

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB289

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Englin

3. Committee: General Laws

4. Title: **Department of Housing and Community Development; rental assistance pilot project.**

5. Summary: The Department of Housing and Community Development (DHCD) is required to develop a three-year rental assistance pilot project in geographic regions of the state. The department is also required to evaluate the effectiveness of the pilot program and report its findings and recommendations in a final report to the Governor and the Housing Commission at the end of the three-year project. Participating localities are required to provide a biannual report to the department to assist in DHCD's evaluation.

6. Fiscal Impact Estimates:

. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2008	-	-	-
2009	70,500	1.0	GF
2010	70,500	1.0	GF
2011	70,500	1.0	GF

7. Budget amendment necessary: Yes. Item 109.

8. Fiscal implications: The bill directs DHCD to establish a three-year rental assistance pilot project to help bridge the gap between family income and housing costs for very low income working families. There would be some costs to DHCD in developing and administering such a pilot program. These costs, from the general fund, would include one position and the corresponding salary and fringe benefits, estimated at \$62,500, as well as nonpersonal services costs, including but not limited to travel, computer, and telephone, estimated at \$8,000. The responsibilities associated with administering the program, as provided for in the bill, would include reviewing the biannual reports from participating localities in order to evaluate the effectiveness of the program, as well as make a final report, to include findings and recommendations, to the Governor and the Housing Commission on the program's effectiveness.

The bill states that the source of funding for the pilot project is "such moneys as are provided for that purpose in the general appropriation act". DHCD does not currently have an appropriation for rental assistance. DHCD does have funding within its budget for homeless

shelter assistance and short-term rental intervention services. Funding sources for shelter assistance include general fund dollars, federal funding, as well as funding from the Department of Social Services through the Temporary Assistance for Needy Families Program (TANF). The shelter assistance program provides funds to localities and nonprofits for operating costs of shelters. The department also has some funding for short-term rental intervention services which is used to provide assistance to individuals that are either at immediate risk for becoming homeless or are behind on their rental payments and are consequently in danger of becoming homeless.

A rental assistance program such as the program provided for in this bill would address housing affordability. In the United States and Canada, a commonly accepted guideline for housing affordability is a housing cost that does not exceed 30 percent of a household's gross income. Through a rental assistance program, the department would provide supplemental financial support to ensure a participant's housing costs are within this threshold.

9. Specific agency or political subdivisions affected: Department of Housing and Community Development.

10. Technical amendment necessary: None.

11. Other comments: None.

Date: 1/15/2008 dpbtmw

Document: G:\2008 Session\Fiscal Impact Statements\HB289 .Doc

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources