0	$5,906,250
2023	($250)	$0	$0
2024	($250)	$0	$0

The bill would amend the Government Code to create a program that would direct the Texas Department of Housing and Community Affairs (TDHCA) to establish a program to provide loans to certain federal employees during a shutdown of the federal government. It would apply to employees who are furloughed, or for those working without pay due to being considered essential or otherwise exempted from a furlough. Loans could be made for rent, mortgage, or utility payments and would be required to be repaid within certain timeframes following the federal processing of back pay. The loans would not bear interest. TDHCA could impose fees for failure to repay a loan.

The loans would be provided from any available source of revenue; TDHCA would solicit gifts and grants for purposes of the program.

The bill would take effect September 1, 2019.

Fiscal Analysis

The bill would result in a cost to General Revenue as a result of providing the specified loans, and for the administrative cost of the program. TDHCA has no other source of revenue for this program. The agency would deposit loan repayments into the Texas Treasury Safekeeping Trust Account (a fund outside the Treasury) as it operates other loan programs. It would then use these funds to make any subsequent loans needed as result of additional federal government shutdowns.

Methodology

For purposes of providing a cost estimate, this analysis assumes there would be a federal government shutdown in year two of the five year period. Using data on the number of federal employees in Texas, their average incomes, and average housing costs, TDHCA assumes that ten percent of the employees below the median salary would apply for a loan, resulting in 5,834 applicants. Of the applicants, the agency assumes that 90 percent would meet credit score requirements, resulting in 5,250 approved applications.

Using 2017 data on median monthly rent in Texas, and in an effort to reduce processing times and administrative cost, the agency assumes it would offer a $1500 loan per approved applicant. This would total $7,875,000 for the cost of approved loans (5,250 x $1500) in year two.

The agency's existing loan processing software would be used, but require modification. This would cost $1000 in year one and $250 in each subsequent year for maintenance. The costs for temporary employees needed to handle the volume of loan applications would be $39,989 in year two. The cost for credit report fees (at $35 per report) would be $204,190 in year two.

It is assumed that 75% of the loan amount would be repaid in the subsequent year, and that the agency would draw on the repaid funding as a source for the loan program during any subsequent government shutdowns. The agency notes that additional appropriations would likely be needed to maintain the program in the event of additional government shutdowns.

Additionally, TDHCA assumes that five percent of the loan repayments (262) would be late, and would cost five percent of the loan amount ($75). This would result in $19,688 in late fee revenue that would offset the operating cost of the loan program.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: WP, AF, SGr, MB