

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB2501

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>
2009	-	-	-
2010	89,000	1.0	GF
	2,400,000		NGF
2011	89,000	1.0	GF
	2,400,000		NGF
2012	89,000	1.0	GF
	2,400,000		NGF

7. Budget amendment necessary: Yes. Items 109 and 338.

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 \$79,000, as well as nonpersonal services costs, including but not limited to travel, computer, and telephone, estimated at \$10,000. 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 pilot project is to be funded by TANF (Temporary Assistance for Needy Families) funds. DHCD receives approximately \$4.9 million annually in TANF funds, as provided for in a memorandum of understanding between the department and the Department of Social Services (DSS). Under the provisions of the agreement, DHCD uses these funds for homeless shelter assistance. The bill is silent regarding whether DHCD is to divert these TANF funds to support the pilot program provided for in the bill or whether the pilot program is to be supported with additional TANF funds. DHCD estimates that approximately \$2.4 million in additional TANF funds would be required to implement a meaningful pilot program. However, a program could be scaled within available resources.

The TANF block grant currently has a surplus that was chiefly generated due to DSS' efforts to discover annual unspent TANF revenues over the last ten years. However, much of this extra one-time funding has already been utilized to account for savings actions and an anticipated caseload rise. The remaining TANF balance is all one-time funding that is being held as a reserve against future caseload uncertainty and will not be available in subsequent biennia. Therefore, there are technically sufficient TANF dollars to cover the initial cost of this legislation, however sufficient funding is not available to cover costs beyond FY 2010.

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.

Also, DHCD does not currently have an appropriation for rental assistance. In addition to funding through TANF, the general fund, and federal sources, DHCD supports a homeless shelter assistance program that provides funds to localities and nonprofits for operating costs of shelters. DHCD 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.

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

10. Technical amendment necessary: None.

11. Other comments: Delegate Hamilton and Senator Colgan have both proposed budget amendments that appropriate \$2.4 million in TANF funds to DSS in FY 2010

and direct the transfer of these funds to DHCD for the implementation of a pilot project for a rental assistance program.