

LEGISLATIVE FISCAL OFFICE
Streamlining Commission Analysis



Recommendation No. **RECOMMENDATION 53**
 Streamlining Draft **AGEB 18**

Date: March 4, 2010 8:04 AM	Author:
Dept./Agy.: La. Housing Finance Agency	Analyst: Evelyn McWilliams
Subject: Housing Assistance Requirements	

SEE FISC NOTE SG EX

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To require non-elderly, non-disabled recipients of any affordable housing or housing assistance program offered through the Louisiana Housing Finance Agency to obtain formal employment in the private sector or government, and require that those recipients who claim they cannot find employment to participate in a supervised job search or in an educational job training program that assists people to obtain employment or perform community service.

EXPENDITURES	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
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Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The impact of implementing a workforce development requirement for certain applicants of housing assistance through the Louisiana Housing Finance Agency (LHFA) is indeterminable but not anticipated to be significant. Any impact will be dependent on the frequency of the monitoring and the entity responsible for performing the monitoring. Housing developers currently certify tenants' income at the initial application, and annually thereafter. If the current procedure is deemed to meet the requirements of this recommendation, minimal additional costs are anticipated. If more frequent certifications are required, cost to developers could be more significant. If the LHFA was to directly ensure applicants are gainfully employed or engaged in a workforce development effort, it is likely that the LHFA would out-source the function to the Louisiana Workforce Development agency (LWD). LWD was not able to estimate the costs associated with this initiative.

Most developers of multifamily housing units participating in the LHFA tax credit programs have some form of income eligibility requirement for tenants residing in their developments. Unemployment benefits and other forms of public assistance may be used to meet the income eligibility requirement. Persons receiving unemployment benefits are already engaged in some form of job search or job training. Of the 530 multifamily housing development projects monitored by the LHFA, only 3 projects, all of which are transient housing, provide housing for persons who may not have any income. Transient housing developments offer temporary housing to persons in transition who may not have income. Persons residing in transient housing developments typically receive vouchers for rent payment from groups such as the Red Cross. The LHFA's monitoring of transient housing developments is primarily to assure the upkeep and maintenance of such developments.

The LHFA monitors 530 multifamily housing development projects that may be subject to the workforce requirements included in this recommendation. Approximately 70% of the housing projects monitored by the LHFA receive a tax credit and are monitored every three years. The remaining 30% of the housing projects monitored by the LHFA are HUD financed and are monitored yearly. The LHFA monitors 20% of the housing units in each housing development project. Developers of

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REVENUE EXPLANATION

Costs associated with this recommendation would be passed along to developers and/or individual homeowners and collected as fees by the LHFA. Application fees paid by developers and homeowners would be increased to provide for the services. The amount of the fee increase is not determinable at this time and is dependent on the frequency of the monitoring, and, for developers, the number of individual housing units.

Senate
 13.5.1 >= \$500,000 Annual Fiscal Cost

Dual Referral Rules

13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$500,000 Annual Fiscal Cost

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk

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multifamily housing units participating in the tax credit programs could be required to implement the workforce development requirements. As part of its compliance monitoring requirements, developers would be responsible for ensuring that residents housed at their units are complying with the workforce requirements. The LHFA would incorporate the workforce requirement as part of its compliance monitoring function. The cost to the developers is dependent on the frequency of the workforce reporting requirements. Increasing the frequency of LHFA's monitoring of the housing developments would increase LHFA's expenditures.

HUD Subsidized

The U.S. Department of Housing and Urban Development (HUD) prohibits establishment of state guidelines for tenants residing in project-based Section 8 housing units. There are two types of Section 8 assistance provided by HUD in which a tenant's portion of the rent is based on 30% of their income. The first type of Section 8 Assistance is "project based" in which the subsidy is committed by HUD for assisted units of a particular property for a contractually determined period. The other type of assistance is tenant-based in which the subsidy is committed by HUD on an individual tenant basis and monitored by local housing authorities. The LHFA has a contract with HUD to administer the state's project-based Section 8 program. The LHFA monitors compliance of Section 8 project owners.

Senate Dual Referral Rules

13.5.1 >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

House

6.8(F) >= \$500,000 Annual Fiscal Cost

6.8(G) >= \$500,000 Tax or Fee Increase
or a Net Fee Decrease

Handwritten signature of H. Gordon Monk.

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