

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB1261

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Vogel, J.

3. Committee: General Laws and Technology

4. Title: Fair Housing Law; concurrence of the Office of the Attorney General to determine housing discrimination

5. Summary: Requires the receipt of the concurrence of the Office of the Attorney General before the Fair Housing Board may make a determination of reasonable cause to believe a discriminatory housing practice has occurred. Receipt of the concurrence of the Office of the Attorney General (OAG) is also required before the Fair Housing Board may issue a charge of an alleged discriminatory housing practice. Currently, consultation with the OAG is required for the Fair Housing Board to act.

6. Budget Amendment Necessary: Yes, Item 113.

7. Fiscal Impact Estimates:

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2012	(313,000)	0	NGF - FEDERAL FUNDS
2012	313,000	0	NGF - LICENSE FEES
2013	(313,000)	0	NGF - FEDERAL FUNDS
2013	313,000	0	NGF - LICENSE FEES
2014	(313,000)	0	NGF - FEDERAL FUNDS
2014	313,000	0	NGF - LICENSE FEES
2015	(313,000)	0	NGF - FEDERAL FUNDS
2015	313,000	0	NGF - LICENSE FEES
2016	(313,000)	0	NGF - FEDERAL FUNDS
2016	313,000	0	NGF - LICENSE FEES
2017	(313,000)	0	NGF - FEDERAL FUNDS
2017	313,000	0	NGF - LICENSE FEES

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2012	(313,000)	NGF - FEDERAL FUNDS
2012	313,000	NGF - LICENSE FEES
2013	(313,000)	NGF - FEDERAL FUNDS
2013	313,000	NGF - LICENSE FEES
2014	(313,000)	NGF - FEDERAL FUNDS
2014	313,000	NGF - LICENSE FEES
2015	(313,000)	NGF - FEDERAL FUNDS
2015	313,000	NGF - LICENSE FEES
2016	(313,000)	NGF - FEDERAL FUNDS
2016	313,000	NGF - LICENSE FEES
2017	(313,000)	NGF - FEDERAL FUNDS
2017	313,000	NGF - LICENSE FEES

8. Fiscal Implications: This legislation requires the concurrence of the OAG before the Fair Housing Board may make a determination of reasonable cause to believe a discriminatory housing practice has occurred and before the Fair Housing Board may issue a charge of an alleged discriminatory housing practice. According to the U.S. Department of Housing and Urban Development (HUD)'s Fair Housing Assistance Program Division, the Office of Attorney General concurrence provisions in this bill may deviate from the federal Fair Housing Act. Virginia's fair housing law is currently certified as substantially equivalent to federal law. If Virginia's fair housing law fails to meet substantial equivalency criteria, the Department of Professional Occupation and Regulation (DPOR) would no longer receive federal grant revenue for the Fair Housing program. Federal grant monies provide more than half of the funds that support the activities of the Virginia Fair Housing Office, with the remainder coming from licensing fees. DPOR would continue to require existing staff and resources to conduct Fair Housing activities in compliance with State law. Without the Federal grant, the funds to support the Fair Housing activities would have to come entirely from licensing fees.

The cost of ongoing activities of the Virginia Fair Housing Office currently supported by the federal grant is approximately \$313,000, based the past five year average of grant funding. The Department of Professional and Occupational Regulation would continue to incur this expense in future years. Funding and expenses will move from the federal fund (1000) to license fees fund (0900). DPOR collects revenue from licensing fees in fund 0900.

Revenue: DPOR currently receives federal grant awards based on a cooperative agreement with the Federal Department of Housing and Urban Development (HUD) to investigate fair housing cases in Virginia. DPOR indicates that if this bill resulted in a withdrawal of substantial equivalency certification, it is expected that the grant award would be terminated. This grant revenue totaled about \$313,000 on average in each of the past five years. In future years, the federal fund (1000) revenue would be reduced by about \$313,000 per year.

DPOR reports that in order to generate the necessary revenue, without the federal grant award, Fair Housing Board licensing fees would need to be increased enough to cover the expenses. Currently, there are about 2,000 Fair Housing certificate holders, and the fee for a two year certificate is \$25. Cash and revenues of the Fair Housing Board are not sufficient to pay the Board's operating costs and presently, the Real Estate Board pays for expenditures in excess of revenue collected by the Fair Housing Board. Given costs associated with the Fair Housing program, and the small number of regulants for this voluntary certification, DPOR believes it is unlikely that the Fair Housing Board will collect adequate revenue in the near future to cover its current costs or to replace the lost federal grant revenue associated with this legislation.

Cost to Regulants: To provide sufficient revenue to replace the lost federal grant, in the event this bill results in non-compliance with substantial equivalency criteria, DPOR indicates that the fee for a two year Fair Housing certificate would increase by about \$315 or a new fee of \$340. To provide sufficient revenue to both replace the lost federal grant and to eliminate the Real Estate Board subsidy, the fee for a two year Fair Housing certificate would increase by about \$745 or a new fee of \$770.

Impact on the Office of the Attorney General: Staff at the OAG indicates changes in the bill should have a minimal impact on the office which can be absorbed. If the bill turns out to have a significant budget impact during execution, the OAG will report its needs during budget development.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation
Office of the Attorney General

Local governments currently receive some HUD funding for housing initiatives which is conditioned, in part, on Virginia's fair housing substantial equivalency certification. A change to substantial equivalency status may affect such funding for localities.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 01/20/2011

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