

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4843H.01I
Bill No.: HB 2385
Subject: Public Assistance; Housing
Type: Original
Date: January 26, 2024

Bill Summary: This proposal prohibits local governments from requiring private property owners to accept Section 8 vouchers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§441.043 – Rental Property and Federal Housing Assistance Program

Officials from the **Department of Mental Health (DMH)** assume the proposal modifies §441.043. It prohibits local government from requiring private property owners to accept federal housing assistance vouchers as payment for rent. The DMH has a few programs which offer rental assistance that are funded through federal sources. It is very challenging for DMH consumers to obtain rentals in the current market. If landlords in areas that protect “source of income” revert back to disallowing tenants because of subsidies, this could cause additional housing instability within the DMH service population which typically leads to poorer treatment outcomes and higher utilization of crisis services. This could also require funding of incentive programs to encourage landlords to give DMH service population the opportunity to rent in the private market. Those could include landlord mitigation funds or landlord incentive payments. DMH currently does not have any such funds and it would be challenging to predict how much would be necessary. DMH assumes this will likely impact consumers seeking housing. It is unknown the level of impact to consumer or the potential increase in those consumers seeking crisis services. Fiscal impact to DMH is unknown.

Oversight notes the following on DMH’s website:

Federal Housing Subsidies (Section 8, etc.) for Low-Income Households

- **Public Housing Agencies** - Many cities and towns in Missouri have Public Housing Agencies (PHA's). These agencies administer federally funded low-income housing in their towns or counties; some also own their own affordable rental properties to rent to area residents who cannot afford the normal rents in the area. Most PHA's also administer the federal Housing Choice Voucher Program, commonly known as Section 8. If you cannot find affordable housing on your own, or wish to apply for Section 8 housing, your local Public Housing Agency may be able to help. In some cases, your local Community Action Agency office will also be your Public Housing Agency.

Oversight assumes the state may be impacted from this proposal, however; Oversight assumes this would be more of an indirect impact for this proposal.

Officials from **Kansas City** assume a negative fiscal impact of an indeterminate amount. The fewer property owners that accept Section 8 vouchers, results in more homeless.

Oversight assumes local political subdivisions could be impacted from this proposal, however; Oversight assumes this would be more of an indirect impact for this proposal.

Officials from the **Department of Economic Development**, the **Department of Labor and Industrial Relations** and **Lincoln County** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses who operate rental properties could be impacted as a result of this proposal.

FISCAL DESCRIPTION

Currently, no county or city can regulate the amount of rent for certain residential or commercial rental property. This bill adds the provision that no county or city can prohibit landlords from refusing to lease or rent certain residential or commercial rental property to a person because the person's source of income to pay rent includes funding from a Federal housing assistance program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 4843H.011

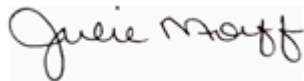
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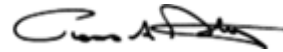
January 26, 2024

SOURCES OF INFORMATION

Department of Mental Health
Kansas City
Department of Economic Development
Department of Labor and Industrial Relations
Lincoln County



Julie Morff
Director
January 26, 2024



Ross Strobe
Assistant Director
January 26, 2024