

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 22, 2019

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

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

IN RE: SB1118 by Lucio (Relating to programs operated by the Texas Department of Housing and Community Affairs to increase access to safe and affordable housing in this state.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB1118, As Introduced: a negative impact of (\$9,445,424) 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.

The bill would add subchapter EE to the Government code to codify the Texas Department of Housing and Community Affairs' program known as the Amy Young Barrier Removal program. It would also change certain requirements related to the agency's Texas Bootstrap Loan Program.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house; if not, the bill would take effect September 1, 2019.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$4,815,549)
2021	(\$4,629,875)
2022	(\$4,518,702)
2023	(\$4,407,528)
2024	(\$4,296,354)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2019
2020	(\$4,815,549)	\$0	1.0
2021	(\$4,741,049)	\$111,174	1.0
2022	(\$4,741,049)	\$222,347	1.0
2023	(\$4,741,049)	\$333,521	1.0
2024	(\$4,741,049)	\$444,695	1.0

Fiscal Analysis

The fiscal impact results from the bill's requirements in Sections 1 and 3. In section 1, the bill would require TDHCA to transfer not less than \$3.0 million per year to the Amy Young Barrier Removal (AYBR) grant fund from federal block grants, certain Housing Trust Funds, or other funds appropriated by the legislature for the purposes of the AYBR subchapter. Additionally, gifts, grants and donations could be solicited. In section 3, the bill would require TDHCA to ensure not less than \$7.0 million is used for the Bootstrap (owner-builder) loan program per year.

Methodology

TDHCA indicates that federal funds are not available or suitable for these programs due to the fact that the administrators of these programs tend to be small organizations that lack capacity to administer federal funds. The agency also assumes that no gifts, grants or donations will be received for the AYBR program. The proposed funding level in the 86th Legislature's introduced bill is \$1.9 million per year for the AYBR program; the difference of \$1.1 million would be necessary to implement the intent of the bill. Further, the proposed funding level in the introduced bill is \$3.3 million per year for the Bootstrap program; the difference from \$7.0 million of \$3.7 million would be necessary to implement the intent of the bill.

In order to administer the expanded programs, TDHCA indicates it would require 1.0 full-time equivalent that would be split between the AYBR and Bootstrap programs. The FTE would be a Program Specialist III with a salary of \$52,000 per year, and a cost of \$18,164 in fringe benefits and payroll contribution. In the first year, equipment and other operating costs would be \$2,500 and travel would be \$3,300 (six trips at \$550 each) associated with training new applicants, especially in parts of the state that have not participated in recent years. These costs are assumed to be a part of the increased funding for the programs discussed above.

Lastly, the agency anticipates loan repayment revenue from the Bootstrap program to begin in the second year, estimated to be \$111,174 in fiscal year 2021 and assumed to increase by that amount in each year of the cost estimate. This revenue is assumed to offset the cost to General Revenue in the table above.

Local Government Impact

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

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: WP, AF, SGr, MB

