

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 25, 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.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB1118, Committee Report 1st House, Substituted: a negative impact of (\$1,378,967) through the biennium ending August 31, 2021.

The bill contains the following language: The Department of Housing and Community Affairs is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the department may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

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	(\$700,000)
2021	(\$678,967)
2022	(\$657,934)
2023	(\$636,901)
2024	(\$615,868)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable Revenue Gain from General Revenue Fund 1
2020	(\$700,000)	\$0
2021	(\$700,000)	\$21,033
2022	(\$700,000)	\$42,066
2023	(\$700,000)	\$63,099
2024	(\$700,000)	\$84,132

Fiscal Analysis

The fiscal impact results from the bill's requirements in Section 3. In section 3, the bill would require TDHCA to ensure not less than \$4.0 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 proposed funding level in the 86th Legislature's introduced bill is \$3.3 million in General Revenue Funds per year for the Bootstrap program. Since the bill would require \$4.0 million, the difference of \$0.7 million would be necessary to implement the intent of the bill.

TDHCA indicates it would absorb the administrative cost of implementing the expanded program.

The agency anticipates loan repayment revenue from the expanded Bootstrap program to begin in the second year, estimated to be \$21,033 in fiscal year 2021 and assumed to increase by that amount in each year of the cost estimate. This revenue would offset the cost to General Revenue, as shown 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, MB, AF, SGr