
AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2015–19 PERIOD

BY

The Texas Department of Housing and
Community Affairs

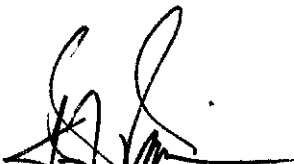
Board Chair
J. Paul Oxer

Term
03/01-2011 – 01/31/2017

Home Town
Sugar Land, TX

Date of Submission
06/18/2014

SIGNED:



Timothy K. Injine, TDHCA Executive Director

APPROVED:



J. Paul Oxer, TDHCA Board Chair

Prepared by the TDHCA Housing Resource Center
PO Box 13941, Austin, TX 78711-3941
Phone: (512) 475-3976 Fax: (512) 469-9606 email: info@tdhca.state.tx.us

TABLE OF CONTENTS

STATEWIDE VISION, MISSION, AND PHILOSOPHY2

 THE MISSION OF TEXAS STATE GOVERNMENT3

 THE PHILOSOPHY OF TEXAS STATE GOVERNMENT3

RELEVANT STATEWIDE GOALS AND BENCHMARKS.....4

 EDUCATION - PUBLIC SCHOOLS4

 EDUCATION – HIGHER EDUCATION5

 HEALTH AND HUMAN SERVICES6

 ECONOMIC DEVELOPMENT8

 REGULATORY10

 GENERAL GOVERNMENT11

TDHCA MISSION14

TDHCA PHILOSOPHY14

EXTERNAL/INTERNAL ASSESSMENT.....16

 I. OVERVIEW OF AGENCY SCOPE AND FUNCTIONS16

 II. ORGANIZATIONAL ASPECTS26

 III. FISCAL ASPECTS43

 IV. SERVICE POPULATION DEMOGRAPHICS55

 V. TECHNOLOGICAL DEVELOPMENTS.....67

 VI. ECONOMIC VARIABLES.....69

 VII. IMPACT OF FEDERAL STATUTES/ REGULATIONS.....82

 X. OTHER LEGAL ISSUES90

 IX. SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT.....96

TDHCA GOALS, OBJECTIVES, AND STRATEGIES AND THE ASSOCIATED OUTCOME, EFFICIENCY, EXPLANATORY, AND OUTPUT MEASURES120

APPENDIX A. DESCRIPTION OF TDHCA’S PLANNING PROCESS134

APPENDIX B. CURRENT ORGANIZATIONAL CHART137

APPENDIX C. FIVE-YEAR PROJECTIONS FOR OUTCOMES.....138

APPENDIX D. LIST OF PERFORMANCE MEASURE DEFINITIONS.....139

APPENDIX E. WORKFORCE PLAN171

 INTRODUCTION171

 AGENCY OVERVIEW171

 CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)175

 FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS).....181

 GAP ANALYSIS182

 STRATEGY DEVELOPMENT182

APPENDIX F. SURVEY OF ORGANIZATIONAL EXCELLENCE RESULTS AND UTILIZATION PLANS.....186

APPENDIX G. HISTORICALLY UNDERUTILIZED BUSINESS PLAN191

APPENDIX H. LIST OF ABBREVIATIONS.....193

INTRODUCTION

“In 1991, Texas initiated a comprehensive process of strategic planning for all state agencies within the executive branch of government. House Bill 2009, Seventy-second Legislature, Regular Session, 1991, authorized the process. This legislation established the requirements and time frame under which Texas completed its first planning cycle.

House Bill 2009 was subsequently codified as Chapter 2056 of the Texas Government Code.

In 1993, the Legislature amended Chapter 2056 of the Texas Government Code to consolidate certain planning requirements and to change the required planning horizon from six years to five years (i.e., the second year of the current biennium and the next two biennia). Agencies must complete and submit plans every two years; however, they may engage in planning on a continual basis and may adjust plans internally as changing conditions dictate.

CONCEPTUAL FRAMEWORK

Strategic planning is a long-term, iterative, and future-oriented process of assessment, goal setting, and decision-making. It includes a multiyear view of objectives and strategies for the accomplishment of agency goals. Clearly defined results provide feedback that leads to program performance that influences future planning, resource allocation, and operating decisions. The strategic planning process incorporates and sets direction for all agency operations.

An agency’s strategic plan is a formal document that communicates its goals, directions, and outcomes to various audiences, including the Governor and the Legislature, client and constituency groups, the public, and the agency’s employees.”¹

The Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) Strategic Plan for Fiscal Years 2015–2019 (the Plan) outlines its approach to addressing the affordable housing and community service needs of lower-income Texans. The Plan was developed within the context of the State’s overall goals and budget to generate specific outcomes that tie directly to the Department’s budget structure. TDHCA will use the Plan to help meet needs of the Texans through sound, transparent, accountable, and effective actions.

¹ Governor’s Office of Budget, Planning and Policy, Legislative Budget Board. (2013, March). Instructions for preparing and submitting agency strategic plans fiscal years 2015-2019. Retrieved from: <http://www.lbb.state.tx.us/DocType.aspx?DocType=Instructions>.

STATEWIDE VISION, MISSION, AND PHILOSOPHY

THE VISION FOR TEXAS STATE GOVERNMENT

“Fellow Public Servants:

Since the last round of strategic planning began in March 2012, our nation’s economic challenges have persisted, but Texas’ commitment to an efficient and limited government has kept us on the pathway to prosperity. Our flourishing economic climate and thriving jobs market continue to receive national attention and are not by accident. Texas has demonstrated the importance of fiscal discipline, setting priorities and demanding accountability and efficiency in state government. We have built and prudently managed important reserves in our state’s “Rainy Day Fund,” cut taxes on small business, balanced the state budget without raising taxes, protected essential services and prioritized a stable and predictable regulatory climate to help make the Lone Star State the best place to build a business and raise a family.

Over the last several years, families across this state and nation have tightened their belts to live within their means, and Texas followed suit. Unlike people in Washington, D.C., here in Texas we believe government should function no differently than the families and employers it serves. As we begin this next round in our strategic planning process, we must continue to critically examine the role of state government by identifying the core programs and activities necessary for the long-term economic health of our state, while eliminating outdated and inefficient functions. We must continue to adhere to the priorities that have made Texas a national economic leader:

- ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means and limiting the growth of government;*
- investing in critical water, energy and transportation infrastructure needs to meet the demands of our rapidly growing state;*
- ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;*
- defending Texans by safeguarding our neighborhoods and protecting our international border; and*
- increasing transparency and efficiency at all levels of government to guard against waste, fraud and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.*

I am confident we can address the priorities of our citizens with the limited government principles and responsible governance they demand. I know you share my commitment to ensuring that this state continues to shine as a bright star for opportunity and prosperity for all Texans. I appreciate your dedication to excellence in public service and look forward to working with all of you as we continue charting a strong course for our great state.”

RICK PERRY
Governor of Texas²

² Ibid.

THE MISSION OF TEXAS STATE GOVERNMENT

“Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.

Aim high . . .we are not here to achieve inconsequential things!”³

THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise, we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics, or individual recognition.
- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.
- Decisions affecting individual Texans, in most instances, are best made by those individuals, their families, and the local government closest to their communities.
- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. Just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future and the future of those they love.
- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.
- State government has a responsibility to safeguard taxpayer dollars by eliminating waste and abuse and providing efficient and honest government.
- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.”⁴

Descriptions of ways TDHCA works to fulfill the Vision, Mission, and Philosophy of Texas State Government are provided in the following section which details TDHCA’s impact on the corresponding statewide goals and benchmarks for Texas State Government.

³ Ibid.

⁴ Ibid.

RELEVANT STATEWIDE GOALS AND BENCHMARKS

TDHCA's strategies directly or peripherally impact the following statewide goals and associated benchmarks.

EDUCATION - PUBLIC SCHOOLS

Priority Goal

To ensure that all students in the public education system acquire the knowledge and skills to be responsible and independent Texans by:

- Ensuring students graduate from high school and have the skills necessary to pursue any option including attending a university, a two-year institution, other post-secondary training, military or enter the workforce;
- Ensuring students learn English, math, science and social science skills at appropriate grade level through graduation; and
- Demonstrating exemplary performance in foundation subjects.

Benchmarks

- High school graduation rate
- Percentage of graduates earning foundation high school diploma
- Percentage of high school graduates receiving other post-secondary training or certificate
- Percentage of Texas high school students who need remediation
- Percent of students from third grade and above who are able to read at or above grade level
- Percent of students from third grade and above who perform at or above grade level in math

Access to affordable housing for families with children results in a marked improvement in the educational attainment of children. According to the Urban Institute, in 2012, 36.5 million people (age one and older), or 12 percent of the population, changed residences in the United States within the prior year. Chronic residential instability in early life has been shown to have negative impacts on children's mental health and vocabulary development. Adolescents experiencing multiple moves show difficulty adapting, express negative social behavior, and have a greater chance of dropping out of high school. Additionally, overcrowded housing conditions can adversely impact childhood development.⁵

TDHCA addresses the priority goals and benchmarks in the following ways.

- TDHCA activities result in lower rental and mortgage payments for families, repairs to and replacement of substandard housing, and reduced utility payments. This assistance

⁵ Urban Institute (2013, September). *The Negative Effects of Instability on Child Development: A Research Synthesis*. Retrieved from: <http://www.urban.org/UploadedPDF/412908-The-Negative-Effects-of-Instability-on-Child-Development.pdf>.

helps families provide a safe and stable home environment for their children – conditions that are conducive to promoting educational achievement.

- By affirmatively furthering fair housing, TDHCA programs require that families with children are provided the equitable access to housing regardless of household size.
- In addition to providing housing that is safe, decent, and affordable, TDHCA activities often provide supportive services and amenities that are geared towards helping educate children. Examples of this assistance include supportive services provided by rental housing developments and community action agencies that TDHCA has funded. Such services include class room space and equipment, nutrition, afterschool care, computer training, and health and human services care for children that help eliminate barriers to educational success.
- Through the Emergency Solutions Grants Program and Homeless Housing and Services Program, TDHCA funds organizations providing homelessness prevention activities by assisting families that are homeless or threatened with homelessness.

EDUCATION – HIGHER EDUCATION

Priority Goal

To prepare individuals for a changing economy and workforce by:

- Providing an affordable, accessible, and quality system of higher education; and
- Furthering the development and application of knowledge through teaching, research, and commercialization.

Benchmarks

- Percentage of population age 24 years and older with vocational/technical certificate as highest level of educational attainment
- Percentage of population age 24 years and older with two-year college degree as highest level of educational attainment
- Percentage of population age 24 years and older with four-year college degree as highest level of educational attainment

People with higher levels of education tend to have lower rates of unemployment and higher rates of income. The Bureau of Labor Statistics found that in 2013, the average unemployment rate for all workers was 6.1 percent, but the average unemployment rate for people with a bachelor's degree was 4.0 percent and for a professional degree was 2.3 percent. Similarly, the median weekly earnings for all workers was \$827, but the average for people with a bachelor's degree was \$1,108 and a professional degree was \$1,714.⁶ TDHCA supports students of higher education by providing affordable housing to allow them to finish their programs.

TDHCA addresses the goals and benchmarks in the following ways:

⁶ Bureau of Labor Statistics – Employment Projections. (2014, March). Retrieved from http://www.bls.gov/emp/ep_chart_001.htm.

TDHCA Mission and Philosophy

- Rental assistance programs, such as the Emergency Solutions Grants Program, Homeless Housing and Services Program, and Tenant-Based Rental Assistance can provide case management which may include a recommendation for the individual to start or continue an appropriate educational program.
- Through its Community Service Block Grant (CSBG) program, TDHCA provides administrative support funds to Community Action Agencies (CAAs) and other human service delivery organizations that offer emergency and poverty-related programs to lower-income persons. Activities for CSBG can include education services, such as providing funds for tuition or scholarships for higher education.

HEALTH AND HUMAN SERVICES

Priority Goal

To promote the health, responsibility, and self-sufficiency of individuals and families by:

- Making public assistance available for those most in need through an efficient and effective system while reducing fraud; and
- Continuing to create partnerships with local communities, advocacy groups, and the private and not-for-profit sectors.

Benchmarks

- Percentage of long-term care clients served in the community
- Percentage of adult welfare participants in job training who enter employment
- Incidence of death due to confirmed abuse or neglect of the elderly, or spouses per 1,000 population
- Percent of people completing vocational rehabilitation services and remaining employed
- Number of people who receive mental health crisis services at community mental health centers

There are several groups in Texas designated by TDHCA as special needs populations, including, but not limited to, homeless populations, persons with disabilities, elderly populations, and persons with alcohol and substance abuse issues. Many of these special needs population groups are vulnerable to poverty and may enter into the health and human services system. Tailoring some programs for these groups' needs allows TDHCA to promote healthy, responsible and self-sufficient individuals and families.

TDHCA addresses the priority goals and benchmarks in the following ways:

- TDHCA's rental assistance vouchers provided through the US Department of Housing and Urban Development's (HUD) HOME, Housing Choice Voucher (Section 8), and Project Access Program can be used to help people live independently and remain in their own homes. To help persons with special needs own their own homes, TDHCA has made available HOME Program funds to help persons with disabilities purchase a home, access homebuyer education, access down payment and closing cost assistance, and receive funding for architectural barrier removal. In addition, the Housing Trust Fund has the Amy Young Barrier Removal program to provide grants for home modifications needed for accessibility for persons with disabilities.

- In an effort to serve those least likely to access housing services, TDHCA has collaborated with health and human service agencies on the Money Follows the Person grant and the 811 Program Rental Assistance Demonstration grant, both focuses on facilitating the coordination of services and housing to enable individuals to exit institutions.
- TDHCA's multifamily properties offer valuable services to tenants that range from job training programs, computer labs, and literacy programs, to matched savings plans that can be used to fund educational opportunities. Local community action agencies, non-profit entities, and units of local government funded through TDHCA's Community Services Block Grant Program, Homeless Housing and Services Program and other Community Affairs' programs provide essential services, including access to child care, transportation, job training and employment services, utility assistance, and educational programs. These activities are of great value to persons trying to improve their chance of getting and keeping a job, helping promote long-term self sufficiency, and transitioning out of poverty.
- Women who are victims of domestic violence and living in poverty are often forced to choose between staying in abusive relationships or homelessness. For many victims, concerns over their ability to provide housing for themselves and their children are a significant reason for staying in or returning to an abusive relationship. Access to resources that increase economic stability are essential in rebuilding a life after abuse. According to the National Network to End Domestic Violence, 51.5% of the victims who identified a need for housing services did not receive them.⁷ In 2009, there were 196,713 reported family violence incidents in Texas and 12,213 adults received shelter from their abusive relationships.⁸ Through TDHCA's community services programs, many victims of domestic violence are able to access shelter and supportive services that help them become self sufficient.
- As reported by the U.S. Interagency Council on Homelessness, it is estimated that nearly half of all individuals experiencing homelessness, and 70 percent of Veterans experiencing homelessness, suffer from substance abuse disorders. A majority of those with substance abuse disorders also suffer from moderate to severe mental illness. Further, many individuals with substance abuse problems face multiple barriers to accessing housing while suffering from addiction.⁹ Through Community Affairs' programs, such as the Emergency Solutions Grants Program and Homeless Housing and Services Program, TDHCA funds organizations that provide shelter and related services for homeless persons, as well as intervention services to persons threatened with homelessness. Activities include renovating buildings for use as shelters; medical and psychological counseling; assistance in obtaining permanent housing; and homeless prevention services, such as rent and utility assistance. In addition, the TDHCA Housing Tax Credit program can be used to develop transitional housing and permanent supportive housing for homeless populations.

⁷ National Network to End Domestic Violence (2013). *Domestic and Sexual Violence Fact Sheet*. Retrieved from: http://nnedv.org/downloads/Census/DVCounts2013/DVSA_Factsheet.pdf.

⁸ Texas Council on Family Violence (2009). *Family Violence in Texas 2009*, Retrieved from: http://www.tcfv.org/wp-content/uploads/2007/10/tcfv_stats20091.pdf

⁹ U.S. Interagency Council on Homelessness (2014). Retrieved from: http://usich.gov/issue/substance_abuse.

TDHCA Mission and Philosophy

- Many programs have specific activities that serve elderly Texans. For example, the Community Services Block Grant Program funds eligible entities that operate programs targeting the elderly, such as Meals-on-Wheels, senior activity centers, and home care services. The Department's energy assistance and weatherization programs give preference to the elderly as well as other special needs and priority populations. HOME's Homeowner Rehabilitation activity provides funds for the repair and rehabilitation of homes owned by very low-income households and many of the assisted households are elderly. Finally, the Housing Tax Credit Program and the Multifamily Bond Program fund "Qualified Elderly Developments," ensuring that the elderly have access to affordable housing and services help that population gain self sufficiency. The TDHCA multifamily staff monitors development to ensure that qualified elderly development is accomplished in a manner that maintains an appropriate balance with developments to serve the general population.

ECONOMIC DEVELOPMENT

Priority Goal

To provide an attractive economic climate for current and emerging industries and market Texas as a premier business expansion and tourist destination that fosters economic opportunity, job creation, and capital investment by:

- Promoting a favorable business climate and a fair system to fund necessary state services;
- Addressing transportation needs;
- Maintaining economic competitiveness as a key priority in setting State policy; and
- Developing a well trained, educated, and productive workforce.

Benchmarks

- Number of employees in targeted industry sectors
- Number of new non-government, non-farm jobs created
- Per capita gross state product
- Texas unemployment rate
- Number of Texans receiving job training services

The provision of affordable housing has an appreciable economic impact on communities. Just as an economic benefit accompanies the construction or rehabilitation of market-rate real estate, so too does the benefit accompany affordable housing. Construction directly creates jobs, wages, and tax revenues. It also provides indirect economic benefits as the construction creates demand for goods and services. According to a report by the National Association of Home Builders¹⁰ the national construction estimates include the following:

¹⁰ National Association of Homebuilders, (2014, May) *Impact of Home Building and Remodeling on the U.S. Economy*. Retrieved from http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=227858&subContentID=577446&channelID=311.

- Building one average single-family home: 2.97 jobs, \$110,957 in taxes
- Building one average rental apartment: 1.13 jobs, \$42,383 in taxes
- \$100,000 spent on remodeling: 0.89 jobs, \$29,779 in taxes

The impact of a new housing unit depends on, among other things, the value of construction per unit. The first two estimates above are based on projections of the value of construction of average single family homes and rental apartments that will be built in 2014.

The economic growth of communities can be adversely impacted when job growth is not matched with corresponding growth in affordable housing opportunities. Despite lower interest rates, relatively low home prices, and moderate rent increases, many workers are still unable to affordably buy a median-priced home or rent a typical apartment in the communities they serve¹¹. This may create a barrier for employers to find workers. As expressed at many TDHCA public hearings, affordable housing’s affect on economic development is of particular concern to rural areas. The relative geographic isolation of some rural communities means they cannot rely on nearby communities for housing that can help support their growth opportunities.

TDHCA addresses the priority goals and benchmarks in the following ways.

- The following table shows TDHCA funding allocated during fiscal year 2013 and the corresponding number of housing units to be built or rehabilitated. As described above, this activity has a significant economic impact in the communities where the construction will occur.

Table 1. TDHCA funding allocated FY 2013

Activity	Funds	Households*
Rental New Construction	\$87,233,060	6,317
Rental Rehabilitation	\$13,186,007	3,101
Owner Financing & Down Pmt.	\$411,754,741	3,525
Owner Rehabilitated Asst	\$21,802,634	352
Total	\$533,976,442	13,295

*In this context, households represent number of units.

- In addition to the economic benefits derived from constructing housing units with the help of TDHCA resources, as described in the “Health and Human Services” goals and benchmarks section of this report, the rental development and community services programs help persons in need by providing essential employment-related services. These services include access to computers, the internet, child care, transportation, job training and employment services, and education services.
- Local governments, organizations, and developers receiving TDHCA funds typically use local labor and companies to complete the work, thus supporting the local economy. For example, many local Community Action Agencies (CAAs) operating

¹¹ Center for Housing Policy. (2010). *Paycheck to Paycheck 2010 Executive Summary: Is housing affordable for America’s workers?* Retrieved from, http://www.nhc.org/pdf/P2P_2010_ExecutiveSummary.pdf.

TDHCA Mission and Philosophy

- the Weatherization Assistance Program use local contractors to make energy-efficient repairs and improvements.
- Community Service Block Grant (CSBG) activities can be instrumental in preventing homelessness in the lowest-income populations. Activities for CSBG program can include job training, employment services and other activities to promote self-sufficiency.

REGULATORY

Priority Goal

To ensure Texans are effectively and efficiently served by high-quality professionals and businesses by:

- implementing clear standards;
- ensuring compliance;
- establishing market-based solutions; and
- reducing the regulatory burden on people and business.

Benchmarks

- Percent of state professional licensee population with no documented violations
- Percent of new professional licensees as compared to the existing population
- Percent of documented complaints to professional licensing agencies resolved within six months
- Percent of new and renewed professional licenses issued online
- Percent of state financial institutions and credit providers rated “safe and sound” and/or in compliance with state requirements
- Percent increase in utilization of the state business portal

TDHCA addresses the priority goals and benchmarks in the following ways:

TDHCA’s Compliance Division and Program Services Division, in coordination with the Department’s programs, ensure that compliance with federal and state programs is achieved. Compliance focuses on maintaining required long-term affordability standards, justifying tenant income certification records. Compliance also works closely with the program areas to ensure that applicants for funding who have previously received assistance from TDHCA are in compliance with the terms and requirements of those contracts. The Program Services Division is responsible for federal and departmental requirements for housing programs administered by the Department, including the processing and issuance of environmental clearances, labor standards requirements, loan closings and the commitment and disbursement of federal funds. TDHCA's Program Planning, Policy & Metrics group (3PM) is a cross-cutting agency team that focuses on Department-wide metrics and efficiencies.

The Manufactured Housing Division (MHD) licenses and regulates those who manufacture, sell, broker, and install manufactured homes. MHD issues and maintains records on manufactured home ownership and location, conducts installation, habitability, and consumer complaint inspections, and investigates and oversees the resolution of consumer complaints. It maintains

offices in Austin and Lubbock, as well as offers professional license renewals through Texas Online. Through an MOU, the Manufactured Housing Division also licenses and inspects migrant labor housing facilities for TDHCA.

Regarding the soundness of financial institutions and credit providers, the Financial Service, Bond Finance, and Texas Homeownership divisions offer current and future first-time homebuyers the ability to purchase homes at below market rate with down payment assistance without affecting state debt. Standard & Poor's and Moody's Investors Service have awarded TDHCA single family housing bonds with high bond ratings as a result of effective structuring of debt and conservative debt management practices.

GENERAL GOVERNMENT

Priority Goal

To provide citizens with greater access to government services while reducing service delivery costs and protecting the fiscal resources for current and future taxpayers by:

- supporting effective, efficient, and accountable state government operations;
- ensuring the state's bonds attain the highest possible bond rating; and
- conservatively managing the state's debt.

Benchmarks

- Total state spending per capita
- Percent change in state spending, adjusted for population and inflation
- Ratio of federal dollars received to federal tax dollars paid
- Number of state employees per 10,000 population
- Number of state services accessible by internet
- Total savings realized in state spending by making reports/documents/processes available on the internet and accepting information in electronic format
- Affordability of homes as measured by the Texas Housing Affordability Index

TDHCA addresses the priority goals and benchmarks in the following ways:

The Department values and relies on community input to direct resources to meet its goal and objectives. In an effort to provide the public with an opportunity to more effectively give input on the Department's policies, rules, planning documents and programs, the Department has consolidated its public hearings into four hearings for program area Rules. The Department also utilizes online discussion forums for the development of rules, policies, plans, reports, or other activities. In addition to these annual public hearings, and forums, individual program sections hold various hearings, roundtables and program workshops throughout the year. Furthermore, the TDHCA Board accepts public comment on agenda items at monthly Board Meetings as well as soliciting requests for the consideration of other items at future meetings.

The Department ensures that all programs follow the public participation and public hearing requirements as outlined in the Texas Government Code and, as applicable, federal requirements. Hearing locations are accessible to all who choose to attend and are held at

TDHCA Mission and Philosophy

times accessible to both working and non-working persons. The Department maintains a voluntary membership email list which it uses to notify all interested parties of public hearing and public comment periods. Additionally, pertinent information is posted as an announcement in the *Texas Register*, on TDHCA's website, Twitter feed and Facebook page. The Department strives to gain the involvement of individuals of low incomes in the allocation of funds and in the planning process by regular meetings that include community-based institutions and consumers, workgroups, and councils listed in the Action Plan. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, or email.

All TDHCA program funds are distributed and used with the intention of delivering the highest possible level of assistance. Before being recommended to the Governing Board for approval, all multifamily housing production applications are thoroughly underwritten by the Real Estate Analysis Division to ensure the proposed activity is both financially feasible and uses the minimum required amount of assistance. Once funded, Asset Management is responsible for oversight of development performance for all multifamily properties. The Asset Management Division operates in a proactive manner by enforcing regulatory documents to minimize exposure to the Department and ensure long term financial viability of the development. Oversight activities are essentially the same for all types of developments; however, the aspects of borrower performance examined during these activities will vary by type of development due to the different program requirements. Asset managers work with the development owner and the Department's Asset Review Committee to develop workout solutions for troubled or "at-risk" developments.

All of the Department's internal operations are thoroughly scrutinized by funding source reporting requirements, internal and external audits, and the Legislative Budget Board (LBB) budgeting and performance measurement system to provide for the most efficient and effective provision of services.

In support of the agency mission, TDHCA has a strong commitment to providing Texans open, online access to information about every agency program and service through detailed web pages, a posted library of agency publications, social media resources such as Facebook and Twitter, and customer search tools to find local assistance providers for buying homes, renting, home repair and weatherization, and utility bill payments. TDHCA also releases its critical documents in Spanish to ensure language barriers do not limit access to programs.

The TDHCA Interactive page is the website's portal to online services. In addition to the services mentioned above, the Interactive page provides a link to the Manufactured Housing online database of ownership, license, installation, and inspections records. It also includes a 'Partner Tools' section, which provides both housing and community affairs program Subrecipients access to systems for reporting and maintaining contract and compliance data.

Virtually every report that TDHCA produces to provide to any external office is available on the website. In FY 2013 (9/1/2012-8/31/2013), the public website received the following activity (averaged monthly):

- General web pages:
 - 51,871 visitors

- 97,532 visits
- 331,105 page views
- Help for Texans, Consumer Assistance area
 - 5,945 visitors
 - 7,949 visits
 - 31,964 page views
- Manufactured Housing Database:
 - 7,861 visitors
 - 38,421 visits
 - 391,860 page views

Through the Central Database project, TDHCA automated the processes associated with contract management, draw requests, and compliance reporting. The three major Central Database systems are the Community Affairs Contract System, the Compliance Monitoring and Tracking System (CMTS), and the Housing Contract System. TDHCA and General Land Office program personnel currently administer 144 active contracts for community affairs programs and 554 contracts for housing and disaster recovery programs. Over 5,000 accounts are in place for subrecipients who submit community affairs program performance and expenditure reports and housing program contract activity setups and draw requests. Additionally, there are currently over 4,000 accounts in place for property owners and managers who submit online CMTS status reports on properties funded through TDHCA programs. CMTS contains 2,958 property records and over 279,000 unit records.

While TDHCA's activities do not directly impact the Texas housing affordability index, which is based on local area income levels and home prices, its single family loan products and the Texas Bootstrap loan program certainly improve access to a household's ability to access resources for their own home than would otherwise be possible. Also, TDHCA's programs that weatherize homes may result in lower utility payments making housing more affordable for the owner.

Standard & Poor's and Moody's Investors Service have awarded TDHCA single family housing bonds with one of their highest bond ratings as a result of effective structuring of debt and conservative debt management practices.

TDHCA MISSION

The mission of the Texas Department of Housing and Community Affairs is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive.

The Department accomplishes this mission chiefly by acting as a conduit for federal grant funds for housing and community services. However, because several major housing programs require the participation of private investors, private lenders, and private property owners TDHCA also operates as a housing finance agency and a housing authority.

Ensuring program compliance with the many state and federal laws that govern housing programs is another important part of the Department's mission. This ensures the health and safety of TDHCA's housing portfolio and guarantees state and federal resources are expended in an efficient and effective manner.

TDHCA also serves as a financial and administrative resource that helps provide essential services and affordable housing opportunities to Texans who qualify for this assistance based on their income level. Additionally, the Department is a resource for educational materials and technical assistance for housing, housing related, and community services matters.

TDHCA PHILOSOPHY

The Department's philosophy is one of openness to input, consideration of new methods that brings about improvement, and balanced adherence to laws, rules, and policy provided from state leadership as articulated by its Governing Board. This philosophy embraces:

- A trained and committed staff that is empowered to improve processes and efficiencies, collaborate with other agencies, and adhere to the utmost integrity.
- Operations that are continually assessed and improved based on maximizing impact on the lives of those we assist, principles of enterprise wide risk management, adherence to documented operating procedures, transparency, equal access to housing and prudent use of the taxpayer resources.
- Respect for customers and stakeholders built on a continuous understanding of their needs and which have at their core a constant and open dialogue to develop effective responses to those needs.

The Department's key words are:

- Compliance
- Adaptability
- Equality
- Impartiality
- Collaboration
- Respect
- Simplicity

- Assistance
- Accountability
- Transparency

State resources entrusted to the Department are limited and cannot accommodate every need or demand. Therefore, the Department's ultimate objective is to provide unassailable QUALITY in all we do such that our programs and services command universal respect.

EXTERNAL/INTERNAL ASSESSMENT

I. OVERVIEW OF AGENCY SCOPE AND FUNCTIONS

A. Statutory Basis

Chapter 2306 of the Texas Government Code (“the Code”) outlines the functions of TDHCA as follows:

Sec. 2306.001. Purposes. The purposes of the department are to:

- 1) *assist local governments in*
 - A) *providing essential public services for their residents; and*
 - B) *overcoming financial, social, and environmental problems;*
- 2) *provide for the housing needs of individuals and families of low and very low income and families of moderate income;*
- 3) *contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income;*
- 4) *assist the governor and the legislature in coordinating federal and state programs affecting local government;*
- 5) *inform state officials and the public of the needs of local government;*
- 6) *serve as the lead agency for:*
 - A) *addressing at the state level the problem of homelessness in this state;*
 - B) *coordinating interagency efforts to address homelessness; and*
 - C) *addressing at the state level and coordinating interagency efforts to address any problem associated with homelessness, including hunger.*
- 7) *serve as a source of information to the public regarding all affordable housing resources and community support services in the state.*

B. Historical Perspective

The following events have shaped TDHCA’s current organizational structure and program responsibilities.

- In 1991, the 72nd Texas Legislature created TDHCA from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant (CDBG) Program from the Texas Department of Commerce.
- On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program.
- On September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department.
- On September 1, 2001, in accordance with House Bill 7, the CDBG and Local Government Services programs were transferred to the newly-created Texas Department of Rural Affairs (TDRA). However, TDHCA, through an interagency contract

with TDRA, now the Office of Rural Affairs within the Texas Department of Agriculture, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border.

- Also on September 1, 2001, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.
- The 81st Legislature of 2009 increased funding to the Housing Trust Fund, resulting in TDHCA making the Housing Trust Fund a separate division.
- Hurricanes Rita and Katrina in 2005 and Hurricanes Dolly and Ike in 2008 resulted in TDHCA administering approximately \$1.8 billion in Community Development Block Grant hurricane recovery funds in conjunction with the Texas Department of Rural Affairs. In 2009, TDHCA's Disaster Recovery Division was expanded to administer the housing recovery portion of these funding awards.
- The Housing and Economic Recovery Act (HERA) of 2008 and the American Recovery and Reinvestment Act (ARRA) of 2009 resulted in the Department receiving approximately \$1.2 billion in additional funds over three years. The influx of funds resulted in the creation of several new divisions and programs, including the Neighborhood Stabilization Program Division, Mortgage Advantage Program, the 90-Day Down Payment Assistance Program, Homeless Prevention and Rapid Re-Housing Program, Housing Tax Credit Exchange Program and Tax Credit Assistance Program (TCAP). Furthermore, additional funding was made available to existing programs, such as the Community Services Block Grant (CSBG) and Weatherization Assistance Programs (WAP). The Office of American Recovery and Reinvestment Act Accountability and Oversight was created to identify and mitigate risk in program development and operation and for issues that cut across all Recovery Act programs, such as reporting and federal guidance.
- In 2009, the Department implemented a reorganization of certain housing-related activities and administrative structures. A separate division called Program Services was created; Program Services is responsible for adherence, processing and completion of cross-cutting federal and departmental requirements for housing programs administered by the Department.
- On July 1, 2011, administration of the Community Development Block Grant hurricane recovery funds was transferred to the Texas General Land Office, along with TDHCA's Disaster Recovery Division staff.
- On September 1, 2011, in accordance with House Bill 1, 10% of the Housing Trust Fund's biennial allocation was transferred to the Texas Veterans Commission.
- The Mortgage Advantage Program, the 90-Day Down Payment Assistance Program, Housing Tax Credit Exchange Program, Tax Credit Assistance Program (TCAP), and CSBG-ARRA programs were successfully expended in SFY 2012.
- In 2012, the Department implemented a significant recalibration effort. A separate division called Asset Management was created to handle the additional asset management duties now required for properties that received assistance under the TCAP and the Tax Credit Exchange Program, to manage the resolution of non-performing assets, to oversee the administration of post-allocation activities for multifamily developments to administer closing and draw activity and ensure adherence to various federal cross-cutting requirements. The Program Planning, Policy & Metrics (3PM) Team was also formed to provide accurate reporting and metrics, inform

External/Internal Assessment

programming and funding decisions, make recommendations to Executive and the Governing Board, and coordinate broad Department-wide policy-making. The monitoring functions of the Energy Assistance and Community Services divisions were subsumed by the Compliance Division to ensure independence of the compliance oversight function from the programmatic areas. The position of a Single Family Coordinator was established to ensure that their offerings are coordinated; that their processes are simplified, streamlined; and consistent and to facilitate development of a more robust external network of Subrecipients capable of offering a full array of state programs to all eligible recipients.

- The Homeless Prevention and Rapid Re-housing Program was successfully expended in July 2013 and the ARRA Weatherization Assistance was successfully expended in September 2013.
- In 2013, TDHCA was reauthorized through 2025 per Sunset Bill, HB 3361. Recommended changes incorporated into HB 3361 included improvements to the Department's low income housing tax credit program, compliance efforts, and oversight of the manufactured housing industry.
- Currently, in light of increased federal focus on fair housing and a broader understanding of housing choice, the Department has created a fair housing team to ensure adherence to federal fair housing requirements. This team also serves as a fair housing resource to other state agencies with responsibility for the administration of HUD programs. This team reports to the Deputy Executive Director to whom the Department's multifamily finance division also reports.

The evolving organizational structure is more flexible and is aligned to serve Texans with greater accessibility, more effective checks and balances, and enhanced internal controls. The structure supports greater coordination of program offerings, with greater decision-making at the local level so that programs are easier to access and administer. It seeks to use established best practices from the private sector wherever they can appropriately be adopted to further a performance-driven organization which strives to measure its activities to determine objectively whether they are being properly executed.

C. Affected Populations

As established by §2306.001(2) of the Code, TDHCA is to "provide for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income..." Per Section 2306.004, individuals and families are classified by the following income categories:

- "extremely low income" earn not more than 30 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231 of the Code.
- "very low income" earn not more than 60 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231 of the Code.
- "low income" earn not more than 80 percent of the area median income or applicable federal poverty line, as determined under Section 2306.123 or Section 2306.1231 of the Code.

Section 2306.004 also defines ""Family of moderate income" to be a family:

“(A) that is determined by the board to require assistance, taking into account:

(i) the amount of the total income available for housing needs of the individuals and families;

(ii) the size of the family;

(iii) the cost and condition of available housing facilities;

(iv) the ability of the individuals and families to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing; and

(v) standards established for various federal programs determining eligibility based on income; and

(B) that does not qualify as a family of low income.”

Only a few programs allow for households served to have incomes above 80 percent of area median income. For the single family bond funded loans, moderate income would include homebuyers with household incomes up to 115 percent of the area median family income and 140 percent of the area median family income for targeted areas. TDHCA has developed new programs to fund new home ownerships and although these restrictions do not apply as a legal requirement, TDHCA has continued to utilize them in the design of its programs.

Within these income categories, there are households that have special needs which further complicate their ability to find housing. The US Department of Housing and Urban Development (HUD) has designated the homeless, persons with disabilities, the elderly, persons with alcohol and/or drug addictions, persons with HIV/AIDS, and public housing residents as special needs populations requiring special attention. TDHCA also considers colonia residents, farmworkers, veterans, victims of domestic violence, and youth aging out of foster care to be special needs populations with unique needs.

The varying state and federal income categories can cause some confusion when TDHCA reports on the income levels of those receiving assistance in documents with different audiences such as the State Low Income Housing Plan and Annual Report, LBB Performance Measures, and the HUD Consolidated Planning documents.

D. Main Functions

To achieve its mission, TDHCA provides the following types of assistance.

Housing and Community Services Assistance

- Housing assistance for individual households (homebuyer down payment, low interest rate mortgage financing, self-help housing opportunities, home repair, homebuyer education, grants for accessible home modifications for persons with disabilities, rental payment assistance, and housing assistance for persons exiting institutions);
- Funding for the development of rental housing and single-family developments (new construction or rehabilitation);

External/Internal Assessment

- Disaster recovery/relief (home repair and reconstruction, rental assistance, and development of rental housing) (These are efforts to be accomplished with TDHCA's regular funding sources and Subrecipients, separate and distinct from large scale disaster recovery activities administered by the General Land Office.);
- Energy assistance (utility payments or home weatherization activities); and
- Assistance for homeless persons and persons at risk of homelessness and emergency relief for individuals or families in crisis (transitional housing, energy assistance, health and human services, child care, nutrition, job training and employment services, substance abuse counseling, medical services, other emergency assistance, and administrative support for community service agencies).

TDHCA's funding resources are made available through formal, published processes. As such, funding is primarily distributed to entities that, in turn, provide assistance to households in need. Many of TDHCA's larger programs are subject to a regional allocation formula, as required by §2306.1115 of the Code or are federally required to be allocated among networks with coverage of all Texas counties. This distribution is done using a number of techniques.

- Almost all housing development, rehabilitation, and rental assistance funding is awarded either through formal request for proposals and notices of funding availability or through a reservation system.
- First time homebuyer mortgage and down payment assistance is allocated through a network of participating lenders.
- Community services and energy assistance funds are predominantly allocated through networks of community-based organizations who receive their funding on an annual, ongoing basis. The networks administering CSBG, LIHEAP, and WAP are similar but not identical.

Funding for the services listed above include the US Department of Housing and Urban Development (HUD), US Department of Treasury (DoT), US Department of Health and Human Services (DHHS), and US Department of Energy (DoE), and Texas general revenue funds.

Manufactured Housing Activities

The Manufactured Housing Division (MHD) is an independent entity within TDHCA. It is administratively attached, but it has its own Governing Board and Executive Director. The Manufactured Housing Division administers the Texas Manufactured Housing Standards Act (TMHSA). The TMHSA ensures that manufactured homes are well constructed and safe; are installed correctly; that consumers are provided fair and effective remedies; and that measures are taken to provide economic stability for the Texas manufactured housing industry. Services of the Manufactured Housing Division include recordation of ownership and liens, issuance of Statements of Ownership and Location (SOL); required training and examination for prospective license applicants, license issuance to manufacturers, retailers, installers, brokers, and/or salespersons; recordation and release of tax and mortgage liens; installation, habitability, and consumer complaint inspections; resolution of consumer

complaints; and through a cooperative agreement with HUD, the regulation of the manufactured housing industry in accordance with federal laws and regulations.

Information Resource Assistance

TDHCA is a housing and community services informational resource for individuals, local governments, the Legislature, community organizations, advocacy groups, and members of the housing development community. Examples of information it provides include: general information on TDHCA activities, reports generated from US Census data analysis, and consumer information on available housing and supportive service assistance statewide. A primary method by which this information is made available is TDHCA's interactive consumer assistance website at <http://www.tdhca.state.tx.us/texans.htm>.

In all of its activities, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process. *Table 2. Housing Support Continuum* briefly describes the activities assisted by and households served by each TDHCA program. The *Housing Support Continuum* is a tool that allows TDHCA to ensure that its programs support one another and to minimize conflict or duplication.

Table 2. Housing Support Continuum

Continuum	Program/Activities	Description	Eligible Households
(1) Poverty and Homelessness Prevention	Community Services Block Grant	Funds local community action agencies to provide essential services and poverty programs	<125% poverty
	Comprehensive Energy Assistance Program	Funds local agencies to offer energy education and financial assistance for utility bills.	<125% poverty
	Emergency Solutions Grant Program	Funds entities to assist homeless persons and persons at risk of homelessness to regain stability in permanent housing	<30% AMI (Homeless)
	Homeless Housing and Services Program	Funds the eight largest Texas cities to provide services or facilities to homeless individuals and families	<50% AMI (Homeless)
(2) Rental Assistance	Section 8 Housing Choice Voucher Program	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain rural areas and for persons seeking to exit institutions	<50% AMI
	Tenant-Based Rental Assistance (HOME Program)	Grants for entities to provide tenant-based rental assistance	<80% AMI
	Housing Tax Credit Program	Tax credits to developers for the creation or preservation of affordable rental housing	<60% AMI
	Multifamily Bond Program	Loans to develop or preserve affordable rental housing	<60% AMI
	HOME Multifamily Rental Housing Development	Loans or grants to develop or preserve affordable rental housing and are available to Community Housing Development Organization (CHDO)	<80 % AMI
	Neighborhood Stabilization Program (Stimulus Program)	Administers land bank properties, that may be providing rental housing, held by local entities and provides funds to rehabilitate foreclosed, vacant or abandoned rental properties	<50% AMI
(3) Homebuyer Education, Assistance and Single-Family Development	Colonia Self-Help Center Program	Provides funding for rehabilitation, reconstruction, new construction, homebuyer assistance, construction and technology education, tool lending libraries and counseling for eligible colonia residents in targeted colonias within seven designated border counties.	<80% AMI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	NO AMI Limits
	Contract For Deed Conversion Program (HOME Program)	Stabilizes home ownership for colonia residents by converting contract for deeds into traditional mortgages	<60% AMI
	Contract For Deed Conversion Program Assistance Grants (Housing Trust Fund)	Supports nonprofits and units of local government in assisting eligible colonia households to convert their contracts for deeds to warranty deeds	<60% AMI
	My First Texas Home Program – Non-targeted funds	Low-interest loans and down payment and closing costs for first time homebuyers	<115% AMI
	My First Texas Home Program – Targeted funds	Low-interest loans and down payment and closing costs for first time homebuyers in areas of chronic economic distress	<140% AMI
	Mortgage Credit Certificate Program – Non-targeted funds	Annual tax credit for qualified homebuyers based on the interest paid on the homebuyer's mortgage loan	<115% AMI
	Mortgage Credit Certificate Program – Targeted funds	Annual tax credit for qualified homebuyers based on the interest paid on the homebuyer's mortgage loan in areas of chronic economic distress	<140% AMI
	Neighborhood Stabilization Program (Stimulus Program)	Administers land bank properties, that may be providing rental housing, held by local entities and provides funds to rehabilitate foreclosed, vacant or abandoned rental properties.	<120% AMI
	Single Family Development (HOME Program)	Community Housing Development Organization (CHDOs) can apply for loans to acquire, rehabilitate, or reconstruct single family housing. CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project	<80% AMI

External/Internal Assessment

Continuum	Program/Activities	Description	Eligible Households
	Texas Bootstrap Loan Program	Provides 0% loan funds to owner-builders through certified nonprofit organizations to rehabilitate or construct their homes through self-help construction.	<60% AMI
(4) Rehabilitation and Weatherization	Amy Young Barrier Removal Program (Housing Trust Fund)	Grants up to \$20,000 per household to provide home modifications needed for accessibility for person with disabilities	<80% AMI
	Homeowner Rehabilitation Assistance Program (HOME Program)	Loans and grants for entities to provide home repair and replacement assistance	<80% AMI
	Weatherization Assistance Program	Funds local agencies to provide minor home repairs to increase energy efficiency	<125% poverty for LIHEAP WAP, <200% poverty for DOE WAP
(5) Foreclosure Mitigation	National Foreclosure Mitigation Counseling (Stimulus Program)	Fund Foreclosure Counselors to assist households avoid foreclosure	No AMI limits
	Neighborhood Stabilization Program (Stimulus Program)	Purchase foreclosed properties to demolish or create affordable housing and stabilize existing neighborhoods	<120% AMI
(6) Disaster Relief	Community Services Block Grant	Provide persons with emergency shelter, food, clothing and other essentials, such as appliances and hygiene items	<125% poverty
	Disaster Relief (HOME Program)	HOME funds may be used in non-participating jurisdictions to assist with home repair, rehabilitation, reconstruction, homebuyer assistance and tenant-based rental assistance for households affected by a disaster	<80% AMI

E. Public Perception

As evidenced by the nature of the phone calls received from the public on TDHCA's main phone line, public comment received on TDHCA documents, and comment received at Governing Board meetings, TDHCA is seen chiefly as a financial resource that funds a variety of "providers" who deliver essential services and affordable housing to serve eligible Texans. Additionally, the Department is seen as a resource for educational materials and technical assistance for housing, housing-related, and community services matters.

A common misperception is that TDHCA has regulatory authority over all aspects of housing throughout the state, from homeowners associations and public housing authorities to the home building industry. As a result, requests are often made to intercede in issues that are not within the Department's jurisdiction. There is also some confusion regarding the roles, duties, and jurisdictions of TDHCA and federal, state, and local housing agencies. TDHCA staff seeks to clarify the Department's role through its website, social media, and publications, and by directing inquiries to appropriate service providers. . As a result TDHCA often serves as a resource to legislative offices in identifying appropriate resources to address a variety of issues.

Although TDHCA is perceived as an organization that focuses on providing affordable housing assistance to very low-income and low-income persons and families, its largest multifamily rental funding sources, Housing Tax Credits and Multifamily Mortgage Revenue Bonds, serve households at or below 50 and 60 percent of the area median income and the financial and economic constraints of housing finance are such that broad use of these resources to serve households below 30 percent is extremely challenging. Almost always serving those at the lowest income levels will require augmenting tax credits and/or bonds with other sources, such as the HOME program.

At times, a conflict exists between the actual characteristics of and the public perception of "affordable housing." This conflict is fed by public perceptions about the residents' income levels and employment status; construction quality, design, and density of the developments; and socio-economic impacts on the surrounding neighborhood. TDHCA is sometimes perceived as placing affordable rental housing in neighborhoods without adequately addressing the concerns of area residents. TDHCA and the development community it helps to finance work collectively to address these perceptions through community engagement and through the nature of the product. Tax credit assisted properties:

- Are designed to be attractive and appropriate to their communities, incorporating an appropriate range of amenities;
- Equitably providing leasing opportunities to people who have stable incomes, meet the owners' background check screening criteria, and can pay rent; and

- Are regularly monitored to ensure that they are being operated in a compliant manner, including requirements to maintain their physical condition.

Because the development of any type of housing involves cooperative arrangements among communities, developers, and government, the Governing Board and TDHCA staff go to great lengths to encourage developers to communicate and work with neighborhood groups to ensure their voices are heard and their legitimate concerns are addressed throughout the process. TDHCA takes seriously its statutory obligation to evaluate community input on funding decisions, including the statutory requirement making neighborhood input a scoring criterion for the Housing Tax Credit Program. Public comment is solicited throughout the state as part of the housing application process, and public comment is taken at each TDHCA Board meeting. Public opposition is balanced with a wide range of factors, including the importance of compliance with fair housing laws and the offering of housing choices to persons served.

II. ORGANIZATIONAL ASPECTS

A. Size and Composition of Workforce

The Texas Department of Housing and Community Affairs (TDHCA) is authorized to have 312 total full-time equivalents (cap FTEs). As of March 31, 2014, TDHCA had a total of 296 full-time equivalent (cap FTEs) employees with 63 of those FTEs working in the Manufactured Housing Division and the remaining FTE's 233 overseeing the Department's various programs and other responsibilities.

Equal Employment Opportunity Program

TDHCA is dedicated to an equal employment opportunity program to ensure ethnic minorities and females are utilized in proportion to their availability in the work force. Currently, minorities comprise 45 percent of the agency's labor force, and women comprise 60.1 percent of the agency's total labor force (See Table 1). Women comprise 47 percent of the agency's official/administrator positions (See Table 2).

Table 3. TDHCA Workforce by Ethnicity and Gender

Job Categories*	African American Male	African American Female	Hispanic Male	Hispanic Female	White Male	White Female	Other Male	Other Female	Total Male	Total Female
A – Officials/Administrators	0	0	3	1	9	9	0	1	12	11
P - Professionals	6	12	18	60	32	59	2	7	58	138
T - Technicians	4	0	10	3	28	6	1	0	43	9
Q - Para-professionals	1	3	0	4	1	5	0	0	2	12
C - Administrative Support	1	3	0	3	2	2	0	0	3	8
Total by Race/Ethnicity & Gender	12	18	31	71	72	81	3	8	118	178
Percent of Total by Race/Ethnicity & Gender	4.1%	6.1%	10.5 %	24%	24.3%	27.4%	1%	2.7%	39.9 %	60.1 %
Total by Race/Ethnicity	30		102		153		11		296	
Percent of Total by Race/Ethnicity	10.1%		34.5%		51.7%		3.7%			

Source: Uniform Statewide Payroll System

***A** – Officials and Administrators: directors, employees establishing broad policy and exercising responsibility for execution of those policies.

P – Professionals: accountants: systems analysts, attorneys, occupations requiring specialized training or education.

T – Technician: computer technicians, occupations requiring basic scientific or technical knowledge.

Q – Para-professionals: persons performing some of the duties of professionals in a supportive role.

C – Administrative Support: these include clerical payroll clerks, legal assistants, office machine operators, statistical clerks, and bookkeepers.

The tables and charts that follow compare the percentage of African American, Hispanic, and Female TDHCA employees (as of March 31, 2014) to the statewide civilian workforce as reported by the Texas Workforce Commission Civil Rights Division. Overall, the race and ethnic composition of the TDHCA workforce is very diverse and exceeds the state percentages.

The Texas Workforce Commission lists statistics for the statewide civilian work force using a series of broad job categories. *Table 2* compares these statistics with TDHCA staffing patterns:

Table 4. Statewide Employment Statistics

Job Category	African American TDHCA	African American State	Hispanic American TDHCA	Hispanic American State	Females TDHCA	Females State
Officials/Administrators	0	8.99%	17.39%	19.51%	47.83%	39.34%
Professionals	9.18%	11.33%	39.80%	17.40%	70.41%	59.14%
Technicians	7.69%	14.16%	25%	21.36%	17.31%	41.47%
Para-Professionals	28.57%	14.68%	28.57%	48.18%	85.71%	40.79%
Administrative Support	36.36%	13.57%	27.27%	30.53%	72.73%	65.62%

Source: Uniform Statewide Payroll System and Texas Workforce Commission (TWC). TWC statistics extracted from "Equal Employment Opportunity and Minority Hiring Practices Report, Fiscal Years 2011-2012."

TDHCA specifically targets recruitment resources such as diverse community groups and colleges that reach out to the workforce in the under-represented EEO categories to generate a larger and more diverse applicant pool to enhance efforts to achieve the EEO goals of the state.

Recruitment

A strong recruitment program is essential to obtaining not only talented individuals but also the right mix of skills for the agency. Currently, the average age of TDHCA employees is 46 years, with 32 employees eligible for retirement over the next biennium. (See Table 6) To recruit new employees, the agency participates in job fairs, utilizes specific print media advertising, sends vacancy notices to diverse organizations, and posts vacant positions on Internet sites, including the Texas Workforce Commission's Work in Texas website.

Wellness Program

To improve the health, fitness, well-being and productivity of TDHCA employees, the Wellness Program was devised to create an environment that promotes and maintains individual fitness and health through voluntary employee participation in program activities.

The agency's fitness leave policy enables employees to earn leave for participating in physical activities, which not only encourages employees to be physically active, but also helps foster a culture that supports healthy behaviors.

Additional Incentives

To further retain skilled employees, where it can TDHCA offers flexible work hours and compressed work week options. In addition, the Telecommute Program provides employees the flexibility to work from home. These options allow the agency to benefit from reduced absenteeism and leave usage, as well as higher employee morale and lower turnover. The agency also offers an Employee Assistance Program, which provides employees with confidential, personal support for a wide range of issues, from everyday concerns to serious problems. TDHCA also has an employee of excellence program to provide for regular (quarterly) recognition of exceptional contributors.

Workforce by Age and Tenure

TDHCA's complex and varied duties require experienced, highly skilled employees. As of March 31, 2014, over 32 percent of the agency work force is 50 years or older and the average age of employees is 46 (see *Table 3*). Statistics show that over one-half of the workforce has 10 years or less of experience working at TDHCA (see *Table 4*). Approximately forty two percent of TDHCA's workforce has 5 years or less tenure at TDHCA. Thirty seven percent of TDHCA's work force has 6-15 years of tenure with experience ranging from working knowledge to mastery level. Employees with 16 years or more of tenure at TDCHA, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 14 percent of the work force. These employees are considered keepers of institutional business knowledge.

The average number of years of service of TDHCA employees is 7 years. TDHCA continually strives to ensure that employees are appropriately compensated; to improve internal communications through a variety of venues; to promote training and career development; and to coordinate employee service recognition activities to motivate employees and improve employee retention.

Table 5. Age

	Number of Employees	Percent of Employees
Under 30 years	11	3.71%
30-39 years	68	23%
40-49 years	95	32.1%
50-59 years	97	32.7%
Over 60 years	25	8.4%

Source: Uniform Statewide Payroll System

Table 6. Agency Tenure

	Number of Employees	Percent of Employees
0-5 years	126	42%
6-10 years	62	20.9%
11-15 years	51	17.2%
16-20 years	42	14.1%
21-25 years	12	4.1%
Over 25 years	3	.10%

Source: Uniform Statewide Payroll System

Employee Turnover

TDHCA’s turnover rate has fluctuated between fiscal years 2009 and 2013 (see *Table 5*). TDHCA’s turnover rate has generally been more than five percent below the statewide average. Turnover in 2011 and 2012 was more pronounced because of the ramp down of several Recovery Act programs that had warranted an expansion of staffing levels.

Table 7. Historic Turnover Rates

Fiscal Year	TDHCA	State
2013	7.1	17.6
2012	11.1	17.3
2011	11.5%	16.8%
2010	5.8%	14.6%
2009	6.9%	14.4%

Source: SAO Classified Employee Turnover Report FY2013. Turnover rates exclude interagency transfers

Retirement Eligibility

Data obtained from the Employees Retirement System shows projected retirements for TDHCA over the current and upcoming fiscal years (See *Table 6*).

The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions, coupled with normal attrition, poses a critical work force dilemma for this agency as well as the state. It is important to ensure that this technical knowledge and organizational experience is not lost. Management is aware of the impact that retirees will have on the Department within the next biennium and is continually looking at methods to replace these skills and knowledge through:

- Employee Development
- On-the-job training
- Mentoring
- Leadership Development
- Succession Planning
- Cross divisional training

Table 8. Projected TDHCA Retirements

Fiscal Year	Projected Retirements	Percent of Total Agency Employees (FTE Cap of 312)
2014	43*	13.8%
2015	9	2.8%
2016	9	2.8%
2017	5	1.6%
Total Projected Retirements	66	21.1%

Source: Employees Retirement System

*Includes carry-overs from previous fiscal years.

B. Organizational Structure and Process

TDHCA is organized under eight organizational units that report to the Executive Director: (1) Financial Administration; (2) Information Systems, Single Family Programs, Community Affairs, and Metrics; (3) Multifamily Finance and Fair Housing; (4) Asset Management, Program Services, Bond Finance, and Real Estate Analysis; (5) Legal; (6) Compliance; (7) External Affairs, and (8) Human Resources. Single Family Programs, Community Affairs, and Metrics, activities are organized under the following categories: Community Affairs, Housing Trust Fund, Office of Colonia Initiatives, HOME Single Family Program, Texas Homeownership Division, Neighborhood Stabilization Program, Information Systems, and Program Planning, Policy and Metrics. Within the Multifamily Finance and Fair Housing Division activities are organized under the following categories: Fair Housing, 9% credits, 4% credits and bonds, and multifamily loan programs. The following activities are under Compliance: Contract Monitoring, Compliance Monitoring, and Physical Inspections. Within External Affairs are Policy & Public Affairs and the Housing Resource Center.

The Internal Auditor reports directly to the Board. The Internal Auditor oversees the Internal Audit Division.

The Manufactured Housing Division operates within TDHCA as an administratively attached but independent entity. An organizational chart of the Department is provided in Appendix B.

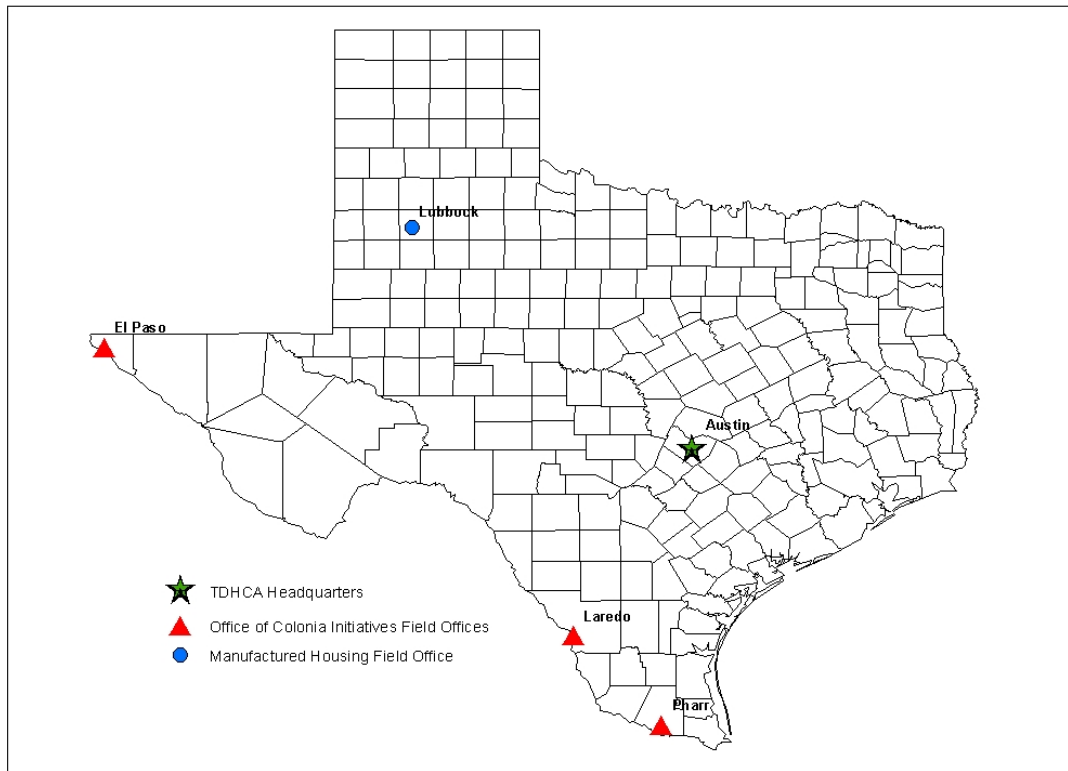
TDHCA’s Executive Director is employed by the Board with the approval of the Governor. The Executive Director is responsible for administering the work of the Department. The seven-member Governing Board (six member currently serving), appointed by the Governor with advice and consent of the Senate, works with the Executive Director to develop policies and programs to meet the needs of the mission and goals of the Department.

C. Geographic Location of Agency

TDHCA’s headquarters is located in the state owned State Insurance Building Annex at 221 East 11th Street, Austin, TX 78701. To house the Manufactured Housing division and additional staff and computer servers of the Information Services Division, an additional office has been added at the Twin Towers Office Center, 1106 Clayton Lane, Suite 470W, Austin, Texas 78723. The Office of Colonia Initiatives has Border Field Offices located in El Paso, Laredo, and Pharr.

The Manufactured Housing Division also maintains one field office in Lubbock and has Inspectors stationed remotely throughout the state to perform inspections of installations, habitability, consumer complaints, and license holder’s records and offers professional license renewals through Texas Online.

Figure 1. TDHCA Locations



D. Location of Service Populations and Regions

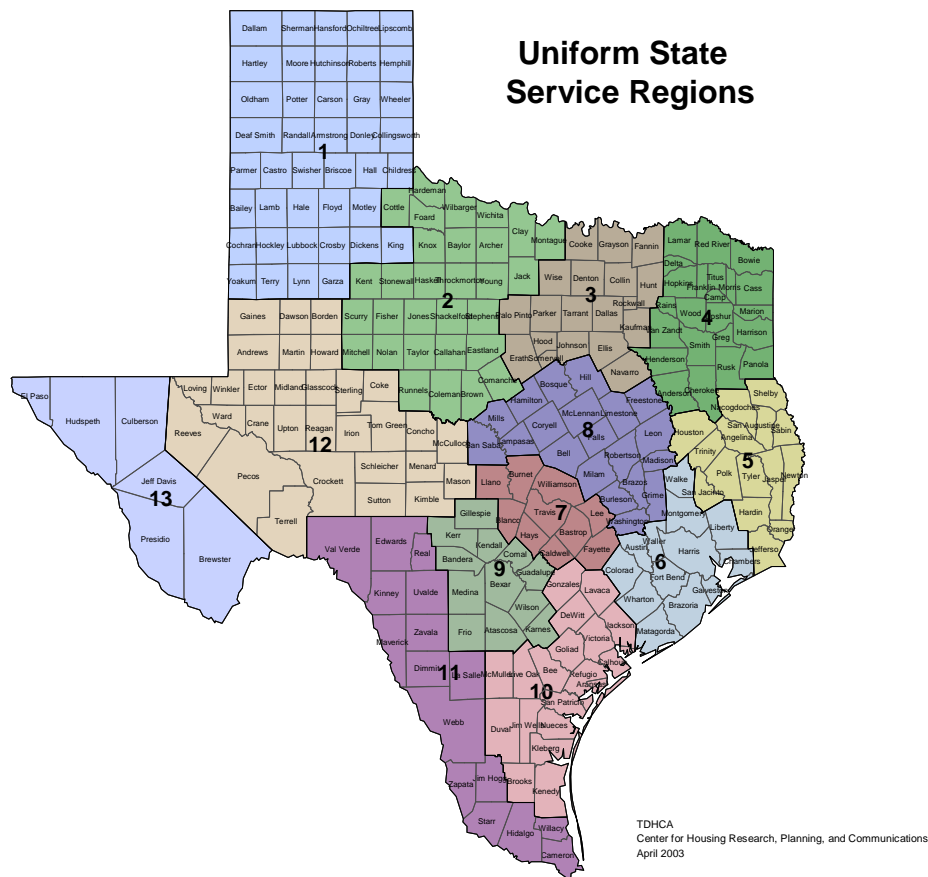
TDHCA is committed to equitably and effectively serving Texans in all areas of the state. For its general planning and reporting purposes, a 13 region geographic configuration of the state’s 254 counties is used. State service regions are referenced in §2306.111(d) of the Code which calls for the regional allocation of TDHCA’s HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) funding. A map of the regions is shown below in Figure 3.

TDHCA funding is regionally allocated via the following:

- HOME, HTC, and HTF funding is allocated by formula to be distributed within each region. It should be noted that in some instances funding from these programs that is used to fulfill federal, state, or board mandated set-asides may be exempted from the regional distribution formula.
- Multifamily Bond financing is allocated statewide based on a lottery system controlled by the Texas Bond Review Board.
- Community Affairs funding for the Community Services Block Grant, Comprehensive Energy Assistance Program, and Weatherization Assistance Program funding is allocated statewide through a network of subcontractors. Each subcontractor receives a funding allocation based on the level of need within the counties they serve. There may be multiple subcontractors within each region. The Emergency Solutions Grant Program is allocated based on awards made through applications to Notice of Funding Availability. These awards are competitive and allocated by Continuum of Care (CoC) region.

TDHCA Service Regions

Figure 2. TDHCA Service Regions



As described below, a wide variety of program regulations, market conditions, and legislative requirements affect TDHCA's statewide resource distribution.

Colonias

TDHCA has specific policy goals, strategies, and programs designed to support the improvement of living conditions of colonia and border residents along the Texas-Mexico border region. A "colonia," Spanish for "neighborhood" or "community," is a geographic area located within 150 miles of the Texas-Mexico border that has a majority population comprised of individuals and families of low and very low income who lack safe, sanitary, and sound housing. This includes a lack of basic services such as potable water, adequate sewage systems, drainage, streets, utilities, paved roads, and plumbing. As discussed in detail in the "III. Fiscal Aspects" section of this Plan, there are a number of Legislative Riders that dedicate specific amounts of TDHCA funding to serve these communities.

Rural and Urban Needs

Urban and suburban areas are continuing to experience strong growth, but many of the less-populous areas of the state are faced with an aging housing stock and households with lower incomes than their urban or suburban counterparts. Many larger communities and more populous regions have greater access to resources such as use of bond issuance as a financing tool, larger tax bases, and greater access to other sources of investment capital) than less-populous areas may have. Many of TDHCA's governing statutes create specific focus on rural needs, and accordingly TDHCA gives specific consideration to rural areas when developing its housing programs and the rules that govern these programs.

Specific examples of how TDHCA addresses rural needs include:

- It is legislatively required that 95 percent of the TDHCA HOME funding be allocated to non-participating jurisdiction areas. Because participating jurisdictions (PJs), which are larger metropolitan cities and more populous counties, receive HOME program funds directly from HUD, TDHCA directs its HOME program allocation to non-PJ areas of the state. The remaining 5 percent of HOME funds may be expended in any area of the state, but only if it funds an activity that serves persons with disabilities.
- §§2306.111(d) and 2306.1115 of the Code require that the regional allocation formula used to distribute HOME, HTC, and HTF funding consider existing housing need and available resources to meet this need in rural and urban areas.
- TDHCA and the Texas Department of Agriculture's Office of Rural Affairs jointly administer the HTC Program rural allocation. The resulting joint outreach, training, and rural area capacity building efforts help increase participation in the rural set-aside.
- The Weatherization, poverty programs and utility assistance programs are all provided to a network that includes all Texas counties, thereby ensuring service to rural Texas.
- The TDHCA Section 8 Housing Choice Voucher Program primarily serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

Strategy for Serving Each Region: TDHCA Regional Allocation Plans

As required by federal or state laws, depending on the program, TDHCA has developed regional allocation formulas for many of its programs. These formulas are based on objective measures of need and available resources that help ensure an equitable distribution of funding across the state.

1) 2014 HOME, HTC, and HTF Regional Allocation Formula

Sections 2306.111(d) and 2306.1115 of the Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC, and HTF funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban counties, specifically “MSA counties with urban places” and “Non-MSA counties and counties with only rural places”.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment. Beginning on August 2012, the 2013 RAF underwent significant updates, following a series of public roundtables, online forums, and public hearings to increase accuracy and transparency of the formula allocation process.

Slightly modified versions of the RAF are used for HOME, HTC, and HTF because the programs have different eligible activities, households, and geographical service areas. For example, because 95 percent of HOME funding must be set aside for non-PJs, the HOME RAF only uses need and available resource data for non-PJs.

For the 2014 fiscal year, the RAF uses the most current and complete data from the US Census Bureau, including the decennial census and the American Community Survey, and the US Department of Housing and Urban Development, including the Comprehensive Housing Affordability Strategy, to calculate this regional need distribution. The RAF takes into account the following affordability and availability factors to evaluate need:

- Poverty: Number of persons in the region at or below 200% of the poverty rate.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Rental vacancies: Number of vacant rental units and homes for sale.

2) 2014 Emergency Shelter Grants Program (ESG) Allocation Formula

ESG funds are reserved according to the percentage of poverty population (weighted at 25%) and the percentage of homeless population (weighted at 75%) identified in each of the

HUD-identified state Continuum of Care (CoC) regions. The top scoring applications in each region are recommended for funding based on the amount of funds available for that region. One CoC is participating in a pilot funding plan whereby if the CoC meets HUD and TDHCA requirements, the CoC may request a direct award of allocated funds to administer within its CoC region.

3) 2014 Community Services Block Grant (CSBG) Allocation Formula

Allocations to the 43 CSBG eligible entities are based on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight, and the ratio of inverse population density is given 2 percent weight which gives consideration to the challenges of serving far-reaching rural communities.

4) 2014 Comprehensive Energy Assistance Program (CEAP) and Weatherization Assistance Program (WAP) Allocation Formula

The allocation formula for the Comprehensive Energy Assistance and Weatherization Assistance programs uses the following five factors and corresponding weights to distribute its funds by county: county non-elderly poverty household factor (40 percent); county elderly poverty household factor (40 percent); county inverse poverty household density factor (5 percent); county median income variance factor (5 percent); and county weather factor (10 percent).

Other Factors that Affect the Distribution of Funds

To simplify the application process and direct monies quickly to address rural needs, HOME and Housing Trust Fund funds are awarded to individual households through an 'open-cycle' (first-come, first-served) application process. All funds associated with NOFAs, will be subject to the RAF unless specifically noted otherwise, to ensure compliance with Chapter 2306 of the Code. The process for these programs includes a review of past performance requiring good standing with the Department at the time of award. Recommendations take into consideration administration of previous HOME awards.

For applications that involve HTCs, applicants must receive a resolution from the local governing body for approval to add new units, if the application is proposing new construction or adaptive reuse that is within one mile of an existing development. The existing development would have to have received an allocation of Housing Tax Credits or Private Activity Bonds for new construction within the last three years and served the same population type (elderly/elderly or family/family). This applies to applications proposing New Construction and Adaptive Reuse in counties with over one million in population. Additionally, applications proposing development in a city or county that has more than twice the state average per capita of affordable housing units supported by Housing Tax Credits or Private Activity Bonds must receive a resolution from the local governing body specifically authorizing the allocation of Housing Tax Credits. This applies to applications proposing New Construction, Adaptive Reuse, and Acquisition/Rehabilitation, including

External/Internal Assessment

Reconstruction. Finally, a change resulting from SB 1 of the 82nd Texas Legislature is that the Department will not recommend an allocation in the same application round if the Developments are, or will be, located less than two linear miles apart. This limitation applies only to counties with populations exceeding one million.

Although not mandated by state statute the Department's rules governing the HTC program also require local government approval in the form of a resolution to allow the construction of new Development in a census tract that has more than 20 percent Housing Tax Credit units per total households. This applies to applications proposing New Construction or Adaptive Reuse in places with populations of at least 100,000. The Department also has rules regarding application proposing additional phases to already existing Development, requiring that the existing Development be stabilized in case where it serves the same target population.

TDHCA funding that is not regionally allocated, but is based on need, is as follows:

- The Homeless Housing and Services Program is distributed to the eight largest cities in Texas, in accordance with legislation from the 81st Legislative Session which authorized the program for regional urban areas. However, funding among the cities has been based on a formula similar to the RAF, taking into account factors such as population, poverty, persons with disabilities, and veterans.
- Section 8 Housing Choice Vouchers are provided primarily to rural cities or counties that partner with TDHCA.
- Foreclosure counseling services are provided by HUD-Approved Counselors that partner with TDHCA.
- A statewide network of participating lenders is used to distribute the single family bond financing. The final distribution of funding is based on consumer demand.

E. Human Resource Strengths and Weaknesses

The following is an outline of what the Department considers to be human resource strengths and weaknesses.

Human Resources Strengths

- The Department continues to be committed to providing staff with opportunities to attend continuing education courses, training workshops and conferences, and on-site training to enhance their educational background, knowledge, and skills and to keep professional certifications active. According to the 2014 Survey of Employee Engagement, Department employees view their supervisors as fair, helpful, and critical to the daily flow of work activities.
- The Department is committed to providing supervisory and management opportunities to current and new management to ensure that leadership skills are continually being enhanced and to provide for an opportunity for employees to grow into a management role.

External/Internal Assessment

- Staff has demonstrated a strong commitment to its clients and customers in providing public service to Texas communities and advocacy groups and staff believe that they have a strong ability to seek out and work with relevant external entities. Staff believes that the Department functions in a very strategic role according to the 2014 Survey of Employee Engagement.
- The Department strives to maintain a diverse workforce to create an environment of high employee morale, increased creativity, and to retain knowledgeable employees. There is a strong team environment among the Department and employees view their work groups as effective, cohesive, and open to the opinions of all team members.
- The Department maintains a work force of employees with in-depth institutional knowledge which includes highly skilled technical staff in the areas of housing finance and federal programs.
- The Department created an Employee of Excellence Program in fiscal year 2012 to recognize outstanding employees who embody the Department's standards of excellence based on the goals and objectives of the Department. This program recognizes employees who show exemplary individual attitude, achievement, contribution, and performance in their jobs, other related duties beyond their own; or unique one-time projects.

Human Resources Weaknesses

- The Department is in need of developing a program for succession planning. There are 16 percent of employees eligible to retire in the current and the next fiscal year and the Department will need to ensure that they are able to retain or pass on institutional knowledge.
- Despite its policy of diversity, the Department has not achieved the desired level of diversity, especially within upper management ranks. This is an area on which the Department will continue to focus during the recruitment process for upper management positions and Department wide.

Human Resources Strategies for the Future

- The Department will continue to provide employees with the opportunity to enhance their skills and abilities by encouraging professional development and skills and through promotional opportunities. The Department is committed to developing staff to provide growth opportunities and to maintain the institutional knowledge of staff.
- The Department will continue to use all authorized compensation programs to maximize the ability to compensate staff through promotional, merit, and retention programs.
- The Department will continue to make staff and management training a priority to ensure that employee skills and knowledge continue to be enhanced through continuing education, training workshops and conferences, and management development training programs.

External/Internal Assessment

- The Department will continue to participate in the Survey of Employee Engagement conducted by the Institute of Organizational Excellence at the University of Texas to address the strengths and weaknesses of the Department as perceived by Department Staff.
- The Department will continue to enhance its Employee Wellness Program and promote an increase in the health, fitness, awareness, and productivity of Department employees.
- The Department will continue to use the Employee Events Planning Committee to coordinate activities to build employee morale and to include.
- The Department will continue to use the Employee of Excellence Program to provide employees an opportunity for recognition of their hard work, contributions to the Department, and to increase communications between employees and management.
- The Department will continue to provide ongoing internal communication to employees with such things as email summaries of board meetings, postings to the Department's Intranet and Water Cooler to make announcements to staff about things happening at the Department, and encourage employee engagement in activities within the Department.

F. Capital Assets

Strengths and Weaknesses

Technological capital asset strengths include:

- Secure, low cost, high performance, and highly available gigabit local area networks at the State Insurance Building Annex and the Twin Towers Office Center (TTOC).
- Third party enterprise business applications, including PeopleSoft Financials 8.8, the Mitas Accounting and Loan Administration System, and HAPPY Section 8 software.
- Custom enterprise business applications, including contract systems for community affairs and housing programs, the Compliance Monitoring and Tracking System, and the Manufactured Housing System.
- Supported personal computer and laptop operating systems, office productivity software, and other specialized end user software installed as required for each Department employee. In the FY 2014-2015 biennium, through the approved IT Hardware and Software Refresh capital budget project, half of the agency's computers (those five years older or older) will be replaced.
- A mixture of mid-range and low-end servers that house TDHCA business applications.
- A small, well designed, server room facility that is shared with the Office of the Comptroller of Public Accounts.

Technological capital asset weaknesses include:

As stated in the FY 2013-2017 strategic plan, some server hardware and end-user computer hardware was near or at end-of-life. In the FY 2012-2013 biennium TDHCA limited hardware refreshes to equipment for which there was a critical business need because of capital

budget constraints. In the FY 2014-2015 biennium, we will replace all end-of-life computer hardware.

Needs and Prioritization

In FY 2014 and in many cases continuing into the FY 2015-2019 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Provide Texans access to information and services through the TDHCA website and social media.
- Enhance and maintain TDHCA's Central Database systems, the Manufactured Housing System, and enterprise resource planning (ERP) systems. Specific projects and activities include:
 - Compliance Monitoring and Tracking System enhancements, including a new Section 811 module
 - HR System migration to the Centralized Accounting and Payroll/Personnel System
 - Community Affairs and Housing Contract System enhancements, including new functionality for collection of household level CA data
 - Manufactured Housing System enhancements
 - Mitas Accounting and Loan Administration System - periodic version upgrades
- Increase the reliability, performance, and security of the agency's network.

G. Agency Use of Historically Underutilized Businesses

TDHCA is committed to the use of Historically Underutilized Businesses. Opportunities for HUBs are diligently explored for their participation ability in the acquisition of goods and services. TDHCA has specific Policies and Procedures for Historically Underutilized Business Program as referenced in Texas Administrative Code, Title 10, Part 1, Chapter 1, SubChapter A, Rule §1.6. TDHCA also has a designated HUB Coordinator in accordance with Section 2161.062, of the Code.

State HUB participation goals have been historically achieved by the Department, with an on-going effort to continue that tradition. In an effort to continue the pursuit of HUBs, the Department routinely participates in vendor forums, trains Department staff, and actively researches possible businesses to participate and become HUB certified.

H. Key Organizational Events and Areas of Change and Impact on Organization

In FY2009, TDHCA created new divisions to better manage the influx of Recovery Act and General Revenue funding. To proactively address new requirements for federal programs, a Program Services Division was created to oversee cross-cutting requirements including, but not limited to environmental clearances and labor standards requirements. The first requirement was needed for the HUD-funded programs, including the Neighborhood Stabilization Program, Tax Credit Assistance Programs and the second requirement was needed for the Weatherization Assistance Program and Tax Credit Assistance Program.

Another new Division was created to effectively monitor Recovery Act funding: the Office of American Recovery and Reinvestment Act Accountability and Oversight. This Office was responsible for identifying and mitigating risk in program development and operation and for issues that cut across all Recovery Act programs, such as reporting and federal guidance. A third new Division was created as a result of the 81st Legislature providing additional funding for the Housing Trust Fund. The Housing Trust Fund was separated from the HOME Division and an independent Housing Trust Fund Division was created.

From 2009 to 2013, several temporary programs were administered, that have successfully completed all programmatic activities. The HOME Division administered the Tax Credit Assistance Program (Recovery Act). The Texas Homeownership Division administered the 90-Day Down Payment Assistance Program (Recovery Act) and the Mortgage Advantage Program (Recovery Act). The Housing Tax Credit Division administered the Tax Credit Exchange Program (Recovery Act). Community Affairs administered the Community Service Block Grants (Recovery Act), the Homelessness Prevention and Rapid Re-Housing Program (Recovery Act), and the Weatherization Assistance Program (Recovery Act).

A few programs initiated through funding provided by the Recovery Act or General Revenue are still on-going. The Neighborhood Stabilization Program Division continues to administer NSP, even though initial NSP Round 1 and Round 3 allocations, funded through the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), have been expended, and funds are no longer available for new projects. The Mortgage payments and amortized loan payments for multifamily properties will generate continued Program Income. Future Program Income funds will be directed to redevelopment of existing NSP-funded land bank properties. Additionally, the Department applied for and received funds from NeighborWorks for the National Foreclosure Mitigation Counseling (NFMC) Program, Rounds 2, 3, 4, 5, 6 and 7 which will end in June 2014. TDHCA jointly administers the program with the Texas State Affordable Housing Corporation (TSAHC).

The Homeless and Housing Services Program (HHSP) was established during the 81st Texas Legislature through an appropriations rider and codified during the 82nd Texas Legislature. HHSP is administered through the Community Affairs Division. The 83rd Legislature identified \$10 million in General Revenue funds for the 2014-2015 biennium. Five million will be allocated to the designated urban areas in PY 2014. The second \$5 million will be available to a designated urban area after the beginning of PY 2015 and after the area has expended all PY 2014 funds. Finally, the Housing Trust Fund has continued to provide the Amy Young Barrier Removal Program that was created in 2009.

In 2012, the Department implemented a recalibration effort. Given TDHCA's additional asset management duties now required for properties that received assistance under the TCAP and the Tax Credit Exchange Program, a separate division called Asset Management was created, to manage the resolution of non-performing assets, to oversee the administration of

post-allocation activities for multifamily projects, and to administer closing and draw activity and adherence to various federal cross-cutting requirements. The Program Planning, Policy & Metrics Team was also formed to provide accurate reporting and metrics, inform programming and funding decisions, make recommendations to Executive and the Board, and coordinate broad Department-wide policy-making. The monitoring functions of the Energy Assistance and Community Services divisions were subsumed by the Compliance Division to ensure independence of the compliance oversight function from the programmatic areas. Single family programs were placed under an organizational structure to ensure that their offerings are coordinated and that their processes are simplified, streamlined, and consistent and to facilitate development of a more robust external network of subrecipients capable of offering a full array of state programs to all eligible recipients.

Finally, in light of increased federal focus on fair housing and a broader understanding of housing choice, the Department has created a fair housing team to ensure adherence to federal fair housing requirements. This team also serves as a fair housing resource to other state agencies with responsibility for the administration of HUD programs. This team reports to the Deputy Executive Director to whom the Department's multifamily finance division also reports.

I. Use and Anticipated Use of Consultants and Contractors

TDHCA embraces the principles of state government operating as leanly and efficiently as possible and not trying to compete with or supplant the private sector. To achieve its mission effectively, TDHCA will continue to use consultants and contract workers in areas where their unique skills and experience represent the most effective use of the State's resources. Three divisions that expect the greatest ongoing use of consultants are Compliance, Information Systems, and Bond Finance.

Compliance and Asset Oversight

Since March of 2005, the Compliance Division has outsourced Uniform Physical Condition Standards Inspections. Currently, TDHCA has contracts with two firms to perform these inspections.

Information Systems (IS) Division

TDHCA's Information Systems Division makes limited, targeted use of consultants for approved capital budget projects and software development support. In the current biennium, the Department continues to employ one contract systems analyst to provide the majority of PeopleSoft Financials support and plans to hire an additional contract software developer to assist with Community Affairs Contract System support.

Bond Finance

The Bond Finance division uses the following types of consultants:

- Bond Counsel – A law firm or firms experienced in the issuance of mortgage revenue bonds and mortgage credit certificates.

External/Internal Assessment

- Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds and related products.
- Master Servicer– A financially sound bank or trust company experienced in loan servicing for tax-exempt and taxable single family programs.
- Program Administrator – A company experienced in programmatic and tax compliance review for tax-exempt and taxable single family programs.
- Disclosure Counsel – A law firm experienced in securities laws particularly as it relates to disclosure of information by securities issuers to the private markets.
- Rating Agencies – A national rating agency which analyzes bond issues and assigns a rating to them to indicate to prospective bondholders the investment quality of the issue.
- Interest Rate Swap Advisor – Primarily monitors interest rate swaps used to hedge single family variable rate mortgage revenue bonds.
- Investment Bankers – A firm specializing in the underwriting, issuance and sale of mortgage revenue bonds and provides advice relating to financial structure and cash flows.
- TBA Provider – An investment banking firm experienced with the pooling and hedging of mortgage-backed securities in the TBA market.

III. FISCAL ASPECTS

A. Size of Budget

The following table provides appropriated funding levels by goal, as provided in the General Appropriations Act for the 2014-2015 Biennium. Goal A: Affordable Housing includes appropriated and non-appropriated resources as below described. The HTC's, single family, and multifamily non-appropriated amounts are estimates in fiscal years 2014–2015.

Table 9. Appropriated Funds

	2012	2013	2014	2015
Goal A: Affordable Housing	\$61,312,381	\$60,787,513	\$ 39,549,655	\$ 39,636,259
Goal B: Info. & Tech. Assist.	\$1,266,395	\$1,211,431	\$ 1,519,829	\$ 1,472,836
Goal C: Poor and Homeless	\$105,312,926	\$99,702,210	\$175,780,345	\$175,778,051
Goal D: Ensure Compliance	\$3,054,920	\$3,057,356	\$, 3,173,480	\$ 3,175,698
Goal E: Manufactured Housing	\$5,471,232	\$5,685,152	\$ 4,909,147	\$ 5,090,870
Goal F: Indirect Administration	\$7,352,298	\$7,468,743	\$ 7,870,073	\$ 7,913,433
Total Appropriated Funds	\$183,770,152	\$177,912,405	\$232,802,529	\$233,067,147

Source: General Appropriation Bills 82nd through 83rd Legislative Sessions

Table 10. Non-Appropriated Funding Detail

	2012	2013	2014	2015
HTCs (4% and 9%)	\$67,811,481	\$76,496,445	\$76,074,829	\$70,000,000
Multifamily Bond Funds	\$0	\$14,500,000	\$46,300,000	\$45,000,000
Single-Family Financing	\$87,995,000	\$42,500,000	\$0	\$0
Total Non-Appropriated Funds	\$155,806,481	\$133,496,445	\$122,374,829	\$115,000,000

Table 11. Total, Appropriated & Non-Appropriated Funds

	2012	2013	2014	2015
Total Appropriated & Non-Appropriated Funds	\$339,576,633	\$311,408,850	\$355,177,358	\$348,067,147

B. Method of Finance

The methods of finance for appropriated funds since the fiscal year (FY) 10–11 biennium are shown below.

Table 12. Methods of Finance

	2010	2011	2012	2013	2014	2015
Federal Funds	\$132,646,833	\$132,676,861	\$156,909,387	\$151,298,671	\$201,754,526	\$201,780,689
Appropriated Receipts	\$16,346,832	\$16,506,657	\$18,681,157	\$18,367,247	\$17,544,107	\$17,803,718
General Revenue (GR)	\$22,643,144	\$22,596,988	\$8,110,265	\$8,177,145	\$13,216,783	\$13,195,627
Earned Federal Funds	\$-	\$-	\$-	\$-	\$-	\$-
Interagency Contracts	\$68,255	\$68,255	\$69,343	\$69,343	\$287,113	\$287,113
Total Appropriated Funds	\$171,705,064	\$171,848,761	\$183,770,152	\$177,912,405	\$232,802,529	\$233,067,147

Source: General Appropriation Bills 81st through 83rd Legislative Sessions

Federal Funds: These funds are the Department’s primary appropriated funding source. Federal funds make up 86.4 percent of the total funds appropriated to the Department in the 2014–2015 biennium. As such, these funding levels are subject to change to reflect priorities at the federal level. Short-term expectations for each of the funding sources are described in “VII. Impact of Federal Statutes/ Regulations, Description of Current Federal Activities,” Page 80. HUD and DHHS are TDHCA’s largest federal grantor agencies.

Appropriated Receipts: These funds represent approximately 7.6 percent of the total funds appropriated to the Department. The funds are comprised of fees collected to administer the Department’s housing programs or from its regulation of the manufactured housing industry. Compliance and application fee revenues provide a method of finance to support and administer the HTC Program. Fees to issue Mortgage Revenue Bonds are used to support programs and other indirect administrative costs. The Manufactured Housing Division also generates revenue through fee collections. The majority of the fees collected are pursuant to the issuance of titles, licenses and from installation inspections. The Legislature allocates the fees to the Department as Appropriated Receipts and General Revenue.

General Revenue: These funds make up 5.7 percent of total funds appropriated to the Department. The Housing Trust Fund is the primary program receiving GR funds and the only affordable housing program funded by State funds.

Earned Federal Funds: As of the 2014-2015 biennium, these funds are regarded as General Revenue under the General Appropriations Act and are therefore not reflected as a separate Method of Finance.

Interagency Contracts: This source, which is less than 1 percent of the Department's funding, comes from two sources: (1) funding to support Colonia Service Centers originates from the Texas Department of Agriculture (TDA), and (2) funding to increase housing opportunities for persons with disabilities originates from the Department of Aging and Disability Services (DADS).

The Department applies for new federal funding as it becomes available. Should it receive additional federal funds, FTE cap and travel waiver requests may be submitted, depending on the increased workload new federal programs require. Currently, the Department has complied with FTE and travel limitations as set forth in the appropriation bills.

C. Per Capita Spending

The majority of funding for TDHCA comes either directly from the federal government or through federally authorized tax credits or bonds. In general, funding amounts for these programs are based on a state's population. For this reason Texas, the second most populous state in the nation, receives a relatively large amount of federal funds.

The Housing Trust Fund was established by the 72nd Legislature, Senate Bill 546, to create affordable housing for low- and very low-income individuals and families. It is the only State-authorized source of funding for affordable housing programs. Funding sources consist of appropriations or transfers made to the fund, unencumbered fund balances, and public or private gifts or grants. During the Regular Session of the 83rd Legislature, the Department was appropriated additional General Revenue for the Housing Trust Fund in the amount of \$11,825,000 for the 2014-2015 Biennium (\$5,900,000 in FY2014 and \$5,925,000 in FY 2015). Utilizing the Texas State Data Center's state population projections for FY 2014 (26,071,202) and FY 2015 (26,295,613), Texas' per capita spending on affordable housing is \$0.23 per year.

D. Budgetary Limitations

Statutory and Federal Restrictions

State and federal statutes and regulations place many restrictions on the use of TDHCA funds. These restrictions affect a wide variety of program characteristics including limitations on eligible household income levels and allowable rents, maximum loan sizes, and funding allocation scoring and distribution criteria. Additionally, these programs have complex portfolio management and compliance requirements. A few specific examples of budgetary directives found in federal and state statute and regulations that regulate the use of specific funding include:

- 24 CFR §92.300(a)(1), requires that 15 percent of total HOME Investment Partnerships Program funds be reserved for use by community housing development organizations (CHDOs).

External/Internal Assessment

- §2306.111(c) of the Code requires that 95 percent of the TDHCA HOME funding be allocated to non-participating jurisdiction areas. Because participating jurisdictions (PJs), which are larger metropolitan cities and more populous counties, receive HOME program funds directly from HUD, TDHCA directs its HOME program allocation to non-PJ areas of the state. The remaining 5 percent of HOME funds may be expended in any area of the state to serve persons with disabilities.
- §2306.111(d) of the Code requires that the regional allocation formula used to distribute HOME, HTC, and HTF funding, consider existing housing need and available resources to meet this need in rural and urban areas.
- Section 2306.7581(a-1), of the Code, requires the Department to provide \$3 million per year in Housing Trust Funds toward the Texas Bootstrap Home Loan (“Owner-Builder”) Program and also limits the geographic areas where the funds may be utilized.

Appropriations Riders

The Department must comply with all caps on funding and FTEs. The following section describes the Riders from the 2014-2015 Bill Pattern (Article VII, 3-7, General Appropriations Act, 83rd Regular Session, and Senate Bill 1).

“Rider 1: Performance Measure Targets.

The following is a listing of the key performance target levels for the Department of Housing and Community Affairs. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Department of Housing and Community Affairs. In order to achieve the objectives and service standards established by this Act, the Department of Housing and Community Affairs shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.”

Table 13. Key Performance Target Levels

A. Goal: AFFORDABLE HOUSING	2014	2015
<i>Outcome (Results/Impact):</i>		
<i>% of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	0.71%	0.71%
<i>% of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	0.04%	0.04%
<i>% of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	1.97%	1.96%
<i>% of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	1.13%	1.13%
A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY		
<i>Output (Volume):</i>		
<i># Number of Households Assisted through First Time Homebuyer Program</i>	2,144	2,117
A.1.2. Strategy: HOME PROGRAM		
<i>Output (Volume):</i>		
<i># of Households Assisted with Single Family HOME Funds</i>	433	433
<i># of Households Assisted with Multifamily HOME Funds</i>	260	260
A.1.3. Strategy: HTF		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Single Family HTF Program</i>	200	200
A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE		
<i>Output (Volume):</i>		
<i># of Households Assisted through Statewide Housing Assistance Payments Program</i>	1,098	1,098
A.1.5. Strategy: FEDERAL TAX CREDITS		
<i>Output (Volume):</i>		
<i># of Households Assisted through the HTC Program</i>	6,400	6,400
A.1.8. Strategy: MRB PROGRAM-MULTIFAMILY		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Multifamily MRB Program</i>	1,150	1,150
B. Goal: INFORMATION & TECHNICAL ASSISTANCE	2014	2015
B.1.1. Strategy: HOUSING RESOURCE CENTER		
<i>Output (Volume):</i>		
<i># of Information and Technical Assistance Requests Completed</i>	7,000	7,000
B.2.1. Strategy: COLONIA SERVICE CENTERS		
<i>Output (Volume):</i>		
<i># of On-site Technical Assistance Visits Conducted Annually from the Field Offices</i>	1,200	1,200

C. Goal: POOR AND HOMELESS PROGRAMS	2014	2015
<i>Outcome (Results/Impact):</i>		
<i>% of Persons in Poverty That Received Homeless and Poverty-related Assistance</i>	13.35%	13.35%
<i>% of Very Low Income Households Receiving Energy Assistance</i>	11.28%	11.28%
C.1.1. Strategy: POVERTY-RELATED FUNDS		
<i>Output (Volume):</i>		
<i># of Persons Assisted through Homeless and Poverty-related Funds</i>	674,828	674,828
<i># of Persons Assisted That Achieve Incomes above Poverty Level</i>	1,100	1,100
C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Comprehensive Energy Assistance Program</i>	146,545	146,545
<i># of Dwelling Units Weatherized by the Department</i>	2,822	2,822

D. Goal: ENSURE COMPLIANCE	2014	2015
D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS		
<i>Output (Volume):</i>		
<i>Total # of Onsite Reviews Conducted</i>	848	862
D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS		
<i>Output (Volume):</i>		
<i>Total # of Reviews of Local Administrators</i>	183	183

E. Goal: MANUFACTURED HOUSING	2014	2015
<i>Outcome (Results/Impact):</i>		
<i>% of Consumer Complaint Inspections Conducted within 30 Days of Request</i>	100%	100%
<i>% of Complaints Resulting in Disciplinary Action</i>	20%	20%
E.1.1. Strategy: TITLING AND LICENSING		
<i>Output (Volume):</i>		
<i># of Manufactured Housing Statements of Ownership and Location Issued</i>	70,000	70,000
E.1.2. Strategy: INSPECTIONS		
<i>Output (Volume):</i>		
<i>Explanatory:</i>		
<i># of Installation Reports Received</i>	10,000	10,000
E.1.3. Strategy: ENFORCEMENT		
<i>Output (Volume):</i>		
<i># of Complaints Resolved</i>	500	500
<i>Efficiencies:</i>		
<i>Average Time for Complaint Resolution (Days)</i>	180	180
<i>Explanatory:</i>		
<i># of Jurisdictional Complaints Received</i>	450	450

“Rider 2: Capital Budget.

None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to Government Code §1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by agency management to be in the best interest of the State of Texas.”

Table 14. Capital Budget, Total

<i>Item</i>	<i>2014</i>	<i>2015</i>
Acquisition of Information Resource Technologies		
(1) Information Technology Hardware and Software Refresh	\$374,500	\$213,500
(2) Texas Homeless Management Information System	\$500,000	\$110,000
Total, Capital Budget	\$874,500	\$323,500

Table 15. Method of Financing (Capital Budget)

	<i>2014</i>	<i>2015</i>
Community Affairs Federal Fund No. 127	\$605,559	\$169,051
Appropriated Receipts	\$268,941	\$154,449
Total, Method of Financing	\$874,500	\$323,500

“Rider 3: Low/Moderate Income Housing Construction.

Out of the funds appropriated above, no less than \$500,000 each year of the biennium shall be expended on low/moderate income housing construction in enterprise zone areas.”

“Rider 4: Appropriations Limited to Revenue Collections.

Fees, fines, and other miscellaneous revenues as authorized and generated by the agency shall cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to the Occupations Code § 1201, Manufactured Housing Standards Act, as well as the "other direct and indirect costs" associated with this goal, appropriated elsewhere in this Act. "Other direct and indirect costs" for Goal E, Manufactured Housing, are estimated to be \$1,251,755 for fiscal year 2014 and \$1,371,722 for fiscal year 2015. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public

External/Internal Assessment

Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.”

“Rider 5: Housing Assistance.

To the extent allowed by state and federal program guidelines the department shall adopt an annual goal to apply no less than \$30,000,000 of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax-Credit Program's total housing funds toward housing assistance for individuals and families earning less than 30 percent of the Area Median Family Income (AMFI). No less than 20 percent of the funds available from the Housing Trust Fund, HOME Program, Section 8 Program, and Housing Tax- Credit Program shall be spent for individuals and families earning between 31 percent and 60 percent of the area median family income. To the extent allowed by state and federal program guidelines in those counties where the area median family income is lower than the state average median family income, the department shall use the average state median income in interpreting this rider. The department shall provide an annual report to the Legislative Budget Board documenting its expenditures in each income category.”

“Rider 6: Conversions of Executory Contracts.

- a. Out of the funds appropriated above, the department shall spend not less than \$4,000,000 for the biennium for the sole purpose of contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the department shall make a good-faith effort to complete at least 200 contract for deed conversions by August 31, 2015.
- b. The Department of Housing and Community Affairs shall provide a quarterly report to the Legislative Budget Board detailing the number of, and cost for each, contract for deed conversions completed.”

“Rider 7: Colonia Set-Aside Program Allocation.

The Texas Department of Agriculture (TDA) shall allocate 2.5 percent of the yearly allocation of Community Development Block Grant (CDBG) monies to support the operation of the Colonia Self-Help Centers and shall transfer such funds to the Department of Housing and Community Affairs on September 1 each year of the biennium. Consistent with federal rules and regulations, the funds provided from TDA to the Colonia Self- Help Center in El Paso county shall be used to provide internet access and training for parents and their children attending elementary schools in colonias, to establish technology centers within those elementary school libraries, to purchase wireless devices and laptop computers to loan out from the technology centers, and improve internet access for students and parents.”

“Rider 8: Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.

Interest earnings and loan repayments received from loans made through the Housing Trust

Fund program from the General Revenue Fund are included above in Strategy A.1.3, Housing Trust Fund, estimated to be \$1,600,000 each year.”

“Rider 9: Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.

- a. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund, all funds above those retained for administrative purposes in fiscal year 2014 and fiscal year 2015 shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, at the beginning of each fiscal year. The amounts to be transferred in fiscal years 2014 and 2015 include an estimated \$1,600,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 8, Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.
- b. Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from the General Revenue Fund shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, for the same purpose.
- c. The Department of Housing and Community Affairs shall provide an annual report to the Legislative Budget Board, the House Appropriations Committee, and the Senate Finance Committee no later than October 1 detailing the agency's plan to expend funds from the Housing Trust Fund during the current fiscal year.
- d. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund, all funds above those retained for administrative purposes in fiscal year 2014 and fiscal year 2015 and above amounts required in §(a) of this rider, shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, no later than October 1 of each fiscal year.
- e. At the end of each fiscal year, any unexpended administrative balances appropriated under Strategy A.1.3, Housing Trust Fund, shall be transferred to the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306.”

“Rider 10: Mortgage Revenue Bond Program.

The Department of Housing and Community Affairs shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least 30 percent of the lendable bond proceeds are set aside for a period of one year for individuals and families at 80 percent and below the area median family income (AMFI), while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at 80 percent and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods.”

“Rider 11: Additional Appropriated Receipts.

- a. Except during an emergency as defined by the Governor, no appropriation of appropriated receipts in addition to the estimated amounts above may be expended by the Department of Housing and Community Affairs unless:
 - (1) the department's governing board files a finding of fact along with a written plan outlining the source, use, and projected impact of the funds on performance measures with the Legislative Budget Board and the Governor and indicating that additional appropriations are required to maintain adequate levels of program performance; and,
 - (2) the Legislative Budget Board nor the Governor issues a written disapproval not later than: the 10th day after the date the staff of the Legislative Budget Board concludes its review of the findings of fact and forwards those findings of fact along with the conclusions or comments of the Legislative Budget Board staff to the Chair of the Housing Appropriations Committee, Chair of the Senate Finance Committee, Speaker of the House, and Lieutenant Governor; and within 10 business days of the receipt of the finding of fact by the Governor and the written plan, which would not prohibit the agency from responding in an emergency.

- b. This provision does not apply to appropriated receipts included in the amounts appropriated above that are collected under Object Codes 3719 and 3802. Appropriated receipts collected under these revenue object codes are governed under provisions found in Article IX, §8.03 and Article IX, §12.02.

“Rider 12: Manufactured Homeowner Consumer Claims.

Included above in Goal E, Manufactured Housing, the Manufactured Housing Division of the Department of Housing and Community Affairs is appropriated an amount required for the purpose of paying manufactured housing consumer claims from Appropriated Receipts according to the Occupations Code Chapter 1201, Manufactured Housing Standards Act, from Statement of Ownership and Location (SOL) issuance fees involving manufactured housing that are collected during the 2014-15 biennium. No General Revenue is appropriated for the payment of these claims.”

“Rider 13: Affordable Housing Research and Information Program.

Out of funds appropriated above in Strategy B.1.1, Housing Resource Center, the Department of Housing and Community Affairs shall conduct the Affordable Housing Research and Information Program with the assistance of the Texas Department Agriculture, to the extent allowed by state law, in order to avoid a duplication of effort. It is the intent of the Legislature that no funds shall be transferred between the Department of Housing and Community Affairs and the Texas Department of Agriculture for this purpose.”

“Rider 14: Reporting on Weatherization Efforts.

As part of its efforts to help low-income Texans eligible for weatherization to conserve energy and lower bills, Texas Department of Housing and Community Affairs (TDHCA) shall use funds appropriated above to coordinate with investor- owned utilities, from which TDHCA receives funds, and that offer energy efficiency programs for Texans meeting low-income eligibility criteria to make sure the monies available for low-income energy efficiency programs spent both through the agency and through utility programs are effectively and adequately spent. The TDHCA shall use funds appropriated above to produce an annual report with information about the number of low-income household benefiting from energy efficiency monies through state, federal and utility-funded programs, the total amount of federal, utility and state funds expended on the programs, the average amount spent per unit weatherized in each program, as well as the peak electricity demand reduction, the amount overall electric energy saved, the amount of money saved and the number of job and job years created. A copy of the annual report shall be delivered to the Lieutenant Governor, Speaker and Governor, as well as made available on TDHCA's website by March 15th of 2014 and March 15th of 2015.”

Rider 15: Sunset Contingency.¹²

Funds appropriated above for fiscal year 2015 for the Texas Department of Housing and Community Affairs are made contingent on the continuation of the Texas Department of Housing and Community Affairs by the Eighty-third Legislature. In the event that the agency is not continued, the funds appropriated for fiscal year 2014 or as much thereof as may be necessary are to be used to provide for the phase out of the agency operations.

“Rider 16: Transfer of the Veterans Housing Assistance Program.

Out of funds appropriated above, in Strategy A.1.3, Housing Trust Fund, the Texas Department of Housing and Community Affairs shall establish an Interagency Contract to provide 10 percent, not to exceed \$4,300,110 for the 2014-15 biennium (\$4,200,110 for grants and \$100,000 for administration), to the appropriate fund or account with the Texas Veterans' Commission for the purpose of administering a Veterans Housing Assistance Program that will assist Texas veterans and their families in obtaining, maintaining or improving housing.”

E. Degree to which Current Budget Meets Current and Expected Needs

In FY 2013, TDHCA served or committed to serve approximately 11.6 percent of persons with a need for safe, affordable housing in Texas the past year, of which 98 percent is provided by the CEAP program^{13 14}. As discussed in detail in “IV. Service

¹² HB 3361, 83rd Legislature, Regular Session, passed and continues the agency until September 1, 2025.

¹³ “Households served” includes households served by Housing Tax Credit, Housing Trust Fund, Multifamily Bond, Section 8, Comprehensive Energy Assistance, Weatherization Assistance and National Foreclosure Mitigation Counseling programs. It does not include Emergency Shelter Grants or Community Service Block Grants because those programs do not report households helped; they report individuals helped.

External/Internal Assessment

Population Demographics” below, the state’s degree of housing need is only expected to increase in the future given economic conditions, while the degree to which the budget can address that need will be reduced based on increasingly reduced federal program funding levels.

F. Capital and/or Leased Needs Due for Renewal

For the Office of Colonia Initiatives (OCI), the annual lease for the border field office in Pharr is \$2,000. For the Manufactured Housing Division, the lease in Austin is \$113,884 and the lease in Lubbock is \$5,353. The Manufactured Housing Division also leases a postage meter for the Lubbock office for \$1,200 annually.

The Department’s personal computers and laptops include some hardware which will be replaced in the current and future fiscal years in accordance with the Department’s personal computer replacement schedule. The schedule calls for at least four years of use prior to replacement in most cases.

Projected capital improvement needs for the FY 2016-2017 biennium will be described on a project-by-project basis in the TDHCA Information Technology Detail, which will be submitted along with TDHCA’s FY 2016-2017 Legislative Appropriations Request in August 2014.

¹⁴ “Households in need” includes households with cost burden, lacking kitchen and/or plumbing that are overcrowded, in poverty and in foreclosure.

IV. SERVICE POPULATION DEMOGRAPHICS

Overview

This section identifies how population groups TDHCA serves are expected to change within the timeframe of this Strategic Plan. The analysis includes information on historical population characteristics, current characteristics, and future trends.

Information in this section is primarily obtained from the US Census, the American Community Survey and Texas State Data Center (TSDC) reports and tabulations. The TSDC prepares population projections according to three scenarios: The Zero Migration (0.0) Scenario, which assumes that growth occurs through natural (birth and death) increases; The One-Half 2000-2010 Migration (0.5) Scenario, which assumes rates of migration equal one-half of the 2000-2010 rate; and The 2000-2010 Migration (1.0) Scenario, which assumes a migration rate equal to the 2000's.¹⁵ Comparing projections, the TSDC 0.5 migration scenario most closely resembles the projections prepared by the US Census, so TDHCA is using data from this TSDC scenario in the Strategic Plan. This is also the scenario most recommended by the TSDC for use in long-term planning.

A. Historic Characteristics

Historically, Texas has been one of the fastest growing states in the nation. According to the TSDC, the 2000 to 2010 period was one of expansive growth in the Texas economy and population. A general slowdown in the U.S. and Texas economies occurred in the later part of the 2000 to 2010 decade but the most recent data suggest that Texas' economy and population are again showing substantial growth.¹⁶

According to US Census data, the Texas population expanded by 5.2 percent between 2010 and 2013, more than double the national growth average of 2.4 percent for the same time period. For 2013, the US Census reported that 26,448,193 individuals lived in Texas, second only to California in terms of total state population. According to population projections compiled by the US Census, Texas's population will reach 28,921,650 people by 2020.

For the 2015-2019 Strategic Plan period, the Texas population will increase by an average of 1.38 percent each year, with a 6.88 percent total growth rate from 2015 to 2019.

¹⁵ Texas State Data Center. Populations Estimates and Projections Program. (November 2012). Projections of the Population of Texas and Counties in Texas by Age, Sex and Race/Ethnicity for 2010-2050. Retrieved from: <http://txsdc.utsa.edu/Data/TPEPP/Projections/Index.aspx>.

¹⁶ Ibid.

Table 16. Texas Population Projections: 10-Year Period 2014-2024

Year	TSDC 0.5 Migration Scenario	Annual Change: Persons	Annual Change: Percent
2014	26,623,655	373,956	1.40%
2015	27,000,199	376,544	1.39%
2016	27,379,214	379,015	1.38%
2017	27,760,955	381,741	1.38%
2018	28,145,356	384,401	1.37%
2019	28,532,299	386,943	1.36%
2020	28,921,650	389,351	1.35%
2021	29,313,525	391,875	1.34%
2022	29,708,082	394,557	1.33%
2023	30,104,969	396,887	1.32%
2024	30,504,098	399,129	1.31%
2015-2019		1,908,644	6.88%

Sources:TSDC¹⁷

B. Current and Future Trends and Their Impacts

Future population trends point to continued rapid growth. These population projections have a major effect on the need for housing. According to the 2008 to 2012 American Community Survey estimate, Texas had a 87.5 percent housing occupancy rate and approximately 57.6 percent of occupied units in Texas were built on or before 1979.¹⁸ This means that a little more than half of occupied housing structures are over 30 years of age. Without the construction of new units and/or the rehabilitation of existing substandard and future substandard units, the need for decent and affordable housing will be significant.

Aging Population

According to the US Census, between 2012 and 2050, the United States will experience considerable growth in its older population. In 2050, the U. S. population aged 65 and over is projected to be 83.7 million, almost double its estimated population of 43.1 million in 2012. The baby boomers are largely responsible for this increase in the older population, as they began turning 65 in 2011. By 2050, baby boomers will exceed the age of 85.¹⁹ Although not as rapid, there is an identified aging trend in Texas as well.

¹⁷ Ibid.

¹⁸ U.S. Census (n.d.) 2008-2012 American Community Survey 5-Year Estimates, Table DP04. Retrieved from: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

¹⁹ US Census (2014, May). An Aging Nation: The Older Population in the United States. Retrieved from <http://www.census.gov/library/publications/2014/demo/p25-1140.html>.

According to the 2008-2012 American Community Survey estimate, 2,635,390 persons, or 10.45 percent of the total Texas population were age 65 or older during that time period.²⁰

An increasingly older population leads to growth in owner-occupied housing because older households tend to have higher rates of homeownership.²¹ Considering the age of housing stock combined with an increasingly elderly population over age 65, home repair programs, including those that include home modifications for accessibility, are expected to grow in demand.

An American Association of Retired Persons study found that 88 percent of elderly persons expressed a desire to stay in their own homes as long as possible.²² According to the 2010 US Census, approximately 1,307,210 elderly householders aged 65 and over owned their own homes in Texas; this makes up approximately 69 percent of all elderly households.²³ While a high percentage of the elderly own their homes, many elderly also have lower incomes than other population groups. Furthermore, elderly homeowners may live in older homes than the majority of the population; due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

In addition, according to the 2008-2012 American Community Survey, approximately 40.5 percent, or 1,003,672 elderly persons in Texas, aged 65 and older have a disability as defined by the US Census.²⁴ For those persons who cannot or do not wish to remain in their own homes, TDHCA multifamily developments help provide affordable rental units. In many cases, these units are part of apartment developments specifically designed for and occupied by older households. These developments have design features, amenities, and supportive services geared to the specific needs and preferences of elderly households.

In the 2015-2019 Strategic Plan period, Texas population for all age groups under 65 will change by an average of 4.9 percent, while the Texas population aged 65+ will change by more than triple (16.4 percent) of those age groups under age 65.

²⁰ U.S. Census (n.d.) 2008-2012 American Community Survey 5-Year Estimates, Table B01003. Retrieved from: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>.

²¹ Center for Demographic and Socioeconomic Research and Education. (2002, December) Texas challenge in the twenty-first century. Retrieved from <http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf>. Pg 144.

²² AARP Research & Strategic Analysis, (2010, November). Home and Community Preferences of the 45+ Population (Washington, D.C.: AARP, 2010). Retrieved from <http://assets.aarp.org/rgcenter/general/home-community-services-10.pdf>.

²³ U.S. Census Bureau, 2010 Census. (n.d.). Profile of General Population and Housing Characteristics: 2010. Retrieved from <http://factfinder.census.gov/>

²⁴ U.S. Census (n.d.) 2008-2012 American Community Survey 5-Year Estimates, Table S0103. Retrieved from: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

Table 17. Texas Population by Age Group: 10-Year Period 2014-2024

Year	Age: 0-17	Annual Change: Persons	Annual Change: Percent	Age: 18-24	Annual Change: Persons	Annual Change: Percent
2014	7,108,267	65,824	0.93%	2,699,720	32,539	1.22%
2015	7,173,947	65,680	0.92%	2,724,381	24,661	0.91%
2016	7,238,739	64,792	0.90%	2,744,648	20,267	0.74%
2017	7,300,001	61,262	0.85%	2,765,750	21,102	0.77%
2018	7,351,939	51,938	0.71%	2,797,991	32,241	1.17%
2019	7,401,888	49,949	0.68%	2,836,897	38,906	1.39%
2020	7,459,248	57,360	0.77%	2,874,261	37,364	1.32%
2021	7,518,113	58,865	0.79%	2,912,605	38,344	1.33%
2022	7,577,412	59,299	0.79%	2,951,236	38,631	1.33%
2023	7,637,783	60,371	0.80%	2,988,800	37,564	1.27%
2024	7,701,590	63,807	0.84%	3,019,964	31,164	1.04%
2015-2019		293,621	4.06%		137,177	4.98%

Year	Age: 25-64	Annual Change: Persons	Annual Change: Percent	Age: 65+	Annual Change: Persons	Annual Change: Percent
2014	13,757,977	153,061	1.13%	237,580	(3,525)	-1.46%
2015	13,915,332	157,355	1.14%	246,672	9,092	3.83%
2016	14,081,181	165,849	1.19%	248,955	2,283	0.93%
2017	14,246,245	165,064	1.17%	258,117	9,162	3.68%
2018	14,401,562	155,317	1.09%	271,863	13,746	5.33%
2019	14,551,174	149,612	1.04%	278,962	7,099	2.61%
2020	14,684,202	133,028	0.91%	295,831	16,869	6.05%
2021	14,816,165	131,963	0.90%	300,999	5,168	1.75%
2022	14,945,952	129,787	0.88%	309,264	8,265	2.75%
2023	15,073,082	127,130	0.85%	318,829	9,565	3.09%
2024	15,210,788	137,706	0.91%	318,317	(512)	-0.16%
2015-2019		793,197	5.64%		41,382	16.37%

Source: TSDC²⁵

Race and Ethnicity

In Texas, during the 1980s, the White population increased by 10.1 percent, but by only 7.6 percent during the 1990s; the Black population increased by 16.8 percent during the 1980s and 22.5 percent during the 1990s; the Hispanic population increased by 45.4

²⁵ Texas State Data Center. (2014, May). 2012 Population Projections by Migration Scenario for Texas - Report: Filter Age groups and 0.5 migration rate. Retrieved from <http://txsdc.utsa.edu/Data/TPEPP/Projections/Index.aspx>.

percent during the 1980s and 53.7 during the 1990s; and the Other racial/ethnic population increased by 88.8 percent during the 1980s and 81.2 percent during the 1990s.²⁶ The 2008-2012 American Community Survey found the racial composition of the state was 74.1 percent White, 11.8 percent Black, 3.9 percent Asian and 10.2 percent Other. The Hispanic population is 37.6 percent and “White alone, not Hispanic or Latino” is 45.3 percent.²⁷

Texas is experiencing a shift in its patterns of racial and ethnic diversity. A review of Census data by the Texas Office of the State Demographer in January 2013 shows that Non-Hispanic Other, mostly Asian Americans, are projected to grow at the fastest rate between 2010 and 2050 and the Hispanic population will likely surpass the Anglo population by 2020. Further review of population projections also suggest a plateau in population growth among Anglo Texans, while slow but steady growth is projected among Black and Asian Texans. Much of the population growth is projected to come from the large urban counties of Harris, Dallas, Tarrant, Bexar, and Travis.²⁸

This shift is expected to have important implications on Texas households as a whole. Because of the rapid growth of Hispanic and Other populations, the expected result is a higher proportion of married-couple and married-couple-with-children households.²⁹ As for income, unless the wealth of non-White populations changes, the income distributions of households will shift towards lower income categories because of the rapid growth of Hispanic and Black populations, which have historically tended to have lower incomes.³⁰ Furthermore, the growth of non-White populations, which have tended to have higher rates of rentership, is projected to fuel the need for more rental housing.³¹

²⁶ Center for Demographic and Socioeconomic Research and Education. (2002, December) Texas challenge in the twenty-first century. Retrieved from <http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf>. Pg xxv.

²⁷ 2008-2012 American Community Survey. Table DP05: Demographic and Housing Estimates. Retrieved from <http://factfinder.census.gov>.

²⁸ Office of the State Demographer, (2013, January). *Texas Population Projections, 2010 – 2050*. Retrieved from: http://osd.state.tx.us/Publications/2013-01_ProjectionBrief.pdf.

²⁹ Center for Demographic and Socioeconomic Research and Education. (2002, December) Texas challenge in the twenty-first century. Retrieved from <http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf>. Pg 60.

³⁰ Ibid. Pg 87.

³¹ Ibid. Pg 144.

Table 18. Texas Population by Race and Ethnicity: 2014-2024

Year	Total Population	White (not Hispanic)	Percent	Black	Percent	Hispanic	Percent	Other	Percent
2014	26,623,655	11,562,907	43.43%	3,053,167	11.47%	10,443,032	39.22%	1,564,549	5.88%
2015	27,000,199	11,599,884	42.96%	3,094,388	11.46%	10,698,906	39.63%	1,607,021	5.95%
2016	27,379,214	11,634,827	42.50%	3,135,308	11.45%	10,959,105	40.03%	1,649,974	6.03%
2017	27,760,955	11,667,758	42.03%	3,175,881	11.44%	11,223,922	40.43%	1,693,394	6.10%
2018	28,145,356	11,698,423	41.56%	3,216,103	11.43%	11,493,526	40.84%	1,737,304	6.17%
2019	28,532,299	11,726,749	41.10%	3,255,857	11.41%	11,768,038	41.24%	1,781,655	6.24%
2020	28,921,650	11,752,527	40.64%	3,295,218	11.39%	12,047,446	41.66%	1,826,459	6.32%
2021	29,313,525	11,775,688	40.17%	3,334,093	11.37%	12,331,989	42.07%	1,871,755	6.39%
2022	29,708,082	11,796,248	39.71%	3,372,531	11.35%	12,621,678	42.49%	1,917,625	6.45%
2023	30,104,969	11,813,902	39.24%	3,410,472	11.33%	12,916,477	42.90%	1,964,118	6.52%
2024	30,504,098	11,828,580	38.78%	3,447,899	11.30%	13,216,333	43.33%	2,011,286	6.59%
2015-2019	138,818,023	58,327,641	42.02%	15,877,537	11.44%	56,143,497	40.44%	8,469,348	6.10%

Source: TSDC³²

Income

According to the American Community Survey, the median household income in Texas between 2008-2012 was \$51,563, as compared with a national median of \$53,046 (in 2012 dollars)³³ Historically, the median income in Texas has tended to grow. The US Bureau of Economic Analysis reports that, in 1980 the household median income in Texas was \$15,948 in 1990, the household median income in Texas was \$25,168; in 2000 the median income was \$40,383; and in 2010 the median income was \$51,555.³⁴ The TSDC Center for Demographic and Socioeconomic Research has computed projected incomes in Texas for 2000, 2010, 2020, 2030, and 2040 (most recent income study available). Projections based on the 0.5 migration scenario are provided for 2010, 2020, and 2030 in the table below, and demonstrate an increasing proportion of the population with incomes below \$40,000. The author states that the median household income will actually decline by \$5,061 between 2000 and 2040 (in 2000 constant dollars) based on the 0.5 migration scenario.³⁵ This decline is attributed to the rapid increase of Hispanic and Black populations and assumes that the socioeconomic gap between these groups and Whites will not change.

³² Texas State Data Center. (2014, May). 2012 Population Projections by Migration Scenario for Texas - Report: Filter Age groups and 0.5 migration rate. Retrieved from <http://txsdc.utsa.edu/Data/TPEPP/Projections/Index.aspx>.

³³ U.S. Census. 2008-2012 American Community Survey. DP03. Selected Economic Characteristics. Retrieved from <http://factfinder.census.gov>.

³⁴ US Bureau of Economic Analysis (2013, September). Table SA30 State economic profiles Retrieved from: <http://www.bea.gov/itable/>.

³⁵ Center for Demographic and Socioeconomic Research and Education. (2002, December) Texas challenge in the twenty-first century. Retrieved from <http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf>. Pg 95.

Table 19. Household Income in Texas by Income Category: 2010, 2020, and 2030

Income Level	2010 Households	2010 Percent	2020 Households	2020 Percent	2030 Households	2030 Percent
\$ < 10,000	955,412	10.83%	1,218,416	11.70%	1529699	12.69%
10,000 - 14,999	609,119	6.91%	774,050	7.43%	962439	7.98%
15,000 - 19,999	602,598	6.83%	753,896	7.24%	920748	7.64%
20,000 - 24,999	635,750	7.21%	779,300	7.48%	931793	7.73%
25,000 - 29,999	613,060	6.95%	741,510	7.12%	874483	7.25%
30,000 - 34,999	595,664	6.75%	710,347	6.82%	826423	6.86%
35,000 - 39,999	534,047	6.06%	631,032	6.06%	727965	6.04%
40,000 - 44,999	496,321	5.63%	580,765	5.58%	663630	5.51%
45,000 - 49,999	424,119	4.81%	493,081	4.73%	559661	4.64%
50,000 - 59,999	748,513	8.49%	858,280	8.24%	961187	7.97%
60,000 - 74,999	837,711	9.50%	942,578	9.05%	1035307	8.59%
75,000 - 99,999	805,588	9.13%	888,233	8.53%	955950	7.93%
100,000 - 124,999	412,025	4.67%	450,347	4.32%	477816	3.96%
125,000 - 149,999	194,563	2.21%	210,353	2.02%	221823	1.84%
150,000 - 199,999	171,121	1.94%	184,276	1.77%	193711	1.61%
200,000+	183,108	2.08%	198,719	1.91%	210896	1.75%
Total	8,818,719	100.00%	10,415,183	100.00%	12053531	100.00%

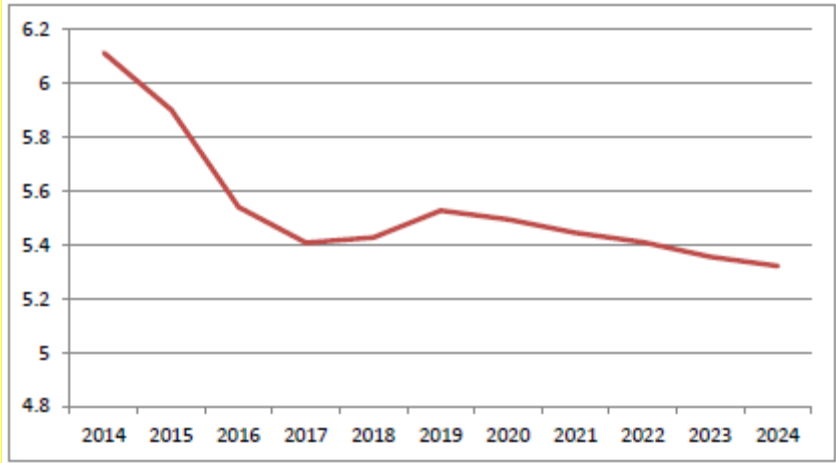
Source: Center for Demographic and Socioeconomic Research and Education³⁶

If this projection towards lower incomes does indeed occur, then the need for affordable housing and other assistance will be greater. A higher proportion of households at the lowest levels will place an even higher demand on social services, energy assistance, and rental assistance programs.

A major factor influencing income is the unemployment rate. According to the Comptroller's 2012-2013 Economic Forecast, the unemployment rate is projected to decrease during the 2015-2019 planning period from 5.9 to 5.5 percent. Unemployment affects the demand for services, including rental assistance, energy assistance, and emergency financial assistance.

³⁶ Ibid. Pg 106-107.

Figure 3. Texas Unemployment Rates: 2014-2024



Source: Texas Office of the Comptroller

Poverty & Household Composition

The 2008-2012 American Community Survey reveals that 17.4 percent of persons in Texas lived below the poverty level, which was a higher proportion than the national rate of 14.9 percent.³⁷ Analyzing past Census data, Texas has historically had a poverty rate higher than the national average.

Based on the most recent data available from the Center for Demographic and Socioeconomic Research and Education projections for 2010, 2020, 2030, and 2040, the rate of families in poverty will increase. Projections based on the 0.5 migration scenario are provided for 2010, 2020 and 2030 below.

Table 20. Poverty & Household Composition: 2010, 2020, and 2030

Household Type	2010 Number	2010 Poverty Rate	2020 Number	2020 Poverty Rate	2030 Number	2030 Poverty Rate
Family households	783,058	12.3%	983,798	13.1%	1,194,872	11.4%
Married couples	401,877	8.4%	516,708	9.2%	641,852	7.5%
With own children	283,781	11.5%	364,502	12.7%	447,923	10.3%
No children	118,096	5.1%	152,206	5.5%	193,929	4.7%
Other families	381,181	24.5%	467,090	24.9%	553,020	23.7%
Male householders, no spouse	63,005	15.6%	79,359	16.0%	96,679	15.0%
With own children	40,696	20.8%	50,174	21.9%	59,488	19.8%
No children	22,309	10.6%	29,185	10.9%	37,191	10.3%
Female householders, no spouse	318,176	27.7%	387,731	28.1%	456,341	26.7%

³⁷ U.S. Census. 2008-2012 American Community Survey. S1701.Poverty status in the past 12 months. Retrieved from <http://factfinder.census.gov>

External/Internal Assessment

Household Type	2010 Number	2010 Poverty Rate	2020 Number	2020 Poverty Rate	2030 Number	2030 Poverty Rate
With own children	256,149	37.0%	306,053	38.3%	350,177	35.7%
No children	62,027	13.6%	81,678	14.0%	106,164	13.0%

Source: Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*, 117

Increasing poverty populations will increase the demand for social services and emergency assistance, including rental assistance, energy assistance, and health and human services.

Educational Attainment

Figures from the US Census reveal that between 2000 and 2010, the proportion of Texans with a high school degree or higher increased by 4.37% and the proportion of Texans with a bachelor’s degree or higher increased by 2.52%. However, the table below from the 2008-2012 American Community Survey indicates that more than 28% of Texans living below the poverty level do not have a high school degree.

Table 21. Educational Attainment and Poverty Status

Educational Attainment	Total Individuals	Individuals Below poverty level	Percent below poverty level
Population 25 years and over	15,434,524	1,979,105	12.80%
Less than high school graduate	2,913,412	839,878	28.80%
High school graduate (includes equivalency)	3,870,287	552,885	14.30%
Some college, associate's degree	4,530,948	423,145	9.30%
Bachelor's degree or higher	4,119,877	163,197	4.00%

Source: 2008-2012 American Community Survey

Persons with lower education attainment levels tend to face greater difficulties in obtaining jobs that provide higher incomes. An increase in the lower wage households may increase the demand for social services and emergency assistance, including rental assistance, energy assistance, and health and human services.

Geographic Distribution

The US Office of Management and Budget (OMB) classifies areas as metropolitan statistical areas (MSAs) based on US Census data. These MSAs are comprised of core counties that have a high population density and surrounding counties that have economic integration with the core counties. Non-MSA counties are primarily rural. The most recent OMB update of MSA’s occurred in 2013.

The definition of rural in 2306.004(28a) of the Texas Government Code requires the investigation into the location of Metropolitan Statistical Areas (MSAs). During the OMB’s

2013 update of MSA, it became apparent that some MSA counties have no urban places per 2306.004(36) (i.e. the MSA county had no places over 25,000, nor any places touching a boundary of a place with 25,000). Therefore, the Department's analysis of MSA's often refers to "MSA counties with urban places" and "Non-MSA counties and counties with only rural places". Data for "MSA counties with urban places" will be counted as "urban" and data for "Non-MSA counties and counties with only rural places" will be counted as "rural".

Table 22. Urban and Rural Population, Texas

State	Rural	Urban	Total
Total	3,368,398	21,405,789	24,774,187

Source: MSA defined by Office of Management and Budget, 2013. Population from 2007-2011 American Community Survey, Table B01003

There are 25 Census designated MSAs in Texas that include 82 of the 254 total counties³⁸, see Figure 5: Texas MSA Counties below.

In 2014, of the 26,623,655 people residing in the state, 88.38 percent resided in MSAs and 11.62 percent resided in non-MSAs. For year 2015, the TSDC, using its 0.5 migration scenario, projected that 88.45 percent of the population is living in MSAs compared to 11.55 percent residing in non-MSAs. This trend of MSA growth is projected to continue to occur in the long term. For the 2015-2019 planning period, the population in MSA areas is expected to increase by 1,790,905 or 7.61 percent, whereas the population in non-MSA areas is expected to increase by only 117,739, or 3.80 percent.

In addition to a greater share of the population, these metropolitan areas also generally have a greater share of industry and jobs, which leaves less-populous areas with dilapidated housing stock and households with lower incomes. According to the US Department of Housing and Urban Development, the FY 2014 median income for Texas Metropolitan areas was \$62,400 compared to \$50,200 for non-metropolitan areas.³⁹

³⁸ U.S. Census Bureau. (2013, February). OMB Bulletin No. 13-01. Retrieved from <http://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b13-01.pdf>.

³⁹ HUD. (2013, December). FY 2014 HUD income limits briefing materials. Retrieved from: http://www.huduser.org/portal/datasets/il/il14/IncomeLimitsBriefingMaterial_FY14_v2.pdf

Figure 4. Texas MSA Counties

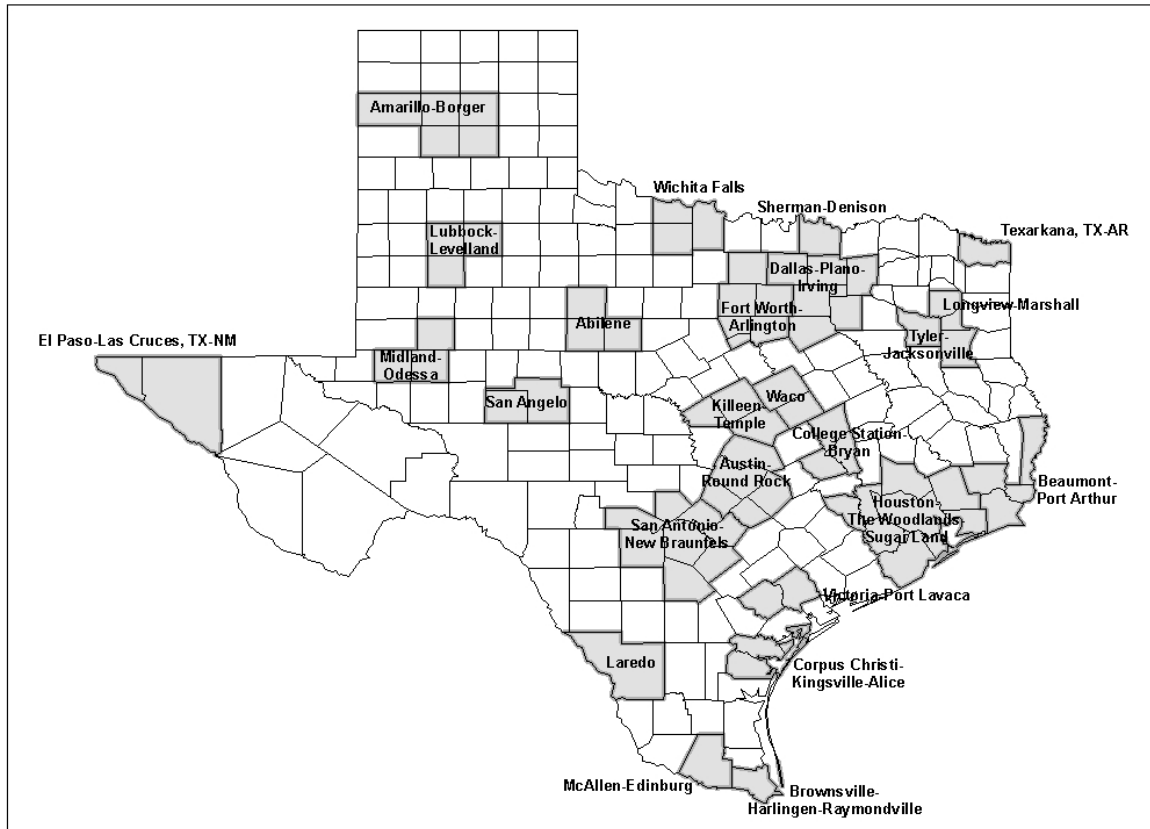


Table 23. Texas MSA and Non-MSA Population Projections: 2014-2019

MSA Name	2014	2015	2016	2017	2018	2019
Abilene	170,057	171,268	172,431	173,513	174,575	175,603
Amarillo	262,430	265,060	267,701	270,421	273,156	275,879
Austin-Round Rock	1,862,949	1,900,046	1,937,778	1,975,643	2,013,804	2,051,987
Beaumont-Port Arthur	412,900	415,266	417,695	420,113	422,547	425,075
Brownsville-Harlingen	434,432	441,796	448,996	456,464	463,805	471,370
College Station-Bryan	241,203	244,442	248,284	252,255	256,305	260,422
Corpus Christi	441,813	445,089	448,642	452,067	455,653	459,056
Dallas-Fort Worth-Arlington	6,824,934	6,926,646	7,027,903	7,130,931	7,234,839	7,339,595
El Paso	852,347	864,846	877,634	890,270	903,319	916,397
Houston-The Woodlands-Sugar Land	6,320,223	6,422,279	6,523,745	6,626,178	6,728,037	6,831,290
Killeen-Temple	435,344	442,627	449,786	456,810	463,842	470,791
Laredo	271,345	276,757	282,524	288,467	294,411	300,428
Longview	222,652	224,751	226,916	228,982	231,068	233,144
Lubbock	301,856	304,578	307,678	310,788	313,910	317,077
McAllen-Edinburg-Mission	842,180	859,695	877,636	895,833	914,745	933,654
Midland	148,921	150,792	152,624	154,492	156,363	158,245
Odessa	145,164	147,145	149,149	151,129	153,069	155,013
San Angelo	114,258	114,828	115,444	116,074	116,722	117,357
San Antonio-New Braunfels	2,275,750	2,309,682	2,343,980	2,377,785	2,412,156	2,446,531
Sherman-Denison	124,084	124,912	125,744	126,526	127,313	128,143
Texarkana	93,778	94,055	94,403	94,702	95,041	95,382
Tyler	218,683	220,956	223,240	225,544	227,880	230,182
Victoria	96,886	97,612	98,359	99,126	99,891	100,619
Waco	259,653	261,420	263,265	265,062	266,987	268,913
Wichita Falls	153,074	153,600	154,104	154,611	155,148	155,663

Table 24. Texas MSA and Non-MSA Population Projections Compared to Total Texas Population

	2014	2015	2016	2017	2018	2019
Total Texas Population	26,623,655	27,000,199	27,379,214	27,760,955	28,145,356	28,532,299
Total MSA Population	23,528,930	23,882,163	24,237,677	24,595,803	24,956,604	25,319,835
<i>MSA Population Percentage of Total Texas Population</i>	88.38%	88.45%	88.53%	88.60%	88.67%	88.74%
Total Non-MSA Population	3,094,725	3,118,036	3,141,537	3,165,152	3,188,752	3,212,464
<i>Non-MSA Population Percentage of Total Texas Population</i>	11.62%	11.55%	11.47%	11.40%	11.33%	11.26%

Source: TSDC

V. TECHNOLOGICAL DEVELOPMENTS

A. Impact of Technology on Current Operations

The business of the Department continues to be enhanced by and increasingly reliant upon technology. Today, almost all agency services have a web component. TDHCA uses its website to provide easy access to Texans searching for assistance. The Help for Texans feature allows customers to quickly search for resources for rent help, buying a home, utility bill help, weatherization, homebuyer education, emergency and homeless services, home repair, and manufactured housing. The website also includes pages designed specifically for 1) developers and builders and 2) communities and nonprofits. In FY 2012, TDHCA began using social media to provide customers additional avenues to communicate with the agency and has continued this practice through FY 2014. Further, the process for entities with existing contracts to execute contracts, report, request funds and manage their contracts, are done almost entirely now through secure web-based applications.

The Department's custom-designed applications are created using a combination of Oracle PL/SQL and Java. Both development languages are web-enabled; the latter is platform independent and license free. The database platform that backs new development work is Oracle.

TDHCA's financial management systems are PeopleSoft Financials and the Mitas Accounting and Loan Administration System. In cooperation with the Office of the Comptroller of Public Accounts (CPA), the Department upgraded to the current Integrated Statewide Accounting System version of PeopleSoft Financials in FY 2007. Mitas was implemented on September 1, 2003, and replaced and integrated the functions of four systems on separate platforms. We completed a major upgrade of Mitas in FY 2014. TDHCA is currently in communication with CPA regarding enterprise resources system (ERP) plans for the FY 2016-2017 biennium, contemplating the migration of our current in-house Human Resources/Time and Leave System to CPA's Centralized Accounting and Payroll/Personnel System (CAPPS).

The Department supports both its internal and external technology-based services through a combination of Sun Solaris, Linux, FreeBSD, and Windows servers and gigabit-enabled Cisco networking equipment, which was upgraded in FY 2014. TDHCA's computing environment includes multiple web, application, email, file, and database servers that work together to form the Department's Internet presence and to meet internal computing and network needs. Workgroup collaboration is facilitated by file sharing, intranet pages and postings, shared databases, and MS Exchange features such as email, Outlook WebAccess, calendars, and scheduling.

B. Impact of Anticipated Technological Advances

External/Internal Assessment

In the FY 2014-2015 time period, TDHCA's Information Systems Division will continue to focus on the Department's mission, goals, and objectives. All current and future projects involving technology will support the business of the Department, and TDHCA will continue to make use of technology described in this and past strategic plans.

C. Degree of Agency Automation and Telecommunications

The Department's Internet and intranet web servers continue to serve as front-ends used to disseminate information to the public and employees and as places to update and maintain the Department's data in a dynamic fashion. Most critical business applications have been converted from legacy systems into a web format, making these applications accessible using a web browser. They can be accessed from the network or remotely using any Internet connection.

TDHCA's financial management system closely follows Office of the Comptroller of Public Accounts procedures to simplify interfaces and data exchange between the two agencies. Additionally, financial information is shared with other agency applications through interfaces and real-time database links.

Using desktop management software, TDHCA's Information Systems Division (ISD) can automatically deploy software applications, quickly rebuild PCs and laptops, and electronically obtain hardware and software information from individual workstations. These products allow staff to control personal computer configurations more effectively and provide faster support to Department employees.

Any agency employee can electronically submit a help desk request for a hardware or software problem. These requests are assigned according to the nature of the problem to be handled by appropriate ISD staff.

As technology and TDHCA systems evolve, ISD continuously aims to improve ease of data access, provide secure data exchanges, and increase the cost effectiveness of information technology solutions. In these efforts, ISD management works with executive and senior management and the steering committee to ensure alignment with business objectives and proper IT governance.

D. Anticipated Need for Automation

The Department renews its software and hardware maintenance contracts and disaster recovery services on a yearly basis. Through the Department of Information Resources, TDHCA leases one Internet circuit and one high-speed WAN circuit between Austin offices. Budgeted costs for planned IT acquisitions, contracts, and service renewals will be detailed in the TDHCA Information Technology Detail and Legislative Appropriations Request. Actual costs are maintained in the Department's financial management system.

VI. ECONOMIC VARIABLES

A. Identification of Key Economic Variables, Affected Service Populations & TDHCA Response

Background

The State of Texas is facing a shortage of affordable housing stock and housing assistance. For example, the shale gas boom and drilling activity in the panhandle have created tens of thousands of new jobs in rural communities, causing skyrocketing rents, displacement of households previously residing in affordable housing, and a lack of affordable rental properties.

Other causes of this shortage in Texas are on-going issues that continue to build: the sustained migration of Americans from other parts of the country into Texas coupled with the slowly recovering national economy has caused an increase in poor, unemployed households in need of affordable housing and community services. At the same time, economic conditions have limited the availability of capital sources for new affordable housing production and shaken the confidence of the industry's lenders and investors. These economic factors have hit rural communities particularly hard.

TDHCA makes its resources available to help meet the affordable housing and community service needs of low, very low, and extremely low income Texans through the efficient administration of government programs and the strategic investment of state resources. The discussion below provides a brief description of each economic variable affecting the Department's targeted service populations, how changing conditions are affecting each variable, and how the Department attempts to address each variable and improve the lives of households in need.

Economic Variable #1: Demand for Affordable Rental Housing

Energy Boom: An energy rush that began in 2008 with the initial shale drilling has expanded into one of the fastest growing economic sectors in Texas over the last several years. Drilling and hydraulic fracking of the Eagle Ford Shale in South Texas (focused in Maverick, Dimmit, Webb, and La Salle counties), Barnett Shale in North Central Texas, the Permian Basin Foundation in West Texas (focused in Midland and Ector counties), and Haynesville Shale in East Texas (in Panola, Shelby, San Augustine, and Sabine counties) has transformed rural communities into boomtowns. According to a recent study released by the University of Texas at San Antonio's Institute for Economic Development, in 2011 shale development in the Eagle Ford formation generated over \$25 billion in revenue and supported 47,000 full-time jobs in the area.⁴⁰ The study projects the creation of approximately 117,000 full-time jobs by 2021.

⁴⁰ The University of Texas at San Antonio, Institute for Economic Development (2012, May). *Economic Impact of the Eagle Ford Shale*, Retrieved from: <http://iedtexas.org/>

External/Internal Assessment

However, the influx of energy industry workers with expendable income has created the unintended consequence of existing rental property owners raising rent costs and causing a void of affordable housing for low income households. It has also taxed the limited community assistance resources provided by local municipalities. Any dedication of affordable housing resources to these areas need to align with long term needs and affordability requirements, not merely serve any increased need that may be short-lived. The effects of the energy boom on housing markets are still evolving and vary by location.

Rural Communities: Many rural communities continue to grapple with shortages in quality affordable rental housing, as a growing proportion of apartment stock is at risk of being lost due to the expiration of affordability restrictions and/or physical deterioration. In many rural areas of the state, the main employment centers are surrounding county jails and state prisons.

In 2012, the Texas prison population was 166,372. This is 601 inmates per 100,000 persons, as compared with the national average of 480 inmates per 100,000. Those employed by the prison industry often cannot find quality affordable housing, due to the lack of new construction in rural communities.⁴¹

Another rural population that suffers from a lack of affordable housing development is Native Americans. The three federally recognized Indian tribes in Texas are the Alabama-Coushatta Tribe in Polk County, the Kickapoo Traditional Tribe in Maverick County, and the Ysleta del Sur Pueblo in El Paso County. These rural communities suffer from higher rates of unemployment and poverty and have need of affordable housing assistance.

Addressing Economic Variable #1: Demand for Affordable Rental Housing

The table below from TDHCA's 2014 State of Texas Low Income Housing Plan & Annual Report conveys the impact that the Department's affordable housing development have had in increasing the state inventory of reduced rent properties for low income individuals and families. Funding provided through the Housing Tax Credit (HTC) Program, Multifamily Bond Program, HOME Program, and Neighborhood Stabilization Program (NSP) and Housing Trust Fund (HTF) has led to the creation of over 208,000 affordable rental housing units throughout the state, equitably distributed to both rural and urban areas of all 13 state service regions.

⁴¹ ⁴¹ U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics (2013, July). *Prisoners in 2012 – Advance Counts*, Retrieved from: <http://www.bjs.gov/content/pub/pdf/p12ac.pdf>.

Table 25. Subsidized Multifamily Units, Texas 2013

Multifamily Units	State	Percent of State Inventory
THDCA Units	208,280	44.6%
HUD Units	57,728	12.3%
Public Housing Authority Units	61,720	13.2%
Section 8 Vouchers	162,534	34.8%
USDA Units	14,802	3.2%
HFC Units*	100,730	
Total	505,067	

*Because HFC developments report total units and do not specify assisted units and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the total.

In addition to financing affordable housing development, TDHCA seeks to address the need for community services through its network of local providers. Community action agencies and other human service delivery organizations serving all 254 counties in the state are awarded Community Services Block Grant (CSBG) to assist in the provision of emergency and poverty-related programs to persons at or below 125% of the poverty level. The Department also provides these organizations with Comprehensive Energy Assistance Program (CEAP) funding to assist low income households with their energy costs, with particular priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption. Additionally, the Department annually sets aside CSBG funding to support innovative projects that address the causes of poverty for hard to serve populations. The funds available for competitive applications are to support statewide initiatives focused on homelessness, for local homeless service provision innovations, and for migrant and seasonal farmworker and Native American projects focused on employment and education, with an emphasis on individuals and families who are homeless or at-risk of homelessness.

Economic Variable #2: Foreclosures and the Housing Market Recovery

A necessary condition for the housing market recovery to continue is a sustainable home-price turnaround. According to the Federal Bank of Dallas, this condition appears to have been met, considering evidence from several key measures: whether house price changes are consistent with the supply of existing units for sale; whether the house prices are sustainable in light of rents and real mortgage interest rates; and whether mortgage payments are affordable based on median income. However, the pace of future national house price increases seems likely to be more moderate in coming years than in 2013, partly because house prices have already notably rebounded and partly

because mortgage interest rates are somewhat higher than the lows posted in 2012 and 2013.⁴²

Housing market recovery projections are strong in Texas. However in localized areas where the outlook for economic growth is weaker or where there is inventory of distressed homes for sale and many homeowners still owe more than their homes are worth (negative net equity or “underwater” homeownership) the outlook for housing recovery is not as strong. Distressed homes for sale include listed reposessed homes, homes in the process of being foreclosed, or homes being sold by troubled mortgage borrowers (including short sales) to avoid foreclosure.⁴³

Foreclosures can be a measure of availability and affordability of local housing stocks. The following data is from RealtyTrac and represents the number of notices announcing public auction of properties, which is one of the final steps in the foreclosure process. The highest number of notices of public auction was in Quarter 1 of State Fiscal Year 2013, September 2012-November 2012.

Table 26. Foreclosures in Texas

State	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Rural	248	199	163	120	730
Urban	13,130	10,439	10,961	9,495	44,025
Total	13,378	10,638	11,124	9,615	44,755

Source: RealtyTrac, State Fiscal Year 2013

Addressing Economic Variable #2: Foreclosures and the Housing Market Recovery

Since 2008, in partnership with the Texas State Affordable Housing Corporation (TSAHC), the Department has applied for and received funds from the National Foreclosure Mitigation Counseling (NFMC) Program, Rounds 2, 3, 4, 5, 6 and 7. TDHCA jointly administers NFMC with the TSAHC. Foreclosure mitigation counseling includes financial analysis of the client’s situation, research to determine the current value of the home and a review of options available to the client, such as financial restructuring. A report prepared by the Urban Institute found that, nationwide, homeowners who received counseling under NFMC were twice as likely to obtain a mortgage modification and at least 67% more likely to remain up-to-date on their mortgage nine months after receiving

⁴² Federal Reserve Bank of Dallas (2014) *2013 Annual Report – The Long-Awaited Housing Recovery - Nationally, Housing Recovery Finally Gains Traction*. Retrieved from: <http://www.dallasfed.org/microsites/fed/annual/2013/e1.cfm>.

⁴³ Federal Reserve Bank of Dallas (2014) *2013 Annual Report – The Long-Awaited Housing Recovery - “Regionally, Housing Rebound Depends on Jobs, Local Supply Tightness*. Retrieved from: www.dallasfed.org/microsites/fed/annual/2013/e2.cfm.

a modification.⁴⁴ In November 2012, for the implementation of Round 7, TDHCA sent out an invitation to all HUD-approved housing counselors, with contact information found on HUD's website at <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>. TDHCA partnered with 10 interested HUD-approved Housing Counselors and was awarded \$327,088 in NFMF funding. The Grant Agreement between NeighborWorks and TDHCA was executed on May 31, 2013. In Round 7, Sub-grantees were required to provide in-kind or cash match in proportion to their awards.

Additionally, TDHCA was awarded \$102,000,000 for the Neighborhood Stabilization Program (NSP) in FY 2008 through an additional allocation of \$7,300,000 in FY10 through HUD. Awards were then made by TDHCA to local units of government and nonprofit entities based on an allocation formula that considered local needs and was limited geographically to areas most impacted by foreclosures.

The purpose of the program is to redevelop vacant, abandoned and foreclosed properties in order to reduce the negative impact of the housing crisis on Texas communities. NSP activities included assistance to households earning 120 percent of the Area Median Family Income (AMFI) or less for purchase of foreclosed properties, purchase and rehabilitation of foreclosed properties for resale or rental to eligible households, development of new affordable housing, land banking for development of housing in the future, and clearance of blighted properties that create health and safety concerns, and reduce surrounding property values. A minimum 25% of the NSP funds must be used to provide housing opportunities to very low-income households at or below 50% AMFI.

Ultimately, final expenditures under the program were \$85,753,487. The unutilized funds were generally contracted to subgrantees that had not completed projects by the deadline. NSP3 subgrantees are continuing to work toward completion of projects. One significant NSP activity, landbanking, remains and will require ongoing management through FY 2020 or later. More than 600 formerly-foreclosed properties across the State have been "banked" to be used to create affordable housing and public facilities. Continued funding for land bank administration and redevelopment will be available from NSP1 and NSP3 Program Income.

The initial NSP allocations have been expended, and funds are no longer available for new projects. Mortgage payments and amortized loan payments for multifamily properties will generate continued Program Income. During 2015-2019 the Program Income funds will be directed to redevelopment of existing NSP-funded land bank properties.

⁴⁴ The Urban Institute (2011, December) National foreclosure mitigation counseling program evaluation: final report rounds 1 and 2. Retrieved from http://www.nw.org/network/foreclosure/nfmcp/documents/NFMCEval_Rounds1-2_Final.pdf

Economic Variable #3: Lending Standards

In the wake of the nationwide subprime mortgage and home foreclosure crisis, in the period 2008 through 2010 banks and other lending institutions tightened their lending standards and terms. Although there is a general perception that such tightening has abated, there has been little movement toward more balanced loan policies.⁴⁵ Additionally, a majority of banks continued to report lower demand for revolving home equity lines of credit⁴⁶. This trend limited the availability of home loans to borrowers, particularly those with weaker credit histories and those who lost appreciable equity in the economic downturn.

In December 2013, the Federal Housing Administration (FHA) published revised guidelines for lenders when they manually underwrite mortgage loan applications of borrowers applying for FHA-insured mortgages. This change will improve a lender's ability to objectively consider a borrower's risk and reduce additional credit requirements or 'overlays' that exceed FHA's own lending standards.⁴⁷ These new mortgage lending regulations went into effect on January 1, 2014, but it remains unclear how banks will adjust their lending practices. Regulations prohibit banks from approving mortgages for anyone whose debt-to-income ratio is higher than 43 percent. Banks also will have to limit the fees for originating mortgages to no more than 3 percent of the loan amount, which could discourage many institutions from pursuing loans for lower-priced houses, for in such instances the three percent cap may mean that lenders are actually having to subsidize origination costs.⁴⁸

In the Senior Loan Officer Opinion Survey on Bank Lending Practices conducted by the Federal Reserve Board in January 2014, about 40 percent of domestic banks expect the delinquency and charge-off rates on prime and nontraditional residential real estate loans to improve in 2014, up somewhat from the fractions reported in the same 2013 survey. About one-third of respondents expect improvements in the credit quality of home equity lines of credit.⁴⁹

Addressing Economic Variable #3: Lending Standards

Households assisted through TDHCA's My First Texas Home Program are offered competitive mortgage interest rates and closing cost assistance. More significantly down payment assistance is provided, and under federal underwriting criteria it is only

⁴⁵ The Federal Reserve Board (2012, April), April 2012 Senior Loan Officer Opinion Survey on Bank Lending Practices, Retrieved from: <http://www.federalreserve.gov/boarddocs/SnLoanSurvey/201205/default.htm>

⁴⁶ Federal Reserve. (2010, January). The January 2010 senior loan officer opinion survey on bank lending practices. Retrieved from <http://www.federalreserve.gov/boarddocs/snloansurvey/201002/default.htm>.

⁴⁷ http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2013/HUDNo.13-188

⁴⁸ Ibid.

⁴⁹ <http://www.federalreserve.gov/boarddocs/SnLoanSurvey/201402/default.htm>

because of the government nature of the assistance that the assistance is allowed to count towards minimum down payment requirements. My First Texas Home is available to credit worthy first time homebuyers that meet either FHA, VA, USDA or Fannie Mae HFA Preferred underwriting guidelines. All loans made available under this program are 30-year, fixed rate mortgages, which help households to avoid the pitfalls of adjustable rate mortgage loans. The down payment and closing cost assistance of five percent of the mortgage loan is provided. Additionally, this assistance can be combined with the Department's Mortgage Credit Certificate Program, described below, further increasing the home's affordability.

TDHCA also provides eligible first time homebuyers the opportunity to receive a federal tax credit up to \$2,000 annually through its Texas Mortgage Credit Certificate (MCC) Program. This program allows borrowers to reduce their federal income tax obligation and can help households qualify for a mortgage loan. A pre-purchase homebuyer education course is required of all borrowers utilizing either program. These programs continue to help low- and moderate-income Texans overcome obstacles to homeownership, to support economic growth, and to build the ranks of Texans enjoying the stability and other benefits of homeownership.

Additionally, one other TDHCA program attempts to address the needs of homebuyers during this period of economic downturn. The HOME Homebuyer Assistance (HBA) program funds units of local government, Public Housing Authorities, and nonprofits to provide down payment and closing cost assistance for low income homebuyers. HBA is essentially the same as the down payment assistance provided under the My First Texas Home program, but it can be paired with other first lien loan sources, thereby complementing the private sector.

Finally, the Department's Texas Statewide Homebuyer Education Program certifies providers who offer homebuyer classes to prospective buyers, allowing households to better understand the terms and agreements of their mortgage and avoid high risk or fraudulent lending practices. Since September 2012 the Department has had a contract with the Texas State Affordable Housing Corporation to assist in the administration of this program.

Economic Variable #4: Population Boom, Unemployment, & Poverty

Population & Unemployment: In May 2014, the unemployment rate in Texas fell to 5.5%. However, the number of unemployed Texans has increased 63% since 2007, while the labor force population has increased 11.1%), according to a recent report by the Center for Public Policy Priorities. In this same timeframe, the Texas working-age population has grown by 11.7%, the second highest rate in the country. To return to a pre-recession

External/Internal Assessment

unemployment rate of 4.4%, Texas must add 35,000 jobs per month for the next three years.⁵⁰

Further, as reported by the Texas Public Policy Foundation, “Texas’ labor market growth has led the nation during the recovery. According to the recently updated Economic Outlook [from the Texas Comptroller], the state’s unemployment rate was 6.1 percent in November 2013, down from 6.3 percent in November 2012. In addition, Texas’ unemployment rate has been at or below the national rate for 83 consecutive months.”⁵¹

Poverty: Of the 6.3 million workers paid hourly rates in Texas in 2013, 223,000 earned exactly the prevailing federal minimum wage of \$7.25 per hour, while 177,000 earned less, according to the U.S. Bureau of Labor Statistics. From 2012 to 2013, the proportion of hourly-paid workers in Texas who earned at or below the federal minimum wage declined from 7.5 to 6.4 percent. The percentage of workers earning less than the federal minimum was unchanged in 2013 at 2.8 percent, while the share earning exactly the minimum wage fell 1.1 percentage points to 3.6 percent.⁵²

Households making the minimum wage of \$7.25 per hour are typically unable to afford the cost of rent and utilities. The National Low Income Housing Coalition (NLIHC) calculates affordable housing through a conceptual “housing wage,” which they define as the estimated full-time hourly wage a household must earn to afford a decent rental unit at HUD estimated Fair Market Rent, while spending no more than 30% of their income on housing costs. In Texas, the 2014 housing wage is \$16.77 per hour for a two bedroom home at FMR, or \$872 per month.⁵³ Thus, a housing wage in Texas would be more than double minimum wage.

Addressing Economic Variable #4: Population Boom, Unemployment, & Poverty

TDHCA has witnessed firsthand the increased need for rent and utility assistance through the volume of calls to the Department’s public information line. In SFY 2013, the Department fielded 3,847 calls for emergency assistance (defined as short-term rental assistance and other social services) and 1,775 calls for utility assistance.⁵⁴ TDHCA remains committed to providing funding to prevent eviction and homelessness assistance through administration of the Community Services Block Grant (“CSBG”),

⁵⁰ Center for Public Policy Priorities, *Texas Jobs Snapshot: May 2013*, Retrieved from: http://forabettertexas.org/images/EO_2013_06_JobsSnapshotMay.pdf.

⁵¹ Texas Public Policy Foundation, (2014, January 20) *Projected 2014 State Job Creation Leader: Texas*. Retrieved from : <http://www.texaspolicy.com/center/fiscal-policy/blog/projected-2014-state-job-creation-leader-texas>.

⁵² Bureau of Labor Statistics (2014, April). *Minimum Wage Workers in Texas*, Retrieved from: http://www.bls.gov/ro6/fax/minwage_tx.pdf

⁵³ National Low Income Housing Coalition, (2014). *Out of Reach 2014*, Retrieved from: <http://nlihc.org/oor/2014/TX>.

⁵⁴ Texas Department of Housing & Community Affairs, *2014 State of Texas Low Income Housing Plan & Annual Report*

Emergency Solutions Grants Program (“ESG”), Homeless Housing and Services Program (“HHSP”).

CSBG provides administrative support to a network of local Community Action Agencies (CAAs) that provide services to very low-income persons in all areas of the state. The funding helps provide such essential services as childcare; health and human services for children, families and the elderly; housing; and other poverty-related programs.

ESG awards grants to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons that are at-risk of homelessness or homeless quickly regain stability in permanent housing. The ESG program provides funding to engage homeless individuals and families living on the street, improve the number and quality of emergency shelters for homeless individuals and families, help operate these shelters, provide essential services to shelter residents, rapidly re-house homeless individuals and families, and prevent families and individuals from becoming homeless.

These ESG services are intended to reach very low-income households at or below 50% AMFI. Housing relocation and stabilization services and the provision of short- and medium-term rental assistance help individuals or families move as quickly as possible into permanent housing and achieve stability in that housing. Households can receive assistance with paying utilities, rental application fees, security deposits, last month's rent, utility deposits and payments, moving costs, housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, and credit repair.

HHSP provides funds to eligible entities within the eight largest Texas cities with populations larger than 285,500 persons (Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, San Antonio) for services and housing activities, including construction, to prevent and alleviate homelessness. The funding must benefit homeless persons or families at or below 50 percent area median family income.

TDHCA also provides on-going rental assistance to rural communities through the Section 8 Housing Choice Voucher Program, which provides rental assistance payments on behalf of low-income individuals and families, including the elderly and persons with disabilities. The Section 8 Program currently contracts with units of local governments, community action agencies and public housing authorities to assist with the administration of approximately 803 housing choice vouchers in rural counties across the state. Further, the Project Access program utilizes Section 8 Housing Choice Vouchers administered by TDHCA to assist low-income persons with disabilities in transitioning from institutions into the community by providing access to affordable housing.

Economic Variable #5: Developers and the Multifamily Construction Market

External/Internal Assessment

Since its inception, the Low-Income Tax Credit program (LIHTC) has supported the development, rehabilitation, and preservation of 2.6 million units of affordable rental housing for America's low-income families, leveraging nearly \$100 billion of private capital investment. Each year, the program creates about 95,000 jobs, adds \$7.1 billion in local income, and generates approximately \$2.8 billion in federal, state, and local taxes.⁵⁵

Because of the high level of competition, however, many states award tax credits to projects that can provide more rent-restricted housing units, deeper income targeting, lower rent levels, and longer use restrictions. Historically, most rental housing projects have targeted 100 percent of their units to eligible families, and many states require longer affordability terms, up to 55 years.⁵⁶ Recently trends appear to be emerging in which more developments serve mixed income populations.

Without the construction of new multifamily developments to meet the demand of an increasing population and an influx of households renting rather than owning, occupancy rates of existing properties have risen to all-time highs, allowing the private rental market to raise prices beyond what is affordable to low income households.

Addressing Economic Variable #5: Developers and the Multifamily Construction Market

While production by the general construction industry continues to slowly rebound from the economic turndown, the market for 9% housing tax credits has seen a recovery in pricing, as the syndication rate for credits has rebounded from a low of 65 cents per \$1 of credit in 2009 to a current average of around 90 cents per \$1 of credit. During this period of depressed syndication rates, Texas was able to continue with a robust level of affordable rental property development through the use of the Tax Credit Exchange Program and the Tax Credit Assistance Program, both created under the American Recovery and Reinvestment Act of 2009. Today syndication rates are at high and stable levels and the LIHTC program is highly competitive.

Financial market conditions always affect the number of Non-Competitive 4% Housing Tax Credit transactions that are proposed in a given year. However, while market conditions do impact each individual competitive (9%) transaction to some extent, it does not generally affect developers' appetite for the resource. So overall the program can serve more people if market conditions favor 4% transactions. The 4% Housing Tax Credits and Private Activity Bonds ("PAB") are two federal tools that enable the production of affordable rental housing for low income persons by providing the developers of that housing with financing incentives. A bond is an interest bearing

⁵⁵ National Rural Housing Coalition, Rapoza Associates (2013, August) *The Low-Income Housing Tax Credit: Overcoming Barriers to Affordable Housing in Rural America*. Retrieved from: <http://ruralhousingcoalition.org/wp-content/uploads/2013/08/rapozaRuralLihtcRpt+CaseStudiesFinal1.pdf>

⁵⁶ Ibid.

government or corporate note that obligates the borrower to make scheduled principal and interest payments to the investor and to repay the principal amount of the loan at maturity. Developers use the amount borrowed from investors to build affordable housing and agree to set aside a certain percentage of units for very low, or low income renters, thus keeping rents "affordable" for those who qualify to live in these units. The mortgage payments on the loans are used to repay the investors. Bonds issued under the Private Activity Bond program are primarily tax-exempt however they can be taxable. The bond program is used to provide low interest loans to the development and subsequently has a mortgage on the property.

Economic Variable #6: Home Rehabilitation and the Single Family Construction Market

While home builder confidence in the market for new single-family homes improves, several factors continue to constrain the market. According to the National Association of Home Builders (NAHB), in the first months of 2014, an uncommonly harsh winter and continued labor shortage created a drag on many parts of the housing market, including home rehabilitation. Specifically calls for bids and appointments for proposals, are factors that are most likely to respond to weather conditions. Going forward, NAHB expects gradual but steady growth in the market for home rehabilitation and remodel as there is still some pent-up demand from the housing downturn waiting to be released.⁵⁷

These recent improvements are mitigating the fact that low rates of new housing starts over the last several years has caused many low income households to remain in older housing stock with declining conditions. Still, the low replacement rate of aging homes has resulted in over 96,000 "physically inadequate" or substandard housing units in Texas.⁵⁸ The foreclosure crisis has also left vacant homes in many communities, of which some are left unattended and in a state of disrepair.

Beyond substandard conditions, many individuals, such as the 2.66 million persons in Texas with disabilities, require accessibility modifications and barrier removal assistance in order to remain living in their homes. As stated in the Service Population Demographics section of this Plan, with the elderly population in Texas increasing and a portion of those individuals developing physical impairments, the need for such modifications will continue to increase.

Addressing Economic Variable #6: Home Rehabilitation and the Single Family Construction Market

TDHCA attempts to address the need for home rehabilitation, reconstruction, and modification through several programs. First, the HOME Homeowner Rehabilitation

⁵⁷ National Association of Home Builders (2014, April) *Severe Winter Constrains First-Quarter Remodeling Market Index*. Retrieved from http://www.nahb.org/news_details.aspx?newsID=16776.

⁵⁸ Texas Department of Housing & Community Affairs, *2014 State of Texas Low Income Housing Plan & Annual Report*

External/Internal Assessment

Assistance Program offers rehabilitation or reconstruction cost assistance to low income homeowners for the repair or reconstruction of their existing home. Second, the HOME Homebuyer Assistance Program can provide funds to perform accessibility modifications. Finally, the Housing Trust Fund's Amy Young Barrier Removal Program provided funding to eligible entities for accessibility improvements to homes of low-income Persons with Disabilities.

Economic Variable #7: Rising Energy Costs

Energy costs often constitute the largest single housing expense after food and shelter for lower-income families. For low-income households that are eligible for weatherization, utility costs often consume 12.5 percent or more of annual gross incomes.⁵⁹ Texas has residential electric prices lower than the national average: 11.30 cents per kilowatt average in Texas versus 11.72 cents per kilowatt for the national average in December 2013. In addition, per capita residential use of electricity in Texas is significantly higher than the national average.⁶⁰ One cause of the high use is the hot weather in Texas requiring air conditioning.

Another factor of high energy cost may be recent severe drought conditions. The drought conditions began around 2010, and by 2014 88% of the state was in drought. Drought may cause an increase in wildfire frequency and intensity, problems with farming which may lead to higher food costs, and the possible closure of power plants. Nuclear, coal and natural gas energy production need large amounts of water to cool equipment, but in 2014 the state reservoirs are only about 64 percent full.⁶¹ The Electric Reliability Council of Texas had to close one large plant in 2011 because extreme heat makes it harder for water to cool the equipment and the drought reduced the amount of cooler water available⁶². Future closures may lead to a decrease in the amount of power available and an increase in electrical prices.

Addressing Economic Variable #7: Rising Energy Costs

TDHCA Energy Assistance programs, funded by the U.S. Department of Health and Human Services' Low-Income Home Energy Assistance Program (LIHEAP), assist low- and very low-income households in making short-term home energy payments, weatherizing homes, making other home energy efficiency improvements, and otherwise

⁵⁹ Texas Data Center. (2012). Weatherization assistance program. Retrieved from <http://www.tdhca.state.tx.us/community-affairs/wap/docs/14-Rider15Report.pdf>

⁶⁰ U.S. Energy Information Administration. (December 2013). Independent statistics and analysis: Texas. Retrieved from <http://www.eia.gov/state/compare/?sid=US#?selected=US-TX> .

⁶¹ State Impact Texas (2014). *Everything You Need to Know About the Texas Drought*. Retrieved from <http://stateimpact.npr.org/texas/tag/drought/>.

⁶² Galbraith, Kate, 2011, September 16, The Texas Tribune, *Drought Could Pose Problems for Texas Power Plants*. Retrieved from: <http://www.texastribune.org/2011/09/16/drought-could-post-problems-texas-power-plants/>.

encouraging home energy efficiency. LIHEAP and U.S. Department of Energy (DOE) grants enable TDHCA to assist about 8-10% of the income-eligible population – households with incomes at or below 200% (DOE) and 125% (LIHEAP) of federal poverty guidelines (adjusted annually).

TDHCA's Weatherization Assistance Program (WAP) allocates funding regionally to help households in each region control energy costs through the installation on weatherization measures. For a home that has been weatherized through TDHCA's WAP, on average the household's annual utility bill decreases by \$584.

VII. IMPACT OF FEDERAL STATUTES/ REGULATIONS

A. Role of Federal Involvement

Of TDHCA's program funding, 95 percent came directly from the Federal Government in FY 2013. Since almost all of its funds are derived from federal sources, TDHCA activities and the corresponding beneficiaries have been and continue to be dictated by federal statutes. A brief description of each of those sources and their purposes that affect local agencies and populations is provided below.

B. Description of Current Federal Activities

Community Services Block Grant Program (CSBG)

Source: US Department of Health and Human Services

Statue: P.L. 105-285, 42 U.S.C. §§9901-9924

Purpose: CSBG funds provide administrative support to the community action agencies, non-profit agencies, and units of local government approved under the CSBG Act as eligible entities ("the Network") in Texas. CSBG funds provide support which enables members of the Network to operate programs that are chosen and implemented locally to address needs of low-income persons in such areas as education, nutrition, emergency services, employment, housing, health, income management, programs to assist persons obtain self-sufficiency, and information and referral services to link persons with other services available in the community. In many rural areas of the State, the Community Action Agency is one of a handful of organizations providing emergency services and services which help transition persons out of poverty into self-sufficiency.

CSBG discretionary funds are utilized to fund statewide projects, organizations serving migrant seasonal farmworkers, and Native Americans, and to fund innovative and demonstration projects. The Department releases a notice of funding availability annually and award recommendations are approved by the Department's board. In 2013 and 2014 these discretionary funds were primarily targeted to focus on homelessness issues, including providing the network of Texas Continua of Care with intensive assessment and technical assistance so that they can be in a better position to receive federal homelessness assistance funds.

CSBG funds can also be used for certain types of disaster related assistance. Network agencies serving areas of the State which suffer a natural disaster may use their awarded CSBG funds, or may be provided with CSBG discretionary funds which are utilized to provide emergency assistance to low-income households impacted by the disaster. CSBG funds cannot be used to construct housing so emergency efforts focused on longer term recovery would require other funding sources.

Status: The FY 2014 Health and Human Services Appropriations Act (PL 113-76) provided \$657,405,190 for CSBG. Texas will receive \$31,980,494 in CSBG funds in FY 2014. A reduction in federal funding of CSBG would have a critical impact on an estimated 381,000 low-income persons in Texas who are served annually by programs supported with CSBG funds. Due to the availability of CSBG funds in 2013, the Network in Texas was able to leverage approximately \$584 million dollars of state, local, and private funds and resources.

Emergency Solutions Grants Program (ESG)

Source: US Department of Housing and Urban Development

Statute: 24 CFR Part 576

Purpose: The purpose of the ESG program is to assist people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness through the rehabilitation or conversion of buildings for use as emergency shelter for the homeless; the payment of certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for the homeless; and, homelessness prevention and rapid re-housing assistance.

Status: The U.S. Department of Housing and Urban Development's Community Planning and Development Program (CPD) 2014 allocation for the ESG totals \$250 million. Texas received \$9,869,679 in ESG funds for eligible jurisdictions, and the Texas Department of Housing and Community Affairs received \$ \$8,239,076

Home Investment Partnerships Program (HOME)

Source: US Department of Housing and Urban Development

Statute: 24 CFR Part 92

Purpose: The HOME Investment Partnerships Program provides housing assistance for Low, Very Low, and Extremely Low Income households through homebuyer/downpayment assistance, tenant-based rental assistance, new construction, re-construction, or rehabilitation of owner-occupied housing and investment in the acquisition and/or new construction or rehabilitation of affordable multifamily rental housing.

Status: The FY 2012 HOME budget provided major changes in HOME funding including the lowest funding level for the HOME program since 1993. This trend carried forward into the Fiscal Year (FY) 2013 and 2014 HOME funding allocations. Although the 38% reduction first occurred in FY 2012 resulting in a funding level drop from approximately \$40 million to \$24 million, the fiscal impact was not felt until FY 2014 following the Department's successful reallocation of a large amount of deobligated funds and program

External/Internal Assessment

income. TDHCA anticipates receiving \$24,483,424 in HOME Investment Partnerships Program 2014 funds to be distributed to eligible entities by HOME program staff.

Housing Tax Credit Program (HTC)

Source: US Treasury Department

Purpose: The HTC program provides credits against federal income taxes for investors in qualified low income rental housing projects and the allocation of available tax credit amounts.

Status: It is projected based on the per capita allocation formula that the state will receive \$70,000,000 in Housing Tax Credits in 2014 (\$60 million in competitive credits and an unlimited ceiling that is estimated to result in \$10 million in non-competitive credits associated with tax exempt bond financing), including bonds issued by the Department and by other qualified issuers).

Low Income Home Energy Assistance Program (LIHEAP)

Source: US Department of Health and Human Services

Statute: 42 USCA Part 8621

Purpose: The LIHEAP program provides direct financial assistance to address the energy needs of low income persons through the Comprehensive Energy Assistance Program (CEAP), and to partially fund the Weatherization Assistance Program (see below).

Status: The Health and Human Services (HHS) received appropriated funds from the Consolidated Appropriations Act, 2014 (P.L. 113-46), which provided \$3.39 billion for LIHEAP. Texas will receive approximately \$114 million in LIHEAP funding for FY 2014.

Mortgage Revenue Bond Programs (MRBs)

Source: US Treasury Department

Purpose: Under the MRB program, the Department issues mortgage revenue bonds for multifamily developments that are subject to income and rent restrictions for qualifying tenants.

Status: The MRB program had the ability to issue up to \$116,000,000 in 2014. However, the actual portion of this amount that will be utilized may change significantly based on market conditions in the parts of the state where the bonds are supported by income levels and allowable rents. In recent history, the program has issued less than \$100,000 in MRBs in one year.

National Foreclosure Mitigation Counseling Program (NFMC)

Source: Neighborhood Reinvestment Corporation, dba NeighborWorks America

Statute: Department of Defense, Military Construction and Veterans Affairs and Full Year Continuing Appropriations Act, 2013 (Public Law 113-6)

Purpose: The purpose of the program is to help defray counseling costs associated with foreclosure prevention.

Status: Funded \$327,088.50 for NFMC Round 7. Reimburses for counseling performed between October 1, 2012 and June 30, 2014.

Neighborhood Stabilization Program (HERA)

Source: U.S. Department of Housing and Development

Statute: Housing and Economic Recovery Act of 2008 (NSP1)
Wall Street Reform and Consumer Protection Act of 2010 (NSP3)

Purpose: The purpose of the program is to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that are documented to have the most significant declining property values as a result of excessive foreclosures.

Status: Funded \$102,000,000 for FY 2008 (NSP 1); Funded \$7,300,000 for FY 2010 (NSP 3). The initial NSP allocations have been federally reduced and the balance expended, and funds are no longer available for new projects. Mortgage payments and amortized loan payments for multifamily properties will generate continued Program Income. During 2015-2019 the Program Income funds will be directed to redevelopment of existing NSP-funded land bank properties.

Weatherization Assistance Program (WAP)

Source: US Department of Energy (DOE) and US Department of Health and Human Services

Statute: 42 USCA Part 6861

Purpose: WAP provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low income persons.

Status: The FY 2014 DOE award to the State of Texas is \$4,284,475. The WAP also receives approximately 20% (about \$23 million) of the LIHEAP allocation.

Section 8 Housing Assistance Program (Section 8)

Source: US Department of Housing and Urban Development

Statute: 42 USCA Part 1437f

Purpose: Section 8 provides rent subsidy vouchers to families and individuals, including the elderly and persons with disabilities, whose annual gross income does not exceed 50 percent of HUD's median income guidelines. The statewide program is designed specifically for needy families in small cities and rural communities not served by similar local or regional programs and allows them the flexibility of housing choice.

Status: The FY 2014 HUD Appropriations Act (PL 113-76) provides \$19.1 billion for the Section 8 program. TDHCA, which administers 803 vouchers out of 144,000 in the state, will receive approximately \$5.8 million for FY 2014 activities.

C. Anticipated Impact of Federal Actions on Agency Operations & Service Populations

End of Recovery Act Programs: From 2009 to 2013, several temporary programs associated with HERA and ARRA were administered and have since successfully completed all programmatic activities. The HOME Division administered the Tax Credit Assistance Program (TCAP). The Texas Homeownership Division administered the 90-Day Down Payment Assistance Program and the Mortgage Advantage Program. The Housing Tax Credit Division administered the Tax Credit Exchange Program (Exchange). Community Affairs administered the ARRA Community Service Block Grants, the Homelessness Prevention and Rapid Re-Housing Program, and the ARRA Weatherization Assistance Program.

The Department has had resounding success in its administration of these funds. Across five Recovery Act programs totaling \$1,159,043,273, expenditures totaled \$1,157,286,437, achieving 99.85% expenditure of total awards. Following the conclusion of ARRA the Department's temporary increase in staffing levels, adding ARRA funded employees, has been brought back to normalized pre-ARRA levels. It should be noted that with ARRA came an increased federal focus on additional responsibilities such as asset management, more intensive federal reporting, etc. Additional responsibilities were added by recent HUD regulatory changes. These expanded responsibilities are being addressed within appropriated levels of staffing and appropriations.

Continuing Impact of Recovery Act Programs:

Although all programs funded by HERA and ARRA have ended, these stimulus programs have many lingering impacts for TDHCA, including:

- The US Department of Housing & Urban Development (HUD) revived federal Section 3 requirements which require recipients of certain HUD financial assistance to provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods. Revival of this program has increased TDHCA's federal reporting requirements and

the utilization of Program Services staff to ensure that TDHCA is complying with Section 3 requirements.

- HUD also revived federal Limited English Proficiency (LEP) requirements which require all recipients of certain federal assistance to establish Language Assistance Plans to assess and address the needs of otherwise eligible persons seeking access to federally conducted programs and activities who, due to limited English proficiency, cannot fully and equally participate in or benefit from those programs and activities. Revival of this program has increased TDHCA's federal reporting requirements and the utilization of Program Services and Legal staff to ensure that TDHCA is complying with LEP requirements.
- The Federal Funding Accountability and Transparency Act (FFATA) was passed to increase government accountability and reduce wasteful spending. The FFATA Subaward Reporting System (FSRS) is the reporting tool created by the Act to capture and report subaward and executive compensation data regarding state agency's first-tier subawards in order to meet the FFATA reporting requirements. FFATA has increased time spent by Housing Resource Center staff to ensure that TDHCA is complying with FFATA requirements.
- TDHCA is now in the unique role of performing asset management for properties funded through the Tax Credit Exchange program and TCAP. This has led to creation of an independent Asset Management Division to handle TCAP recipients, their properties, and program income. TDHCA expects to receive program income from TCAP for the next 10 - 15 years in the form of loan repayments. This program income can be spent on development or operation of housing that remains affordable, for a period of not less than 15 years, to households whose annual incomes does not exceed 80% of median family income.

Recent HUD Actions:

HOME Program & Rule: For Program Year (PY) 2014, the federal government reduced TDHCA's HOME allocation by approximately 38%, which has significantly reduced funding for HOME activities, including homebuyer assistance, home rehabilitation assistance, tenant-based rental assistance, multifamily rental housing, and more. TDHCA has been successful in committing unexpended HOME funds received in 2012 and prior years and the majority of available deobligated funds and program income have been re-allocated. Therefore, fund amounts now available to commit and expend in PY 2014 and going forward are anticipated to be much lower. This change could also have an indirect impact on Housing Tax Credit applicants, some of whom use HOME multifamily rental housing funds as a source of acquisition financing or gap/bridge financing.

Additionally, HUD's changes to the HOME Final Rule include stricter qualifications for Community Housing Development Organizations (CHDOs) and construction oversight requirements. These changes are expected to have a fiscal impact on the HOME program since increased staff and Administrator oversight will be required, thereby increasing administrative and soft cost expenses.

External/Internal Assessment

Finally, in regards to HOME, HUD did not provide a match waiver for FY 2014 as they had in previous years. As a result, the Department anticipates increased matching contribution requirements in the coming fiscal year to ensure the match obligation to HUD can be satisfied. While this matching requirement may be passed down to Administrators, in part, it does require increased reporting.

HUD has placed an increased focus on local coordination for the ESG program. TDHCA has initiated changes to the ESG funding model from one based on regional allocation to a model based on the Continua of Care (CoCs) regions. These changes take a cue from HUD and from other states that have embraced this local coordination effort.

Section 811 Program: TDHCA was notified in February 2013 that Texas was one of 13 states awarded a Section 811 PRA demonstration grant. TDHCA received the maximum grant amount of \$12 million. This grant will provide project-based affordable housing for extremely low income persons with disabilities, in seven MSAs in Texas. The clients must meet one of the following target populations: 1) Persons Exiting Institutions; 2) Youth Exiting Foster Care with Disabilities; and 3) Persons with Serious Mental Illness. TDHCA anticipates being able to fund between 20 and 40 properties for a total of an estimated 360 units. At this time HUD has not provided the Department with a contractual document for this program. However, HUD has released a FY2013 NOFA for the 811 Program, for which TDHCA submitted an application in May 2014.

Recent HHS Actions:

HHS has issued draft State and Federal Accountability Measures and proposed Organizational Standards for Community Action Agencies (CAAs) as it relates to CSBG. HHS plans to release final measures and standards during FFY 2015 which are to be implemented no later than FFY 2016. The accountability measures are intended to ensure that CAAs are high-performance organizations with the capacity to provide quality services and that they have the systems of accountability to demonstrate results. The organizational standards are comprised on nine categories and organized in three thematic groups:

- Maximum Feasible Participation which has standards related to consumer input and involvement, community engagement, and community assessment.
- Vision and Direction which has standards related to organizational leadership, board governance, and strategic planning.
- Operation and Accountability which has standards related to human resource management, financial operations and oversight, and data and analysis.

TDHCA will monitor according to these standards, goals of the program and the requirements of the grant and may opt to implement additional standards.

Recent DOE Actions:

The Department of Energy has recently released Quality Workplan Requirements for the Weatherization Assistance Program (WAP). These requirements define what constitutes a quality installation of weatherization measures, outlines how those measures are inspected and validated, and defines acceptable training and credentialing of workers. TDHCA WAP training staff has received the newly required certifications and will work with the network of WAP Subrecipients to implement the new program requirements. Program eligibility remains at 200% of Federal Poverty Income Guidelines.

Centers for Medicare & Medicaid Services (CMS) Actions:

In partnership with the Texas Department of Aging and Disability Services (DADS), TDHCA received a CMS Real Choice Systems Change Grant to increase affordable housing opportunities for low income persons with disabilities. Activities under the grant included application for the HUD Section 811 Project Rental Assistance Demonstration Program; creation and implementation of Housing and Services Partnership (HSP) Academies; and building the Housing and Services for Persons with Disabilities Online Clearinghouse.

Again in partnership with DADS, TDHCA also continues to receive CMS Money Follows the Person Program Administrative funds to maintain staff that work on programs that expand housing options for persons with disabilities, specifically the HOME and Section 8 Programs.

X. OTHER LEGAL ISSUES

A. Impact of State Statutory Changes

The Eighty-third Texas Legislature passed several significant pieces of legislation related to TDHCA and its programs.

House Bill 3361, TDHCA's "Sunset" legislation, extended the Department's existence until September 1, 2025. Among other things the legislation codified that any hearings on administrative penalties will be conducted at the State Office of Administrative Hearings; expanded TDHCA's authority to debar persons from any of its programs; enhanced local input on 4% housing tax credit applications by requiring greater public input and resolutions of no objection from local governments; changed the top 10 scoring items for competitive 9% housing tax credits; and, provided cure periods for developers/owners if their properties are monitored and found to have violations.

The Eighty-third Texas Legislature also passed several major bills during the Regular Session which affected TDHCA:

Senate Bill 7, which dealt with housing "solutions" for Individuals with intellectual and developmental disabilities, directs TDHCA to coordinate with Department of Aging and Disability Services in seeking housing solutions for the elderly and persons with developmental or intellectual disabilities.

House Bill 429 provided for a clear definition for the word "rural" in all Department housing programs.

House Bill 736 added the Texas Veterans Commission as a member of the state's Housing and Health Services Coordination Council which is chaired by TDHCA.

The definition of an "at-risk" development was changed by **House Bill 1888** by including any public housing authority unit set to be rehabilitated or reconstructed to the definition.

Finally, **Senate Bill 1892** added TDHCA among other agencies to the Texas Coordinating Council for Veterans Services, all designed to provide greater, more cohesive state services to veterans.

B. Impact of Current & Outstanding Court Cases

Inclusive Communities Project ("ICP"). The Department is involved in significant litigation styled *Inclusive Communities Project (ICP) vs. TDHCA et al.* In this lawsuit, filed in the Federal District Court for the Northern District, Plaintiff alleged that TDHCA perpetuates housing segregation by disproportionately allocating Low Income Housing

Tax Credits (LIHTC) for proposed developments in low-income, predominantly minority areas and denying tax credits for proposed developments in higher-income, predominantly Caucasian areas. Plaintiff alleged that with regard to the Department's allocation of LIHTC in the Dallas metropolitan area, the Department intentionally discriminated based on race, in violation of the Equal Protection Clause of the Fourteenth Amendment and 42 U.S.C. §1982, or in the alternative, that the Department's allocation decisions had a disparate racial impact, in violation of §§ 3604(a) and 3605(a) of the Fair Housing Act ("FHA").

On March 20, 2012, the district court issued a Memorandum Opinion and Order, finding that the Plaintiff failed to prove that the Department intentionally discriminated in the allocation of LIHTCs, but did find that, while unintentional, the allocation of LIHTC's in the Dallas area resulted in a disparate (discriminatory) impact. The State Defendants appealed the Court's Order and on March 24, 2014, the Fifth Circuit Court of Appeals reversed and remanded the case to the district court, finding that the district court had applied an incorrect burden of proof. In addition, the Court of Appeals vacated and remanded the award of attorney fees and ordered Plaintiffs to pay Defendant's costs of appeal. The case is currently pending before the federal district court. The State of Texas has filed with the Supreme Court of the United States a petition for *certiorari* and sought to stay the trial court proceedings.

Galveston Open Government Project ("GOGP") On December 3, 2014, Plaintiff Galveston Open Government Project ("GOGP") together with individual Plaintiffs filed an action in Federal District Court for the Southern District of Texas against the Department, the Secretary of HUD, and several other federal, state, and local governmental entities alleging numerous causes of action, including violation of Plaintiffs' and class members' rights under the Fifth and Fourteenth Amendments to the United States Constitution, 42 U.S.C. §§ 1981, 1982, 1983, the Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) and various other federal statutes, implementing regulations, and executive orders. The lawsuit complained of a proposal to develop affordable housing in the City of Galveston; a proposal which the Plaintiffs alleged perpetuated discrimination and segregation. Eventually GOGP and all individual plaintiffs but one were dismissed, followed by the dismissal on May 23, 2014, of the state defendants, the Department and the Texas General Land Office.

C. State of Texas Plan for Fair Housing Choice: Analysis of Impediments

In response to a fair housing complaint by Texas Low Income Housing Information Service and Texas Appleseed, the State of Texas entered into a Conciliation Agreement, approved by HUD on May 25, 2010. As provided for in that Conciliation Agreement, the State completed an update to its 2003 Analysis of Impediments to Fair Housing Choice ("AI") during 2013. The plan was updated in two phases. Analysis of Impediments to Fair Housing: Phase I Hurricane Impacted Communities ("Phase 1") was approved by HUD, as provided for in the Conciliation Agreement, on May 13, 2011 and addressed the sixty-

External/Internal Assessment

two (62) county area affected by hurricanes Ike and Dolly, as provided for in a HUD-approved Conciliation Agreement resolving a fair housing complaint. The Phase 1 AI identified 16 impediments to fair housing choice in four basic categories: education, training, planning, and enforcement.

Impediments to Fair Housing

1. Protected classes may experience disparities in home mortgage lending and high cost loans.
2. There is inadequate information available to the real estate community, governments and the public about fair housing requirements and enforcement procedures.
3. The public is not sufficiently aware of their Fair Housing rights and how to obtain the assistance necessary to protect those rights.
4. "Not in my Backyard" (NIMBY) may be an impediment to fair housing in Texas communities.
5. Certain governmental policies and practices may not meet current HUD policy concerning affirmatively furthering fair housing. Jurisdictions should act to ensure that their policies affirmatively further fair housing, address mal-distribution of resources, and that they do not unnecessarily impact housing choice.
6. Governmental entities at all levels do not appear to have been proactive in the enforcement of both the Fair Housing Act and the obligation to affirmatively further fair housing. The State and subrecipients should implement a robust and effective structure for identifying and pursuing suspected violations.
7. Many local jurisdictions have zoning codes, land use controls, and administrative practices that may impede free housing choice and fail to affirmatively further fair housing.
8. Inadequate planning for re-housing after an emergency situation creates a situation where persons who are uninsured or under insured, low income, or special needs can be displaced for long periods of time.
9. There are impediments in public and private actions and private attitudes to housing choice for persons with disabilities.
10. There are barriers to mobility and free housing choice for Housing Choice Voucher holders including: inadequate tenant counseling services and mobility assistance, failure of PHAs to apply for the FMR pilot demonstration, and government policies, procedures, and regulations that tend to decrease participation by private housing providers and to restrict available housing to "racially or low-income populated neighborhoods" with little access to economic, educational, or other opportunity.
11. Loss of housing stock in Hurricanes Dolly and Ike compounded the shortage of affordable housing in disaster recovery areas. This shortage is particularly acute in safe, low poverty neighborhoods with access to standard public services, job opportunities and good schools.
12. Lack of financial resources for both individuals and housing providers limits Fair Housing choice. Using an effective program under Section 3 of the Housing and Urban Development Act of 1968 may help members of protected classes gain economic opportunities necessary to allow them to exercise fair housing choice.

13. Location and lack of housing accessibility and visitability standards within political jurisdictions limits fair housing choice for persons with disabilities.
14. Many colonias residents live in developments that have insufficient infrastructure and protections against flooding and are impacted by flooding beyond events like Hurricanes Dolly and Ike.
15. Minority neighborhoods in disaster areas are primarily served by non-regulated insurance companies that do not adhere to underwriting guidelines and may be discriminated against in the provision of insurance. Texas has passed aggressive statutes to prevent insurance “redlining.” National research indicates that protected classes face unwarranted disparities in the cost of insurance, the amount of coverage, and cancellation of policies without notice to the homeowner.
16. Many jurisdictions do not have adequate Analysis of Impediments to Fair Housing or Fair Housing Plans, and do not keep sufficient records of their activities.

The State of Texas Plan for Fair Housing Choice – Phase 2 Analysis of Impediments (“Phase 2”) was completed in the fall of 2013 and, as required by the Conciliation Agreement, was submitted to HUD in November 2013 for review. was submitted to HUD in November 2013. While the scope of Phase I analyzed data and information related to the disaster affected counties and provides action steps primarily for the use of CDBG-DR funding, Phase 2 is a comprehensive analysis for the entire State of Texas and provides impediments and actions steps to be implemented in the use of all other HUD resources. However, the 16 impediments identified in the 63-county area covered under Phase 1 were analyzed to determine whether they were found statewide. Additional tasks undertaken in Phase 2 included conducting a review of state and local policies, practices, and codes that limit choice, zoning and land use practices, state access to housing through transportation, policies related to siting of new affordable housing, environmental issues in minority impacted areas, analysis of policies and statutes which perpetuate discrimination, public opposition about affordable housing, foreclosure patterns, and related items. The following impediments and observations were identified in Phase 2.

Impediments to Fair Housing

1. Not in My Backyard syndrome (NIMBYism) can create barriers to housing choice for protected classes in some communities.
2. There is inadequate information available to local governments, stakeholders and the public about fair housing requirements and programs to assist persons with disabilities and low income residents.
3. The public is not sufficiently aware of their Fair Housing rights and how to obtain the assistance necessary to protect those rights.
4. Protected classes may experience disparities in home mortgage loan denials and high cost loans.
5. Lack of accessible housing and visitability standards limits fair housing choice for persons with disabilities.
6. There are barriers to mobility and free housing choice for protected classes.

External/Internal Assessment

Observations

In some instances “observations” were made in conducting research for Phase 2 that are important to consider in administering the State’s programs but which did not meet the HUD definition of an impediment. An “observation” is a fair housing issue that may create an impediment to fair housing choice; however, the research did not establish a direct link to a cause or effect (“nexus”) of an action on a protected class. The observations identified in Phase 2 are:

1. Racial and ethnic concentrations exist in many areas within Texas.
2. Municipal revenue structure may create barriers to housing choice.
3. Many jurisdictions do not have adequate Analysis of Impediments to Fair Housing or Fair Housing Plans.
4. Several laws which on their face pose no inconsistency with the laws regarding fair housing present opportunities for local decision-making and effectuation.

The State is continuing to take steps to affirmatively further fair housing, and work in 2014 and beyond to keep the AI current and to identify, take, and measure specific actions to address impediments. For example, TDHCA recently designated a Fair Housing Team Lead that will be responsible for leading the efforts of a Fair Housing Team in the review of TDHCA’s programs on an ongoing basis for areas where additional measures to affirmatively further fair housing can be implemented. This new team will build on the actions that have already been accomplished and provide additional resources and focus. The team will oversee a range of fair housing activities including a centralized location for the maintenance of the record of accomplishments for TDHCA under the AI, implementation of planned actions to address identified impediments, and recordkeeping related to those efforts. The Fair Housing Team reports directly to the Deputy Executive Director of Multifamily Finance and Fair Housing (a member of TDHCA’s executive team) and serves as a key point of contact for HUD’s Office of Fair Housing and Equal Opportunity, in coordination with TDA and the DSHS.

D. Impact of Local Governments

The Texas Legislature has created specific opportunities for local governments to assess and provide input on funding applications in their areas. The Department works to ensure that local governments are aware of possible TDHCA funding awards in their community through an extensive notification process. With the provision of these notifications, local officials and community organizations are encouraged to comment on the need and impact of the development on local community. Such comments are considered in the final approval of awards by the Board. These local government positions directly impact possible awards, both in threshold situations (such as allowing applications despite concentrations of assisted housing that more than twice exceeds the statewide average and resolutions of no objection as a requirement for applications for tax exempt bonds paired with 4% tax credits) and as a significant scoring factor on 9% tax credit applications.

Competitive HTC applications also receive points for receiving a commitment for local funding or in-kind contributions (i.e., donations of land, waivers of fees such as building permits, water and sewer tap fees or similar contributions) that would benefit the development. Applicants may also receive points for developing in locations targeted by a Community Revitalization Plan.

A change resulting from HB 3361 of the 83rd Texas Legislature is a requirement that, in order for applications for non-competitive HTCs to be considered, the local government where the proposed Development is to be located is required to hold a public hearing in order to solicit public comment on the Development. In addition, the application must include a resolution of no objection from the local government.

Local governments administer zoning and permitting processes and, as a result, control each applicant's ability to provide evidence of proper zoning for the development site and consistency with local consolidated planning documents. In instances where the property is not currently zoned for housing, the local government may deny a requested zoning change which would make the development ineligible for consideration.

Local governments have significant input on HTC applications in their local areas.

- For applications that involve HTCs, applicants must receive a resolution from the local governing body for approval to add new units if the application is proposing new construction that is within one mile of an existing development that has received an allocation of Housing Tax Credits or Private Activity Bonds for new construction within the last three years and that serves the same population type (elderly/elderly or family/family). This applies to applications proposing New Construction and Adaptive Reuse in counties with over one million in population.
- Additionally, applications proposing development in a city or county that has more than twice the state average per capita of affordable housing units supported by Housing Tax Credits or Private Activity Bonds must receive a resolution from the local governing body specifically authorizing the allocation of Housing Tax Credits.

While they do not impact TDHCA directly, the following local governmental issues can be barriers to the provision of affordable housing.

- Zoning provisions: A municipality's zoning authority governs the type and direction of growth within their boundaries. Ordinances may be passed to encourage affordable housing through measures such as lowering minimum lot sizes, decreasing building set-back requirements, and lowering minimum square footages of homes. However, ordinances that prohibit these types of activities can drive land and construction costs up to the point that affordable housing cannot be built.
- Impact Fees and Development Fees: As a condition of permit approval, municipalities may levy fees to pay for infrastructure costs. These impact fees increase the cost of developing all types of housing including affordable housing.

IX. SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT

A. Effectiveness and Efficiency of the Department

Performance Measures

This section discusses key performance measures established by the 83rd Legislature. Goals one through five are established through interactions between TDHCA, the Legislative Budget Board and the Legislature. Included for each strategy are the SFY 2013 target numbers of each key measure, the SFY 2013 actual performance, and the targets for SFY 2014. The targets for SFY 2014 are referenced in the General Appropriations Act for the 2014-2015 Biennium. All key and non-key performance measure definitions are provided in Appendix D.

GOAL 1: TDHCA will increase and preserve the availability of safe, decent and affordable housing for very low-, low- and moderate-income persons and families.

Strategy 1.1

Provide federal mortgage loans and Mortgage Credit Certificates (MCCs), through the Single-Family Mortgage Revenue Bond Program

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of households assisted through the My First Texas Home Program	2,002	2,972	146.2%	2,144

Explanation of Variance: Restrictions on downpayment assistance (DPA) programs in non-government assisted loans, including a prohibition against seller-funded DPA, have made TDHCA assisted loans and MCC programs more attractive.

Strategy 1.2

Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for affordable single family housing

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of households assisted with Single Family HOME Funds	580	928	160%	351

Explanation of Variance: Reservation System usage combined with the use of deobligated fund balances have increased the number of single family households served. It is not expected that the resources will support the program continuing to exceed the target in 2014.

Strategy 1.3

Provide funding through the Housing Trust Fund for affordable single family housing

External/Internal Assessment

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of single-family households assisted through the Housing Trust Fund Program	206	460	223.30%	200

Explanation of Variance: The Housing Trust Fund has exceeded quarterly and annual target measures due to high-demand in the Amy Young Barrier Removal Program and the Homebuyer Assistance Program, plus increased availability of funds through deobligations for the Bootstrap Loan and Amy Young Barrier Removal programs. It is not expected that the resources will support the program being able to continue to exceed the target in 2014.

Strategy 1.4

Provide federal rental assistance through Section 8 certificates and vouchers

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of households assisted through Statewide Housing Assistance Payments Program	1,100	1,151	104.64%	1,098

Explanation of Variance: None needed.

Strategy 1.5

Provide federal tax credits to develop rental housing for very low income and low income households

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of multifamily households assisted through the Housing Tax Credit Program	6,031	9,238	153.18%	6,400

Explanation of Variance: The fourth quarter reflected the annual Competitive HTC awards. The figure for 9% credits is higher than expected due to staff's ability to disperse the credits more efficiently and thereby fund more developments. The 4% credits have also seen an unexpected increase in usage with the HUD 221(d)(4) program which has been the most attractive financing tool available to developers.

Strategy 1.6

Provide federal mortgage loans through the Multifamily Mortgage Revenue Bond Program

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of households assisted with the Multifamily Mortgage Revenue Bond Program	1000	242	24.20%	1,150

External/Internal Assessment

Explanation of Variance: Economic conditions in the bond markets have made it difficult for developers to submit a financially feasible application for 4% credits and private activity bonds in 2013. Equity markets have seen favorable pricing; however, the economic conditions in the bond markets have not resulted in financing terms that would yield beneficial results. Moreover, the lack of available soft funds as an additional funding source, the low applicable percentage, and the limited qualification for the increase in eligible basis create a gap in financing for 4% HTC developments.

GOAL 2: TDHCA will promote improved housing conditions for extremely low-, very low- and low-income households by providing information and technical assistance.

Strategy 2.1

Provide information and technical assistance to the public through the Housing Resource Center

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of information and technical assistance requests completed	5,000	7,919	158.38%	7,000

Explanation of Variance: The number of informational and technical assistance requests handled by the Housing Resource Center (HRC) varies based on economic conditions across the state. Throughout SFY2012 and into SFY2013, the HRC has experienced a higher volume of phone requests than usual due in large part to the slow economic recovery.

Strategy 2.2

To assist colonias, border communities, and nonprofits through field offices, Colonia Self-Help Centers, and Department programs.

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of technical assistance contacts and visits conducted by the field offices	900	1,207	134.11%	1,200

Explanation of Variance: The Office of Colonia Initiatives (OCI) exceeded quarterly and annual targeted performance measures for on-site technical assistance visits due to high demand stimulated by the Department's first-come, first-served Reservation System model. A higher demand for the program has led to a subsequent increase in need for Technical Assistance amongst local governments and non-profit agencies.

GOAL 3: TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.

Strategy 3.1

Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low-income persons throughout the state.

External/Internal Assessment

Strategy Measure #1	2013 Target	2013 Actual	% of Goal	2014 Target
Number of persons assisted through homeless and poverty related funds	599,032	743,926	124.19%	652,055

Explanation of Variance: With many households experiencing unemployment or underemployment, there is an increasing demand for services.

Strategy Measure #2	2013 Target	2013 Actual	% of Goal	2014 Target
Number of persons assisted that achieve incomes above poverty level.	1,200	1,345	112.08%	1,100

Explanation of Variance: More CSBG subrecipients, as compared to last fiscal year, have assisted persons in transitioning out of poverty. Also, some subrecipients have had an increase in the number of persons transitioned out of poverty.

Strategy 3.2

Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low-income persons and for assistance to very low-income households for heating and cooling expenses and energy-related emergencies.

Strategy Measure #1	2013 Target	2013 Actual	% of Goal	2014 Target
Number of Households Receiving Energy Assistance	146,545	212,497	445.93%	146,545

Explanation of Variance: The subrecipient network for the CEAP program, which provides utility payment assistance, has seen an increased number of CEAP applications and households served due to economic hardships in the eligible population and increased availability of funds.

Strategy Measure#2	2013 Target	2013 Actual	% of Goal	2014 Target
Number of dwelling units weatherized through Weatherization Assistance Program	2,594	5,315	204.90%	2,822

Explanation of Variance: The Department exceeded the FY 2013 target due to more efficient use of weatherization program resources and the availability of unexpended ARRA WAP funds in Q3 and Q4.

GOAL 4: TDHCA will ensure compliance with the Texas Department of Housing and Community Affairs' federal and state program mandates.

Strategy 4.1

External/Internal Assessment

The Compliance Division will monitor and inspect for Federal and State housing program requirements.

Strategy Measure	2013 Target*	2013 Actual	% of Goal	2014 Target
Total number of onsite reviews conducted.	825	1,554	188.36%	825

Explanation of Variance: When the targets for this measure were projected, it was anticipated that file review and UPCS physical inspections would occur for a property in the same quarter, which is not the case. Because reviews and inspections may occur in different quarters, they would be reported separately; therefore, the numbers above are reflective of nonduplicative reviews in each quarter (i.e. Property A had a file review and a UPCS inspection in Q3, so it would be counted only once; whereas, Property B has a file review in Q3 and a UPCS inspection in Q4, so it would be counted in both Q3 and Q4).

**In accordance with HB1 of the 82nd Legislature, the Community Development Block Grant Disaster Recovery funding program previously administered by TDHCA was transferred to the Texas General Land Office (GLO). As a result of this program transfer, the performance measure targets for Strategy 4.1 were revised in November 2011 and therefore deviate from the agency's FY2012-2013 LAR.*

Strategy 4.2

The Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Strategy Measure	2013 Target*	2013 Actual	% of Goal	2014 Target
Total number of contract monitoring reviews conducted.	150	155	103.33%	183

Explanation of Variance: None needed.

**In accordance with HB1 of the 82nd Legislature, the Community Development Block Grant Disaster Recovery funding program previously administered by TDHCA was transferred to the Texas General Land Office (GLO). As a result of this program transfer, the performance measure targets for Strategy 4.2 were revised in November 2011 and therefore deviate from the agency's FY2012-2013 LAR.*

GOAL 5: To protect the public by regulating the Manufactured Housing industry in accordance with state and federal laws.

Strategy 5.1

Provide services for Statement of Ownership and Location and Licensing in a timely and efficient manner.

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of manufactured housing statements of ownership and	70,000	68,590	97.99%	70,000

External/Internal Assessment

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
location issued				

Explanation of Variance: None needed.

Strategy 5.2

Conduct inspection of manufactured homes in a timely manner.

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Number of installation reports received	11,000	12,947	117.70%	10,000

Explanation of Variance: There was an increase in the number of installation reports received and processed.

Strategy 5.3

To process consumer complaints, conduct investigations and take administrative actions to protect the general public and consumers.

Strategy Measure #1	2013 Target	2013 Actual	% of Goal	2014 Target
Number of complaints resolved	600	479	79.83%	500

Explanation of Variance: The Department has received fewer complaints than targeted, resulting in fewer complaints needing resolution.

Strategy Measure #2	2013 Target	2013 Actual	% of Goal	2014 Target
Average time for complaint resolution	180	103	57.22%	180

Explanation of Variance: The average time for resolution of complaints is lower than the targeted projection, which is desirable.

Strategy Measure #3	2013 Target	2013 Actual	% of Goal	2014 Target
Number of jurisdictional complaints received	550	429	78.00%	450

Explanation of Variance: This measure is lower than the targeted projection due to the receipt of fewer complaints than projected.

RIDERS 5 & 6 are established in state law, as found in the General Appropriations Act.

Rider 5 (a): TDHCA will target its housing finance programs resources for assistance to extremely low-income households.

External/Internal Assessment

The housing finance divisions shall adopt an annual goal to apply \$30,000,000 of the divisions' total housing funds toward housing assistance for individuals and families earning less than 30 percent of AMFI.

Rider 5 (a)	2013 Target	2013 Actual	% of Goal	2014 Target
Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income	\$30,000,000	\$50,672,983	168.91%	\$30,000,000

Explanation of Variance: The performance is higher than expected because the Rider 5 report captures actual incomes of households served by TDHCA and not projected income groups.

Note: For more information, see Rider 5 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 82nd Legislature, Regular Session.

Rider 5 (b): TDHCA will target its housing finance resources for assistance to very low-income households.

The housing finance divisions shall adopt an annual goal to apply no less than 20 percent of the division's total housing funds toward housing assistance for individuals and families earning between 31 percent and 60 percent AMFI.

Rider 5 (b)	2013 Target	2013 Actual	% of Goal	2014 Target
Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31 percent and 60 percent of median family income	20%	59.57%	297.83%	20%

Explanation of Variance: The majority of TDHCA housing programs serve households under 60% of median family income. The Rider 5 Report includes Section 8, HOME Single Family, HOME Multifamily, Housing Trust Fund Single Family, Housing Trust Fund Multifamily and Housing Tax Credit Programs.

Note: For more information, see Rider 5 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 82nd Legislature, Regular Session.

Rider 6: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable AMFI.

Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

External/Internal Assessment

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Amount of TDHCA funds applied toward contract for deed conversions for colonia families earning less than 60 percent of median family income.	100	0	0%	100

Explanation of Variance: The creation of Housing Trust Fund’s Contract for Deed Conversion Program Assistance Grants will result in contract for deed conversions funded through the HOME Program for the first Quarter of State Fiscal Year 2014. The process of creating and rolling out the new Contract for Deed Conversion Program Assistance initiative during State Fiscal Year 2013 resulted in no conversions during that year.

Note: For more information, see Rider 6 of TDHCA’s Appropriations as found in HB 1 (General Appropriations Act), 82nd Legislature, Regular Session.

The following TDHCA-designated goal addresses the housing needs of person with special needs.

HOME PROGRAM STATUTE REQUIREMENT: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

Dedicate 5 percent of the HOME project allocation for benefits of persons with disabilities who live in any area of this state.

Strategy Measure	2013 Target	2013 Actual	% of Goal	2014 Target
Amount of HOME project allocation awarded to applicants that target persons with disabilities.	\$1,201,497*	\$2,885,756	240.1 %	\$1,201,497

Explanation of Variance: These include funds from the Persons with Disabilities Set-Aside and HOME general funds that were used to assist households with person with disabilities. It is important to note that while funds from the set-aside may be used anywhere in the state, HOME general funds may only be utilized in non-participating jurisdictions, those communities that do not receive funds directly from HUD. The goal was exceeded by Administrators accessing HOME Persons with Disabilities as well as general funds to serve households with a person with disabilities.

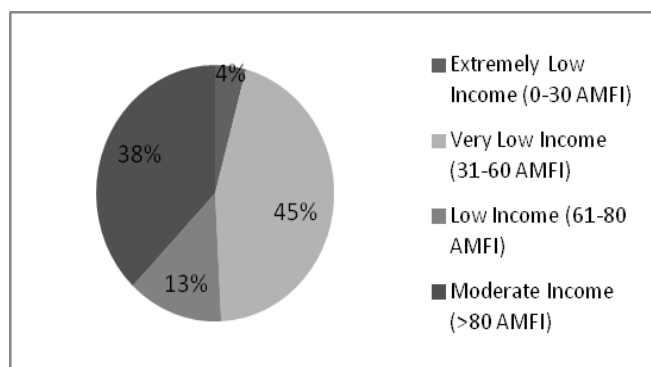
**The 2013 target was adjusted from \$1,350,000 to \$1,201,497 because of the reduction in HOME funding from HUD. The 2014 target will be adjusted to reflect the 5% of the actual allocation of 2014 funds from HUD.*

Note: For more information, see 2306.111(c)(2).

Serving Critical Populations

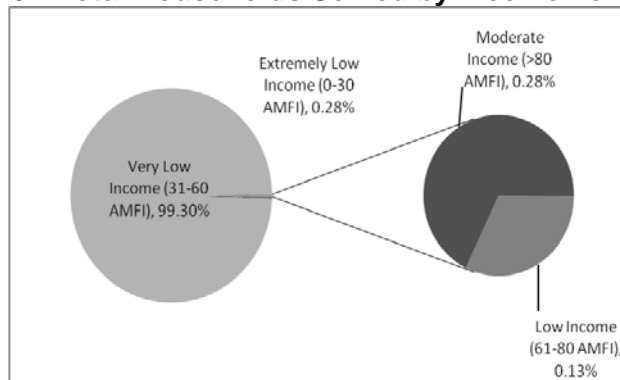
As shown in the figures below, the distribution of TDHCA's housing resources in fiscal year 2011 showed a clear prioritization of assistance to individuals and households with the lowest incomes. The vast majority of households served by the Department were classified as extremely low income, very low income, and low income.

Figure 5. Total Funding by Income Level, FY 2013



Type	Percent
Extremely Low Income (0-30 AMFI)	4%
Very Low Income (30-60 AMFI)	45%
Low Income (61-80 AMFI)	13%
Moderate Income (>80 AMFI)	38%

Figure 6. Total Households Served by Income Level, FY 2013



Type	Percent
Extremely Low Income (0-30 AMFI)	0.28%
Very Low Income (31-60 AMFI)	99.30%
Low Income (61-80 AMFI)	0.13%
Moderate Income (>80 AMFI)	0.28%

Table 27. TDHCA Funding and Households/Persons Served by Income Category, FY 2013 - All Activities

Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	\$29,730,447	1,929,000	4%	0.28%
Very Low Income (31-60 AMFI)	\$320,280,851	677,564,000	45%	99.30%
Low Income (61-80 AMFI)	\$92,369,496	907,000	13%	0.13%
Moderate Income (>80 AMFI)	\$269,217,999	1,927,000	38%	0.28%
Total	\$711,598,793	682,327,000	100%	100.00%

Industry Best Practices

TDHCA is an active member of the following housing and community service industry groups. As a part of these groups, TDHCA strives to emulate the industry’s best practices. In addition, when working with local governments and organizations, TDHCA strives to incorporate their best practices, as described starting on page 110 in *E. Working with Federal, State and Local Entities to Achieve Success*.

Please note that because of the general statutory provision prohibiting the use of appropriated funds to influence the passage or defeat of a legislative measure (Texas Government Code §556.006), with regard to any of the following organizations that may engage in such activities, the Department either has a written agreement whereby the organization agrees to segregate our membership dues from funds used for such activities, or where no such agreement is in place, the Department is not a dues-paying member.

- National Council of State Housing Agencies. This organization is comprised of housing finance agencies from of every state, the District of Columbia, Puerto Rico, and the Virgin Islands, and more than 350 profit and nonprofit firms in the affordable housing field. In addition to being a good source of research information on these agencies’ activities, this organization holds a number of conferences and training sessions throughout the year where its members meet to discuss changing regulations, best practices and success stories.
- The Affordable Housing Tax Credit Coalition. A group of developers, syndicators, lenders, nonprofit groups, public agencies, and others concerned with the low-income housing tax credit program. The Coalition is a nonprofit corporation that has taken a leading role in all of the legislation concerning the low-incoming housing tax credit. AHTCC plays a major role in assuring the continuance of the low-income housing tax credit. The Coalition was founded in 1988 with the primary goal of achieving permanent extension of the low-income housing tax credit program. From that time until the credit was permanently extended in 1993, the Coalition worked tirelessly to achieve that end by taking a leading role in coordinating the efforts of

External/Internal Assessment

many concerned groups and individuals, both on Capitol Hill and throughout the country.

- The National Association of Housing and Redevelopment Officials (NAHRO). NAHRO is a professional membership organization comprised of over 23,200 housing and community development agencies and officials throughout the United States who administer a variety of affordable housing and community development programs at the local level. NAHRO's mission is to create affordable housing and safe, viable communities that enhance the quality of life for all Americans, especially those of low- and moderate-income by:
 - Ensuring that housing and community development professionals have the leadership skills, education, information and tools to serve communities in a rapidly changing environment;
 - Advocating for appropriate laws and policies which are sensitive to the needs of the people served, are financially and programmatically viable for our industry, are flexible, promote deregulation and local decision making; and
 - Fostering the highest standards of ethical behavior, service and accountability.
 - NAHRO enhances the professional development and effectiveness of its members through its comprehensive professional development curriculum, conferences, and publications. Through these efforts we are working to equip NAHRO and our membership with the skills, knowledge, and abilities necessary to survive and prosper in a changing environment, and make our Association more efficient and effective.
- National Association for State Community Services Programs. Membership in this organization includes state administrators of both the CSBG and WAP programs. The organization was created to provide research, analysis, training and technical assistance to state CSBG and WAP offices, the Community Action Network, community action agencies and state associations, in order to increase their capacity to prevent and reduce poverty.
- National Energy Assistance Directors' Association. Membership in this organization consists of state administrators and tribal directors of the LIHEAP. The organization is the primary educational and policy organization for the state and tribal directors of the LIHEAP. The organization also works closely with the National Association for State Community Services Programs, representing the state weatherization program offices and the National Association of State Energy Officials to more effectively share ideas on the delivery of state energy services through the Energy Programs Consortium.

Insights Gained and Implemented Programmatic Changes

1. Internal & External Audits

TDHCA is the recipient of regular internal and external audits as well as monitoring reviews by federal oversight agencies. These audits and reviews are performed by the

Department's Internal Audit Division, external auditors, its funding source agencies, and other state agencies such as the State Auditor's Office (SAO) and the Comptroller's Office.

An independent audit of the Department's financial statements is conducted annually by its external auditors, and regular audits of its major federal programs are conducted in connection with the Federal Single Audit coordinated by the SAO. Various monitoring reviews of the Department's federal programs are conducted by its federal funding agencies, and audits of various programs or processes are conducted by other state agencies. Audits of specific functions or processes within the Department are conducted by the Internal Audit Division.

The results of these audits and reviews have improved TDHCA's internal controls, which are designed to achieve the objectives and goals of the Department, ensure compliance with program rules and regulations, and safeguard the Department's assets. Some specific examples include:

- The Department improved and documented the process used to calculate the portion of the unencumbered fund balance that is required to be transferred to the Housing Trust Fund in accordance with state statute.
- The timeliness of monitoring and inspection reports in the Compliance Division was improved and policies and rules were revised to provide property owners with a full 90 days to correct issues of non-compliance.
- The Department's ethics program was enhanced by conducting an ethics risk assessment, requiring periodic ethics training for employees and receiving written certification that employees reviewed a copy of the ethics policy. In addition, the Department is now maintaining a log of gifts received by staff and their disposition as well as a log of ethics opinions issued by the Legal Division.
- The loan documentation maintained by the Department for its single family loan programs was enhanced by requiring that title commitments are current at the time of closing and that copies of all required federal disclosures are maintained in the Department's loan files.

TDHCA has also implemented an enterprise risk management program designed to identify, prioritize, assess, document, report, monitor and address other financial, operating, and legal risks of the Department.

2. Implementation of Recovery Act Program

Many insights have been gained through the implementation of Recovery Act programs. The Recovery Act authorized TDHCA to administer a far greater amount of funding than had been managed throughout the history of the agency and provided strict deadlines for the obligation and expenditure of these funds. More than ever before, Department staff gained valuable knowledge regarding how to distribute funding in an efficient and compliant manner, meet all federal obligation and expenditure deadlines, and manage an

External/Internal Assessment

enlarged pool of local providers. The Department also engaged in more comprehensive training and technical assistance activities, to ensure that new and existing providers of TDHCA funding would be able to successfully provide assistance to needy households. A result of Recovery Act, as its activities came to a close, was a recalibration of internal staff and the creation of the Program Planning, Policy & Metrics (3PM) Team to provide accurate reporting and metrics, inform programming and funding decisions, make recommendations to Executive and the Board, and coordinate broad Department-wide policy-making.

B. Agency Characteristics Requiring Improvement

Communication Regarding the Need for Affordable Housing

While statistics and anecdotal evidence support the enormous need for affordable housing, the Department has determined that additional efforts need to be made to communicate that need to public officials and organizations that can help to address this need in their communities. To that end, staff has made a strong effort to meet with elected officials and neighborhood groups to help them understand TDHCA's programs and processes and how to participate in those processes effectively. The Department has also established general and specific program email distribution lists to announce funding opportunities, hearings, or other events within the Department. In addition, the Department distributes press releases to media outlets throughout the state to promote departmental activities and those that they serve.

Communication with Customers

From the 2014 Report of Customer Service, 73.1 percent of respondents agreed or strongly agreed with the statement that they were satisfied with their experience with TDHCA. Regarding staff, 80.4 percent of respondents agreed or strongly agreed that TDHCA staff members are courteous and 74.3 percent agreed or strongly agreed that TDHCA Staff members demonstrated a willingness to assist. However, 13.9 percent disagreed or strongly disagreed with the statement that "The time I had to wait for a concern or question to be addressed, whether by phone, in person, or by letter was reasonable" and 9.4 percent disagreed or strongly disagreed with the statement that "TDHCA automated phone system is easy to navigate and helps me reach the correct division or individual when I call."

With the use of social media, the Department's is able to expand outreach to existing and potential customers. Through TDHCA's Twitter account: www.Twitter.com/TDHCA and Facebook page: <https://www.facebook.com/#!/TDHCA>, customers have access to information about programmatic activities, opportunities for public input, funding awards, upcoming trainings and more. By the same token, customers can also post questions about TDHCA programs, functions, and activities and receive quick responses from staff. Another interactive tool established to increase the ways in which TDHCA customers can provide feedback is through online discussion forums. Using the

<https://tdhca.websitetoolbox.com/>, the Department can receive input on strategic planning and program administration.

Gathering Accurate Data Regarding Special Needs Populations

The Department is mandated to analyze the housing needs of special needs populations in the State Low-Income Housing Plan and Annual Report. Detailed data for all special needs populations is not always readily available and data on housing needs for veterans, youth aging out of foster care, victims of domestic violence, and other special needs populations is current unavailable. The Department's Program Planning, Policy & Metrics (3PM) Team and Fair Housing Team are working to assess each program area's current data collection methods and create a standardized data collection method for capturing the Department's resources directed to these populations.

C. Key Obstacles

A number of macro issues that present obstacles to TDHCA's ongoing efforts are below:

Fiscal Resources: The largest obstacle TDHCA faces in serving the need for affordable housing and services is the limited amount of financial resources available for affordable housing. Even with all of its resources, TDHCA can serve only about 11 percent of those in need. The most apparent obstacle to meeting underserved housing needs in Texas is a severe shortage of affordable housing stock. There is a corresponding shortage of funding sources to maintain and increase this housing stock. With few exceptions, every housing program administered by TDHCA receives far more applications than could be funded from available resources. This is evidence that there is significant interest on the part of both the nonprofit and for-profit sectors to produce the housing that is needed. While layering, leveraging, and partnering helps to stretch available funds, there is no amount of innovation that will overcome this lack of funding.

Federal Funding Levels: Between 2009 and 2013, several new programs were added to TDHCA through the 2008 Housing and Economic Recovery Act and 2009 American Recovery and Reinvestment Act, including the Neighborhood Stabilization Program, single-family bonds created through authority issued by HERA, the Homelessness Prevention and Rapid Re-housing Program, Mortgage Advantage Program, 90-Day Down Payment Assistance Program, and additional funds for Community Service Block Grant Program and Weatherization Assistance Program. Funds also included the Tax Credit Exchange Program and the Tax Credit Assistance Program. These new programs resulted in approximately \$1.1 billion in additional funds for four years starting in 2009. Since these one-time allocations have been expended, federal funding for many of the Department's programs has either not returned to pre-Recovery Act levels, or remains uncertain each year, as they are reliant on budget decisions in Congress.

Lack of Organizational Capacity: Service providers and housing administrators who are the conduit for most of the Department's program funds may also lack organizational

External/Internal Assessment

capacity. Because of the remote nature of smaller communities in rural areas, many communities are not aware of public or private resources or do not know how to successfully obtain them. The service providers in these communities may not know when or where to apply for funding, have availability of qualified staff, or have experience completing a successful housing program. As compared to larger metropolitan areas, these communities have fewer resources that can be used for matching funds, less experienced staff members for submitting applications that often have complex federal funding requirements..

Concerns and negative attitudes and perceptions about Affordable Housing: Public opposition acts as a barrier to affordable housing, especially in regards to low-income multifamily development. Each competitive housing tax credit cycle for affordable multifamily housing, several communities submit letters to the Department stating their opposition to the proposed development in their area. Many of these complaints cite the communities' fear of falling property values or an increase in crime if a new affordable housing apartment is developed. However, direct association between affordable housing and crime or lower property values has not been proven by academic studies. These negative attitudes have been perpetuated by the "Not-In-My-Backyard" (NIMBY) mentality. TDHCA continues to work to educate the general public on affordable housing issues and encourages developers to interact directly with neighborhood organizations throughout the application process. This educational process is done with such tools as the public hearing process, TDHCA's website and publications, and the application scoring criteria for rental development funding.

The Department is continually reviewing all its programs and services to ensure adherence with federal fair housing requirements. This is now coordinated by the Fair Housing Team reporting to the Deputy Executive Director of Multifamily Finance and Fair Housing.

Water Service for Colonias: Another obstacle applies to colonia projects seeking both housing assistance and water services. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay housing projects for months, since the Department can only provide housing assistance to colonias that have water and wastewater services in place. *It should be noted that funds for the water service facet of this issue are not governed by the Department, but by the Texas Department of Agriculture.*

Clear Title: Another obstacle to affordable housing can be difficulty obtaining a clear title for low-income homeowners. Clear titles are required for homeowners to meet program eligibility requirements and protect TDHCA's investment in affordable housing.

Homeowners in need of housing repair or contract-for-deed conversions often have difficulty obtaining a clear title. Titles may not be in the homeowners' name because of divorce or widowhood, in which case the ex-spouse is also on the title. Titles with liens are a common occurrence when converting contract-for-deeds into traditional mortgages. The Department has made efforts, and continues to do so, to fund contract-for-deed conversions.

D. Opportunities

Organizational Training and Employee Development

In February 2014, TDHCA participated in an Organizational Excellence Survey sponsored by the University of Texas. The survey helps TDHCA leadership by providing information about work force. The data provide information not only about employees' perceptions of the effectiveness of their own organization, but also about employees' satisfaction with their employer. This will help management work to address TDHCA's strengths and weaknesses as seen through the eyes of its employees. Results of this survey are described in Appendix F.

Technology

In FY 2014 and in many cases continuing into the FY 2015-2019 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Provide Texans access to information and services through the TDHCA website and social media.
- Enhance and maintain TDHCA's Central Database systems, the Manufactured Housing System, and enterprise resource planning (ERP) systems. Specific projects and activities include:
 - Compliance Monitoring and Tracking System enhancements, including a new Section 811 module
 - HR System migration to the Centralized Accounting and Payroll/Personnel System
 - Community Affairs and Housing Contract System enhancements, including new functionality for collection of household level CA data
 - Manufactured Housing System enhancements
 - Mitas Accounting and Loan Administration System - periodic version upgrades
- Increase the reliability, performance, and security of the agency's network.

Through the TDHCA website, email list, webcasts, webinars, and social media, the Internet continues to offer opportunities to communicate directly with the Department's customers. Important examples of Department services that customers can access online include board meetings, training sessions on agency programs, and an extensive, well organized collection of publications.

External/Internal Assessment

Political

Communication with the Texas Legislature is a priority for the Department as it responds to informational requests and constituent queries. In addition to being responsive to members' needs, the Department provides members with information on its affordable housing and community affairs programs available to their constituents and the impact these programs have on their districts. The Department serves as a resource to Committees and individual members exploring policy issues and strives to provide the most current and comprehensive information on its programs to state's policy-makers as they deliberate on the important matters of affordable housing and community affairs.

E. Working with Federal, State, and Local Entities to Achieve Success

Because the efficiency of service provision and the capacity of available resources to create successful housing and housing-related endeavors can be greatly increased through partnerships among federal, state, regional, and local organizations, TDHCA strives to develop and maintain partnerships with a wide variety of groups. Additionally, given the ongoing efforts to affirmatively furthering fair housing choice, the Department continues to seek collaborative partnerships with state, regional, and local organizations to provide education, training, and outreach around this mandate.

Coordination with Federal Agencies

As discussed in detail in the "Description of Current Federal Activities" contained in Section VII, TDHCA works with a number of Federal organizations to allocate its funding. These organizations include the US Department of Housing and Urban Development, US Department of the Treasury, the US Department of Health and Human Services, the US Department of Energy and the Centers for Medicare and Medicaid Services. TDHCA works to establish effective working relationships with these organizations' personnel at both the national and regional level. In addition to ensuring that planning and oversight efforts are accomplished successfully, these partnerships leads to joint marketing of programs, cross program client referrals, and technical assistance with workshops and other training efforts.

As a provider of services to rural Texas communities, TDHCA has an ongoing relationship with USDA Rural Development. Collaborations have been achieved through several TDHCA programs (HTC and HOME) in the form of multifamily developments and single family homeownership initiatives.

Coordination with State Agencies

Below is a listing of state agencies, councils, and other state government bodies that TDHCA works with on an ongoing basis:

- Texas Department of Agriculture (TDA): TDHCA and TDA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. TDHCA and TDA jointly provide outreach and training to promote rural area capacity building, develop threshold requirements and scoring criteria for the rural applications, and score the applications. TDA also participates in the site inspection of rural developments proposed under the rural allocation. TDHCA and TDA coordinate services in seven Colonia Self-Help Centers to provide housing and technical assistance to improve the quality of life for colonia residents.
- Texas Interagency Council for the Homeless (TICH): TDHCA serves as a member of, and provides administrative support to, the Texas Interagency Council for the Homeless. TICH serves as an advisory committee to TDHCA. Representatives from eleven state agencies sit on the council along with members appointed by the governor, lieutenant governor, and speaker of the House of Representatives.
- Texas Department of Aging and Disability Services (DADS): TDHCA, in cooperation with DADS, the Texas Department of State Health Services, and local PHAs, administers a housing voucher program called Project Access. Project Access helps low income persons with disabilities transition from nursing facilities into the community by providing access to affordable housing. TDHCA serves on several committees coordinated by DADS, including the Aging Texas Well Committee, Promoting Independence Advisory Committee, and the Money Follows the Person Demonstration Project Advisory Committee. DADS representatives also serve on committees coordinated by TDHCA, including the Disability Advisory Workgroup and the Housing & Health Services Coordination Council.
- Texas State Affordable Housing Corporation (TSAHC): TDHCA works with TSAHC to share data and information in the development of the State of Texas Low Income Housing Plan and Annual Report. TSAHC also collaborates with TDHCA to administer the National Foreclosure Mitigation Counseling program.
- Department of State Health Services (DSHS): TDHCA serves on Council for Advising and Planning (CAP) for the Prevention and Treatment of Mental and Substance Use Disorders, coordinated by DSHS that focus on improving mental health and substance abuse services and supports.
- Texas Department of Criminal Justice (TDCJ): TDHCA serves on the Reentry Task Force that was created by the 81st legislature to make recommendations regarding successful reintegration of those released from the TDCJ facilities.
- The Housing and Health Services Coordination Council (HHSCC): The HHSCC was created by Senate Bill 1878 during the 81st Texas Legislative Session to increase the amount of service-enriched housing for seniors and people with disabilities; improve interagency understanding of housing and services, and increase the number of staff in state housing and state health services agencies that are conversant in both housing and health care policies; and offer a continuum of home and community-based services that are affordable to the state and the target population. The HHSCC includes eight members appointed by the Governor, and nine State agency representative members. The Executive Director of the Texas Department of Housing and Community Affairs serves as the Council Chair and one TDHCA staff supports the Council activities.

External/Internal Assessment

- Texas Veterans Commission (TVC): TDHCA partners with TVC to transfer Housing Trust Fund general revenue allocations for the purpose of administering the Fund for Veterans Housing Assistance.
- Texas Division of Emergency Management (TDEM): TDHCA continues to partner with TDEM to coordinate the provision of funding assistance in the event of a natural disaster or other emergency situation.
- Texas Department of Assistive & Rehabilitative Services (DARS): TDHCA serves on the State Independent Living Council which is funded by DARS to develop, in cooperation with the DARS and the Network of Centers for Independent Living, the State Plan for Independent Living.
- One Star Foundation: TDHCA serves on the Faith and Community Based Initiative to increase the capacity of faith- and community-based organizations to provide to Texans in need, assist local governments with establishing faith- and community-based initiatives, and foster better partnerships between state government and these organizations.

Coordination with Local and Regional Governments and Other Organizations

Organizations that TDHCA continues to partner with across the state include the following.

- Affordable housing providers: Department staff is highly sought out to serve as speakers for annual conferences sponsored by the Texas Affiliation of Affordable Housing Providers, the Rural Rental Housing Association of Texas, the Texas Association of Community Development Corporations, the Association of Rural Communities in Texas, and the Texas Association of Local Housing Finance Agencies.
- As a partner for the past several years, the Texas State Affordable Housing Corporation (TSAHC) has worked in conjunction with TDHCA to serve as a nonprofit sponsor of monies donated to TSHEP and to manage and account for funds. As a result, on September 1, 2012, TDCHA entered into a contract with TSAHC to assist in the administration of the Texas State Homeownership Education Program. Further, TSAHC is also a recipient of the Department's NSP funds and operates a land bank associated with that program. Community Action Agencies: Department staff works closely with the Texas Association of Community Action Agencies in giving and receiving feedback relating to its programs, and is sought out to provide training and assistance via TACAA.
- Texas Association of Realtors: Since 2004, the Department has worked with the Texas Association of Realtors in developing and keeping current an educational outreach campaign to help first time homebuyers access low-cost mortgage financing.
- Texas Homeless Network: TDHCA collaborates with the Texas Homeless Network through TDHCA's work on the Texas Interagency Council on Homelessness to build the capacity of homeless coalitions across the State of Texas, enabling them to become more effective in the communities they serve.

F. Access to Key Resources

Technological

TDHCA has access to the following technological resources: an internal IT department with skilled, experienced staff; custom enterprise business applications, including contract systems for community affairs and housing programs, the Compliance Monitoring and Tracking System, and the Manufactured Housing System; data center and end-user hardware and software used in support of the TDHCA mission; and current and planned IT initiatives to expand and improve systems.

Community/Business Resources

There is an existing network of local service providers which represent a substantial community resource. TDHCA will continue to work closely to help support the ongoing efforts of the following types of organizations: community action agencies, community development corporations, PHAs, CHDOs, faith-based organizations, nonprofit and for-profit entities. The dedicated efforts of these organizations allow the State to make the most of limited funding.

G. Employees' Attitudes with Regards to TDHCA

In February of 2014, TDHCA participated in the Survey of Employee Engagement sponsored by the University of Texas Institute for Organizational Excellence. The results of the survey are outlined below.

Overall Score

The overall survey score for TDHCA was 384. The overall survey score is a broad indicator for comparison with other entities. The Overall Score is an average of all survey items and presents the overall score for the Department. For comparison purposes, overall scores typically range from 325 to 375.

Response Rate

Out of 294 employees who were invited to take the survey, 233 responded. The response rate of the survey for TDHCA was 79 percent, which is considered high. As a general rule, rates higher than 50 percent suggest soundness. Rates lower than 20 percent may indicate problem. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses according to the employees of the Department:

Construct Analysis

Highest scoring constructs are areas of strength for the agency while the lowest scoring constructs are areas of concern. Scores above 350 suggest that employees perceive the issue more positively than negatively, and scores of 375 or higher indicate areas of

substantial strength. Conversely, scores below 350 are viewed less positively by employees, and scores below 325 should be a significant source of concern.

Table 28. Survey of Organizational Excellence: 2012 and 2014 Comparison

2014 SURVEY RESULTS			2012 SURVEY RESULTS			
CONS_NO	CONSTRUCT NAME	SCORES 2014	CONS_NO	CONSTRUCT NAME	SCORES 2012	POINTS DEVIATED
1	Supervision	409	1	Supervision	390	19
2	Team	400	2	Team	387	13
3	Quality	387	3	Quality	373	14
4	Pay	288	4	Pay	271	17
5	Benefits	398	5	Benefits	387	11
6	Physical Environment	391	6	Physical Environment	372	19
7	Strategic	410	7	Strategic	398	12
8	Diversity	368	8	Diversity	361	7
9	Information Systems	376	9	Information Systems	369	7
10	Internal Communication	366	10	Internal Communication	346	20
11	External Communication	396	11	External Communication	375	21
12	Employee Engagement	394	12	Employee Engagement	382	12
13	Employee Development	387	13	Employee Development	377	10
14	Job Satisfaction	393	14	Job Satisfaction	381	12

Areas of Strength

The Departments strengths lie in the Strategic, Supervision, and Team constructs. They are discussed below in the order of scores received, from highest to lowest.

Strategic (Score: 410)

The Strategic construct reflects employees’ thinking about how the organization responds to external influences that should play a role in defining the organization’s mission, vision, services, and products. Implied in this construct is the ability of the organization to seek out and work with relevant external entities.

High scores indicate employees view the organization as able to quickly relate its mission and goals to environmental changes and demands. It is viewed as creating programs that advance the organization and highly capable means of drawing information and meaning from the environment. Maintaining these high scores will require leadership to continually assess the ability of the organization and employees at all levels to test programs against need and to continue to have rapid feedback from the environment.

Supervision (Score: 409)

The Supervision construct provides insight into the nature of supervisor relationships within the organization, including aspects of leadership, the communication of expectations, and the sense of fairness that employees perceive between supervisors and themselves.

High Supervisor scores indicate that employees view their supervisors as fair, helpful, and critical to the flow of work. Maintaining these high scores will require leadership to carefully assess supervisory training and carefully make the selection of new supervisors.

Team (Score: 400):

The Team construct captures employees' perception of the people within the organization that they work with on a daily basis to accomplish their jobs (the work group or team). This construct gathers data about how effective employees think their work group is as well as the extent to which the organization supports cooperation among employees.

High Team scores indicate that employees view their work groups as effective, cohesive, and open to the opinions of all its members. Maintaining these high scores will require leadership to ensure employees are actively involved in their work groups and have opportunities to contribute to goal setting and other work processes.

Areas of Concern

Fair Pay (Score: 288)

Fair Pay is a common negative perception across most, if not all, state agencies. The Pay construct addresses perceptions of the overall compensation package offered by the Department. It describes how well the compensation package "holds up" when employees compare it to similar jobs in other organizations.

Low scores suggest that pay is a central concern or reason for satisfaction or discontent. In some situations pay does not meet comparables in similar organizations. In other cases individuals feel that pay levels are not appropriately set to work demands, experience and ability.

Internal Communication (Score: 366)

The Internal Communication construct captures the Department's communication flow from the top-down, bottom-up, and across divisions. It addresses the extent to which communication exchanges are open, candid, and move the Department toward its goal.

Diversity (Score: 368)

The Diversity construct addresses the extent to which employees feel personal differences, such as ethnicity, social class or lifestyle, may result in alienation from the larger organization and missed opportunities for learning or advancement. It examines how the organization understands and uses creativity coming from individual differences to improve organizational effectiveness.

Climate Analysis

The climate in which employees work does, to a large extent, determine the efficiency and effectiveness of an organization. The appropriate climate is a combination of a safe, non-harassing environment with ethical abiding employees who treat each other with fairness and respect.

Each Climate Area is displayed below with its corresponding score. Scores above 350 suggest that employees perceive the issue more positively than negatively, and scores of 375 or higher indicate areas of substantial strength. Conversely, scores below 350 are

External/Internal Assessment

viewed less positively by employees, and scores below 325 should be a significant source of concern for the organization and should receive immediate attention.

Table 29. Climate Analysis: 2012 and 2014 Comparison

2014 SURVEY RESULTS			2012 SURVEY RESULTS			
CONS_NO	CLIMATE ANALYSIS	SCORES 2014	CONS_NO	CLIMATE ANALYSIS	SCORES 2012	POINTS DEVIATED
15	Climate/Atmosphere	401	15	Climate/Atmosphere	390	11
16	Climate/Ethics	400	16	Climate/Ethics	387	13
17	Climate/Fairness	337	17	Climate/Fairness	345	22
18	Climate/Feedback	357	18	Climate/Feedback	339	18
19	Climate/Management	369	19	Climate/Management	365	4

Climate Definitions:

Atmosphere: The aspect of climate and positive Atmosphere of an organization must be free of harassment in order to establish a community of reciprocity.

Ethics: An Ethical climate is a foundation of building trust within an organization where not only are employees ethical in their behavior, but that ethical violations are appropriately handled.

Fairness: Fairness measures the extent to which employees believe that equal and fair opportunity exists for all members of the organization.

Feedback: Appropriate feedback is an essential element of organizational learning by providing the necessary data in which improvement can occur.

Management: The climate by Management as being accessible, visible, and an effective communicator of information is a basic tenant of successful leadership.

Strategies for Improvement

The Department will continue to capitalize on the information derived from the 2014 Survey of Employee Engagement to improve in areas of concern as noted below.

Fair Pay:

While fair pay continues to be the lowest scoring category for the Department, the Department will continue to review equity among similar positions and make adjustments as appropriate to ensure equitable pay among positions.

Diversity:

The Department is committed to instilling a culture of diversity, transparency, fairness, professionalism, and integrity. The Department will continue to analyze recruitment efforts to promote a diverse workforce and will continue to promote programs to increase diversity awareness within the organization. The Department will continue to promote organizational development and encourage supervisors to provide employees with the opportunity to

increase their knowledge, skills, and abilities through attending professional development training courses and on-the job training to enhance promotional opportunities for employees. The Department will also develop the formation of a committee designed to identify appropriate events and activities which recognizes the diversity of TDHCA staff.

Internal Communication:

The Department will continue to have internal communications with staff through agency wide staff meetings and internal communication methods to include:

- Agency wide emails;
- Department Water Cooler;
- Department Intranet;
- Brown Bag Lunches;
- Walkabouts;
- Division Pages with details about division responsibilities;
- TDHCA Program Successes;

and will continue to promote an environment that encourages employee networking and provide feedback to their supervisors and executive management.

TDHCA GOALS, OBJECTIVES, AND STRATEGIES AND THE ASSOCIATED OUTCOME, EFFICIENCY, EXPLANATORY, AND OUTPUT MEASURES

The following TDHCA Goals, Objectives, and Strategies were provided in the Department's 2014-2015 Legislative Appropriations Request and approved by the Legislative Budget Board.

Goal 1.

To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

Objective 1.

Make loans, grants, and incentives available to fund all eligible housing activities and preserve/create single- and multifamily units for very low, low and moderate income households.

Outcome Measures

1. Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
2. Percent of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
3. Percent of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
4. Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance
5. Percent of Multifamily Rental Units Benefiting Very Low, Low and Moderate Income Households

Strategy 1.

Provide mortgage loans and Mortgage Credit Certificates (MCCs), through the department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low, and moderate income homebuyers.

Efficiency Measures

1. Average Loan Amount Per Household Assisted through the First Time Homebuyer Program without Down Payment Assistance
2. Average First Time Homebuyer Program Loan with Down Payment Assistance
3. Average Mortgage Credit Certificate Program Amount

Explanatory Measures

1. Number of Households Receiving Loans without Down Payment Assistance through the First Time Homebuyer Program
2. Number of Households Receiving Loans with Down Payment Assistance through the First Time Homebuyer Program
3. Number of Mortgage Credit Certificates

Output Measures

1. Number of Households Assisted with Single Family Mortgage Revenue Bond Funds

Strategy 2.

Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of single family and multifamily housing in rural areas of the state through partnerships with the private sector.

Efficiency Measures

1. Average Amount Per Household for Single Family New Construction Redevelopment Activities
2. Average Amount Per Household for Single Family Rehabilitation Activities or Reconstruction
3. Average Amount Per Household Assisted with Homebuyer and Homebuyer/Home Rehabilitation Assistance
4. Average Amount Per Household Receiving Tenant-based Rental Assistance

Explanatory Measures

1. Number of Households Assisted through Single Family New Construction/Development Activities
2. Number of Households Assisted through Single Family Rehabilitation or Reconstruction Activities
3. Number of Households Assisted through Homebuyers and Homebuyer/Home Rehabilitation Assistance
4. Number of Households Assisted through Tenant-based Rental Assistance
5. Number of Single Family Home Contract Administration Reviews
6. Number of HOME Single Family Technical Assistance Visits, E-mail, and Calls
7. Number of HOME Single Family Workshops and Trainings Provided

Output Measures

1. Number of Households Assisted with Single Family HOME Funds
2. Number of Households Assisted with Home Funds

Strategy 3.

Provide Funding through the Housing Trust Fund for Affordable Housing.

Efficiency Measures

Goals, Objectives, Strategies and Measures

1. Average Amount Per Household for Single Family Owner-Builder Bootstrap Program
2. Average Amount Per Household for Single Family Nonowner-Builder (Non-Bootstrap) Activities

Explanatory Measures

1. Number of Households Assisted through Single Family Bootstrap
2. Number of Households Assisted through Single Family Nonowner-Builder (Non-Bootstrap) Activities

Output Measures

1. Number of Single Family Households Assisted through the Single Family Housing Trust Fund Program

Strategy 4.

Provide federal rental assistance through Section 8 certificates and vouchers for very low income households.

Efficiency Measures

Average Cost Per Household to Administer Housing Choice Voucher Program

Output Measures

1. Number of Households Assisted through Statewide Housing Assistance Payments Program

Strategy 5.

Provide federal tax credits to develop rental housing for very low and low income households.

Efficiency Measures

1. Average Amount of Annual Tax Credits per Household for New Construction Activities
2. Average Total Development Costs per Household for New Construction Activities
3. Average Amount of Annual Tax Credits per Household for Rehabilitation Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

Explanatory Measures

1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

Output Measures

1. Number of Households Assisted through the Housing Tax Credit Program

Strategy 6.

Provide federal mortgage loans through the department's Mortgage Revenue Bond (MRB) program for the acquisition, restoration, construction and preservation of multifamily rental units for very low, low and moderate income families.

Efficiency Measures

1. Average Amount of Bond Proceeds per Household for New Construction Activities
2. Average Total Development Costs per Household for New Construction Activities
3. Average Amount of Bond Proceeds per Household for Rehabilitation/Acquisition Activities
4. Average Total Development Costs per Household for Rehabilitation Activities

Explanatory Measures

1. Number of Households Assisted through New Construction Activities
2. Number of Households Assisted through Rehabilitation Activities

Output Measures

1. Number of Households Assisted through the Multifamily Mortgage Revenue Bond Program

Goal 2.

Promote improved housing conditions for extremely low, very low, and low income households by providing information and assistance.

Objective 1.

Provide information and technical assistance regarding affordable housing resources and community support services.

Outcome Measure.

Percent of Short Term and Long Term Information and Technical Assistance Requests Fulfilled Within Established Time Frames

Strategy 1.

Provide information and technical assistance to the public through the Center for Housing Research, Planning, and Communications.

Output Measures

1. Number of Information and Technical Assistance Requests Completed
2. Number of Short Term Information and Technical Assistance Consumer Requests Completed
3. Number of Long Term Information and Technical Assistance Requests Completed

Objective 2.

Goals, Objectives, Strategies and Measures

Promote and improve homeownership opportunities along with the development of safe neighborhoods and effective community services for all colonia residents and/or residents of low, very low, and extremely low income along the Texas-Mexico border.

Strategy 1.

Provide assistance to colonias, border communities, and nonprofits through field offices, Colonia Self-Help Centers, and Department programs.

Output Measures

1. Number of Technical Assistance Contacts and Visits Conducted Annually from the Border Field Offices
2. Number of Colonia Residents Receiving Technical Assistance Annually through the Colonia Field Offices
3. Number of Entities and/or Individuals Receiving Informational Resources

Goal 3.

Improve living conditions for the poor and homeless and reduce cost of home energy for very low income (VLI) Texans.

Objective 1.

To ease hardships of poverty and homelessness for 16 percent of the population of homeless and very low income persons each year.

Outcome Measures

1. Percent Eligible Population That Received Homeless and Poverty-Related Assistance
2. Percent of Emergency Shelters Assisted
3. Percent of Persons Assisted That Achieve Incomes above Poverty Level

Strategy 1.

Administer homeless and poverty-related federal funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Efficiency Measures

1. Average Agency Administrative Cost per Person Assisted

Explanatory Measures

1. Total Number of Emergency Shelters
2. Total Number of Persons in Poverty Meeting Income Eligibility
3. Total Number of Shelters Served through Emergency Shelter Grant Program

Output Measures

1. Number of Persons Assisted through Homeless and Poverty-related Funds
2. Number of Persons Assisted That Achieve Incomes Above Poverty Level

3. Number of Persons Assisted by the Community Services Block Grant Program
4. Number of Persons Assisted by the Emergency Shelter Grant Program
5. Number of Persons Assisted by the Homeless and Housing Services Program

Objective 2.

To reduce cost of home energy for 6 percent of very low income households each year.

Outcome 1.

Percent of Very Low Income Households Receiving Energy Assistance

Strategy 1.

Administer state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and general assistance to very low income households for heating and cooling expenses and energy-related emergencies.

Efficiency Measures

1. Average Administrative Cost Per Household Served
2. Average Cost per Home Weatherized

Explanatory Measures

1. Number of Very Low Income (VLI) Households Eligible for Energy Assistance

Output Measures

1. Number of Households Assisted through the Comprehensive Energy Assistance Program
2. Number of Dwelling Units Weatherized by the Department

Goal 4.

Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.

Objective 1.

Administer and monitor housing developments and subrecipient contracts to determine compliance with federal and state housing program requirements.

Outcome Measures

1. Percent of Multifamily and/or Single Family Rental Properties Monitored Annually
2. Percent of Properties Monitored by the Portfolio Management and Compliance Division that are in Material Non-compliance

Strategy 1.

Monitor and inspect for federal and state housing program requirements.

Goals, Objectives, Strategies and Measures

Efficiency Measures

1. Average Cost to Monitor a Rental Property

Explanatory Measures

1. Total Number of Developments in the Compliance Monitoring Portfolio
2. Total Number of Units Administered

Output Measures

1. Total Number of Monitoring Reviews Conducted
2. Total Number of Desk Reviews Conducted
3. Total Number of Onsite Reviews Conducted
4. Total Number of Land Use Restriction Agreements Processed

Strategy 2.

Administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Efficiency Measures

1. Average Cost to Monitor a Contract

Explanatory Measures

1. Number of Contracts Monitored
2. Number of Previous Participation Reviews

Output Measures

1. Total Number of Contract Monitoring Reviews Conducted
2. Number of Single Audit Reviews Conducted

Goal 5.

Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Objective 1.

Operate a regulatory system to ensure responsive handling of Statement of Ownership and Location (SOL) and license applications, inspection reports, and complaints.

Outcome Measures

1. Percent of Applications Processed within Established Time Frames
2. Percent of Consumer Complaint Inspections Conducted within 30 Days of Request
3. Percent of Complaints Resulting in Disciplinary Action
4. Percent of Documented Complaints Resolved within Six Months
5. Recidivism Rate for Those Receiving Disciplinary Action

Strategy 1.

Provide services for Statement of Ownership and Location and licensing in a timely and efficient manner.

Efficiency Measures

1. Average Cost per Manufactured Housing Statement of Ownership and Location Issued

Explanatory Measures

1. Number of Manufactured Homes of Record in Texas

Output Measures

1. Number of Manufactured Housing Statements of Ownership and Location Issued
2. Number of Licenses Issued

Strategy 2.

Conduct inspections of manufactured homes in a timely and efficient manner.

Efficiency Measures

1. Average Cost per Inspection

Explanatory Measures

1. Number of Installation Reports Received
2. Number of Installation Inspections with Deviations

Output Measures

1. Number of Routine Installation Inspections Conducted
2. Number of Non-routine Inspections Conducted

Strategy 3.

Process consumer complaints, conduct investigations, and take administrative actions to protect general public and consumers.

Efficiency Measures

1. Average Cost per Complaint Resolved
2. Average Time for Complaint Resolution (Days)

Explanatory Measures

1. Number of Jurisdictional Complaints Received

Output Measures

1. Number of Complaints Resolved

Strategy 4.

Goals, Objectives, Strategies and Measures

Provide for the processing of occupational licenses, registrations, or permit fees through TexasOnline. Estimated and nontransferable.

Goal 6.

Indirect administrative and support costs.

Objective 1.

Indirect administrative and support costs.

Strategies

1. Central Administration.
2. Information Resource Technologies.
3. Operations and Support Services.

TECHNOLOGY INITIATIVE ASSESSMENT AND ALIGNMENT

1. Initiative Name: Name of the current or planned technology initiative.	
Provide Texans access to information and services through the TDHCA website and social media.	
2. Initiative Description: Brief description of the technology initiative.	
This initiative, which is carried forward from the FY 2012-2013 strategic plan, involves managing an expansive amount of existing information on the agency website, continuously preparing new information and posting it to the website, and communicating with agency customers through social media.	
3. Associated Project(s): Name and status of current or planned project(s), if any, that support the technology initiative and that will be included in agency's Information Technology Detail.	
Name	Status
No associated ITD projects.	
4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> • Goal/Objective 2-1 – Provide Information and Assistance - Provide Information and Assistance for Housing and Community Services • Goal/Objective 5-1 – Regulate Manufactured Housing Industry - Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other 	
5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> • Security and Privacy • Cloud Services • Legacy Applications • Business Continuity • Enterprise Planning and Collaboration • IT Workforce • Virtualization • Data Management • Mobility • Network 	
This initiative aligns with the following statewide technology priorities:	
<ul style="list-style-type: none"> • Cloud Services • Data Management 	
6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:	
<ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Systems for new programs (i.e., Section 811 Program) • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations) 	
TDHCA continues to gain the following benefits through this initiative:	

Technology Resource Planning

<ul style="list-style-type: none"> • Increased citizen/customer satisfaction through easy access to information about agency programs and services and multiple avenues to provide feedback to TDHCA, ask questions, or request additional information. • Increased customer knowledge of program rules and funding availability, which helps TDHCA move funding from TDHCA through subrecipients to Texans. Increased customer knowledge of program rules assists compliance objectives.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency’s ability to successfully implement the technology initiative.</p>
<p>Capabilities include a well-organized website, knowledgeable and skilled business and technology staff, and free technologies. The major barrier associated with this initiative is limited staffing resources compared to the volume of information maintained on the website.</p>

<p>1. Initiative Name: Name of the current or planned technology initiative.</p>	
<p>Enhance and maintain TDHCA’s Central Database systems, the Manufactured Housing System, and enterprise resource planning (ERP) systems.</p>	
<p>2. Initiative Description: Brief description of the technology initiative.</p>	
<p>This initiative, which is carried forward from the FY 2012-2013 strategic plan, consists of software development projects and operational activities that TDHCA undertakes to improve the capabilities of core agency systems for administering contracts and grants, originating and servicing loans, monitoring subrecipient compliance with program rules, regulating the manufactured housing industry, and managing agency financial and human resources.</p> <p>Projects included in this initiative are the following:</p> <ul style="list-style-type: none"> • Compliance Monitoring and Tracking System enhancements, including a new Section 811 module • HR System migration to the Centralized Accounting and Payroll/Personnel System • Community Affairs and Housing Contract System enhancements, including new functionality for collection of household level CA data • Manufactured Housing System enhancements • Mitas Accounting and Loan Administration System - periodic version upgrades <p>None of the above are IT capital budget projects and therefore will not be included in TDHCA’s Information Technology Detail.</p>	
<p>3. Associated Project(s): Name and status of current or planned project(s), if any, that support the technology initiative and that will be included in agency’s Information Technology Detail.</p>	
<p>Name</p>	<p>Status</p>
<p>No associated ITD projects.</p>	
<p>4. Agency Objective(s): Identify the agency objective(s) that the technology initiative</p>	

supports.
<ul style="list-style-type: none"> • Goal/Objective 1-1 – Increase Availability of Safe/Decent/Affordable Housing - Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing • Goal/Objective 2-1 – Provide Information and Assistance - Provide Information and Assistance for Housing and Community Services • Goal/Objective 3-1 – Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs - Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year • Goal/Objective 4-1 – Ensure Compliance with Program Mandates - Monitor Developments & Subrecipient Contracts for Compliance • Goal/Objective 5-1 – Regulate Manufactured Housing Industry - Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other
<p>5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.</p> <ul style="list-style-type: none"> • Security and Privacy • Cloud Services • Legacy Applications • Business Continuity • Enterprise Planning and Collaboration • IT Workforce • Virtualization • Data Management • Mobility • Network
<p>This initiative aligns with the following statewide technology priorities:</p> <ul style="list-style-type: none"> • Enterprise Planning and Collaboration • Data Management • Security and Privacy
<p>6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:</p> <ul style="list-style-type: none"> • Operational efficiencies (time, cost, productivity) • Citizen/customer satisfaction (service delivery quality, cycle time) • Security improvements • Foundation for future operational improvements • Compliance (required by State/Federal laws or regulations)
<p>TDHCA expects to gain the following benefits through this initiative:</p> <ul style="list-style-type: none"> • The ability to manage Section 811 program data within the Central Database. • Increased operational efficiencies through Compliance Monitoring and Tracking System enhancements, the HR System Migration to Centralized Accounting and Payroll/Personnel System, and Manufactured Housing System enhancements. • Expanded reporting abilities for Community Affairs programs through the collection of household level data. • Continued reliability and performance in the Mitas Accounting and Loan Administration System through periodic version upgrades.
<p>7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency’s ability to successfully implement the technology initiative.</p>
<p>Capabilities include existing software applications that can be expanded to meet changing business requirements and talented and knowledgeable business and technology staff.</p> <p>Barriers include limited technology staffing resources compared to the number of projects</p>

and operational activities, limited budgets, and the complexity of projects and systems.

1. Initiative Name: Name of the current or planned technology initiative.

Increase the reliability, performance, and security of the agency's network.

2. Initiative Description: Brief description of the technology initiative.

This initiative, which is carried forward from the FY 2012-2013 strategic plan, consists of infrastructure projects and activities that TDHCA will carry out to ensure that agency systems and data are highly available to Texans and employees, perform at a highly responsive level, and are secured from unintended access. In FY 2014, TDHCA increased its emphasis on information security by establishing a dedicated Information Security Officer (ISO) position.

3. Associated Project(s): Name and status of current or planned project(s), if any, that support the technology initiative and that will be included in agency's Information Technology Detail.

Name	Status
IT Hardware and Software Refresh	In progress

4. Agency Objective(s): Identify the agency objective(s) that the technology initiative supports.

This initiative indirectly supports all agency objectives.

5. Statewide Technology Priority(ies): Identify the statewide technology priority or priorities the technology initiative aligns with, if any.

- Security and Privacy
- Cloud Services
- Legacy Applications
- Business Continuity
- Enterprise Planning and Collaboration
- IT Workforce
- Virtualization
- Data Management
- Mobility
- Network

This initiative aligns with the following statewide technology priorities:

- Network
- Security and Privacy
- Data Management
- Enterprise Planning and Collaboration
- Cloud Services
- Virtualization

6. Anticipated Benefit(s): Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:

- Operational efficiencies (time, cost, productivity)
- Citizen/customer satisfaction (service delivery quality, cycle time)
- Security improvements
- Foundation for future operational improvements
- Compliance (required by State/Federal laws or regulations)

TDHCA expects to gain the following benefits through this initiative:

- Increased operational efficiencies through the improved performance and reliability of agency systems, including Central Database systems, PeopleSoft Financials, and the Mitas Accounting and Loan Administration System.
- Security improvements, through an increased focus on policies, patch management, and vulnerability analysis.

7. Capabilities or Barriers: Describe current agency capabilities or barriers that may advance or impede the agency's ability to successfully implement the technology initiative.

Capabilities include newly acquired server hardware, existing security software and hardware, and talented and knowledgeable technology staff.

Barriers include limited technology staffing resources and the difficulty in dedicating time to infrastructure activities given other projects that directly benefit agency goals and a high daily volume of work orders submitted by business employees.

APPENDIX A. DESCRIPTION OF TDHCA'S PLANNING PROCESS

In the course of creating or revising required state or federal documents or other activities that require long-term planning, TDHCA takes into account assessment, analysis, and public input. The Department's planning process centers around forming agency policies and programs on the basis of reliable data analysis, staff expertise, and informed public input from consumers, advocates, housing providers, and legislative members.

In general, the planning process involves the following steps:

1. review of legislative and/or regulatory requirements,
2. development of a timeline,
3. program area updates and revisions, based on user feedback, funding trends and noted areas for improvement,
4. data collection,
5. analysis and policy development,
6. legal and executive review,
7. public comment acceptance and response,
8. board review and approval (if appropriate), and
9. federal agency approval, if so required
10. implementation.

The planning process begins with the review of the legislative and/or regulatory requirements by legal staff and the appropriate divisional staff. After the requirements are determined, divisional staff will establish a timeline for the planning process through implementation.

A focused effort is made to collect information required to develop the draft rule or planning document. Appropriate program area staff is consulted for their expertise with updates and revisions and to request any required supporting data. Recent operational challenges for recipients, trends in demand for funds and issues identified through the monitoring process are used to educate changes or recommendations to policies or rules. A round table discussion, online Discussion Forum or public hearing may be held to insure that a variety of viewpoints on the relevant issues are obtained. Relevant demographic, economic, and subjective data is also typically assembled from outside sources. This data is obtained from a wide variety of appropriate sources, such as the US Census, Texas State Data Center, Real Estate Center, surveys, interviews, and best practices from other agencies.

The assembled data are then analyzed and used to develop preliminary policies to address the identified need. These policies are developed to be consistent with the goals, objectives, and performance measures as outlined in the TDHCA Plan and reported to the LBB and the Governor's Office of Budget, Planning, and Policy. The draft is then reviewed by legal and executive staff, and is also approved by the TDHCA Board. Any outstanding issues are

Appendix A: Description of TDHCA's Planning Process

resolved, and the draft rule or planning document (or a summary of the draft) is published in the *Texas Register* for public comment, if applicable. Announcements about the rule revision or document and the public comment period are also sent out over the Department's listserv and by any legislatively required means.

All data and resulting conclusions are made available to the public followed by online Discussion Forums, public comment periods and public hearings.

TDHCA strongly encourages public involvement in the Department's policy development process. In addition to round tables, online discussion forums and public hearings, written comment is accepted by mail, email and fax during the public comment periods. At the close of the public comment period, TDHCA staff reviews public input and develops reasoned responses. All public comment, both written comment and the hearing transcripts, is published on the Department's website or in the planning document with the reasoned responses.

After all information is compiled, policies developed, and public comment is taken, the planning document or rule is finalized. In some programs, these plans must be submitted for approval to the federal oversight agency. General Department policies are outlined in the *State of Texas Low Income Housing Plan and Annual Report*. Individual programs may have specific documents that govern their activities (i.e., the Qualified Allocation Plan for the Housing Tax Credit Program and the Biennial Plan for the Housing Trust Fund).

Where required by statute or the Board, documents and rules are brought before the Department's Board for approval. The Department's Board generally meets once a month to review funding and policy recommendations and reports. All Department policies are brought before the Board and are open for public comment at the meeting. The final document or rule is posted for public review seven days before the meeting. Action is taken on the item by the Board. If approved, the plan or rule will be implemented.

For the programs that are competitive or open to various nonprofit and for-profit entities, the Department holds application and implementation workshops. These workshops are used to inform program administrators of the services available from TDHCA, as well as train organizations on the implementation of the programs for which they have successfully applied. These workshops present administrators an opportunity to address program policies.

Once the document or rule is approved and in place, TDHCA uses performance measurement to review its effectiveness. The performance measurements are reported to the Legislative Budget Board and in planning documents, such as the State Low Income Housing Plan and Annual Report and HUD 5-Year Consolidated Plan. Strategies, which are ways to accomplish key objectives, become the basic building blocks for the budgeting and expenditure of state funds. Objectives, strategies, and measures funded in the Legislative Appropriations Request relate specifically to the primary functions or areas of the

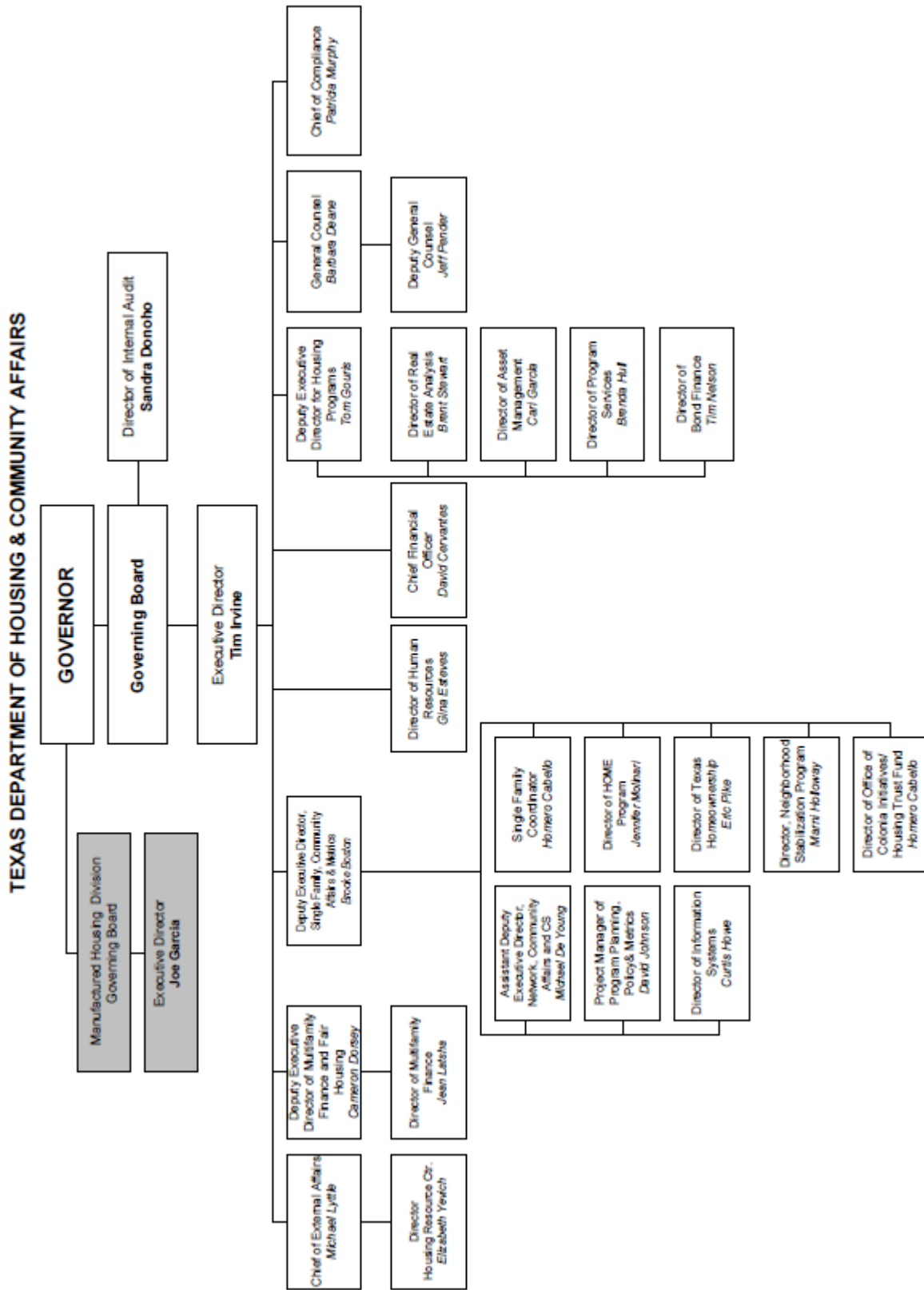
Appendix A: Description of TDHCA's Planning Process

Department. Department and program effectiveness feeds into the strategic planning process by showing goals that have been met and by showing areas that need additional attention.

Finally, TDHCA uses enterprise risk management as part of the agency's planning process. Risk management identifies and measures critical operational, strategic, and environmental risks. The process involves the following steps: identify key processes, identify risks that threaten key processes, rate severity and probability of each risk, and decide what internal controls can be used to avoid/reduce risk. The results of this assessment are then used to implement risk mitigation. This activity is an important component of strategic planning because it helps to clarify the agency's key processes and ensure that they are successfully maintained.

TDHCA continues to work toward a comprehensive approach to planning, focusing on its missions, goals, and objectives, and establishing meaningful performance measures to report its progress toward those goals and objectives.

APPENDIX B. CURRENT ORGANIZATIONAL CHART



APPENDIX C. FIVE-YEAR PROJECTIONS FOR OUTCOMES

Table 1. Five-Year Projections for Outcomes*

*Key Outcome Measures are shown in bold. Note that Target projections may change as a result of Legislative Budget Board review. Final projections are available in the approved TDHCA Legislative Action Request for Fiscal Years 2016 and 2017.

1 Increase Availability of Safe/Decent/Affordable Housing	2015	2016	2017	2018	2019
% of Households/Individuals Assisted	0.58%	0.52%	0.51%	0.61%	0.61%
% of Very Low Income Households Receiving Housing Assistance	0.71%	0.60%	0.59%	0.74%	0.74%
% of Low Income Households Receiving Housing Assistance	0.09%	0.10%	0.10%	0.10%	0.10%
% of Households of Moderate Income Receiving Housing Assistance	2.26%	2.58%	2.54%	2.50%	2.46%
% of Multi-family Rental Units Benefiting Very Low, Low and Moderate Income Households	100.00%	100.00%	100.00%	100.00%	100.00%
2 Provide Information and Technical Assistance					
1 Provide Info & Technical Assistance for Housing and Community Services					
% of Information and Technical Assistance Requests Fulfilled Within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%
3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs					
1 Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year					
% of Eligible Population that Received Homeless and Poverty-related Assistance	12.90%	12.90%	12.90%	12.90%	12.90%
% of Emergency Shelters Assisted	11.37%	11.37%	11.37%	11.37%	11.37%
% of Persons Achieving Incomes above Poverty Level	0.02%	0.02%	0.02%	0.02%	0.02%
2 Reduce Cost of Home Energy for 6% of Very Low Income Households					
% of Very Low Income Households Receiving Energy Assistance	11.28%	11.28%	11.28%	11.28%	11.28%
4 Ensure Compliance with Program Mandates					
1 Monitor Developments and Subrecipient Contracts for Compliance					
% of Properties Monitored	100.00%	100.00%	100.00%	100.00%	100.00%
% of Properties Monitored that Are in Material Non-compliance	7.00%	n/a	n/a	n/a	n/a
5 Regulate Manufactured Housing Industry					
1 Operate a Regulatory System Ensure Responsive SOL/Licensing/Other					
% of Applications Processed within Established Time Frames	95.00%	100.00%	100.00%	100.00%	100.00%
% of Consumer Complaint Inspections Conducted within 30 Days	100.00%	100.00%	100.00%	100.00%	100.00%
% of Complaints Resulting in Disciplinary Action	20.00%	20.00 %	20.00 %	20.00 %	20.00 %
% of Documented Complaints Resolved within Six Months	75.00%	80.00%	80.00%	80.00%	80.00%
Recidivism Rate for those Receiving Disciplinary Action	20.00%	30.00%	30.00%	30.00%	30.00%

APPENDIX D. LIST OF PERFORMANCE MEASURE DEFINITIONS

The following Outcome, Output, Efficiency, and Explanatory Measure definitions were provided to the Governor’s Office and the Legislative Budget Board in April 2014 for utilization by the Department during SFY 2016-2017 biennium.

Strategy 1.1.1	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program Measure Type: EF Measure No. #1: Average Loan Amount without Down Payment Assistance</p>	<p>Definition: A measure that tracks the average mortgage loan amount without down payment assistance. Data Limitations: While TDHCA has indicated "Higher," multiple factors beyond TDHCA's control affect average loan size; the desirability of the resulting performance is dependent on the cause and any potential public policy implications rather than the size of the loan itself. Data Source: The number and amounts of the loans are tracked by the division. Agency extracts data from participating lenders. Methodology: The total amount of the loans will be summed and divided by the corresponding number of households. Purpose: This measure identifies the costs of loans without down payment assistance. Cumulative: No New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program Measure Type: EF Measure No. #2: Loan Amount with Down Payment Assistance</p>	<p>Definition: A measure that tracks the average mortgage loan amount with down payment assistance. Data Limitations: While TDHCA has indicated "Higher," multiple factors beyond TDHCA's control affect average loan size; the desirability of the resulting performance is dependent on the cause and any potential public policy implications rather than the size of the loan itself. Data Source: The number and amounts of the loans are tracked by the division. Agency extracts data from participating lenders. Methodology: The total amount of the loans will be summed and divided by the corresponding number of households. Purpose: This measure identifies the costs of loans with down payment assistance. Cumulative: No New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.1	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program Measure Type: EF Measure No. #3: Average Mortgage Credit Certificate</p>	<p>Definition: A measure that tracks the average Mortgage Credit Certificate (MCC) Amount. Data Limitations: While TDHCA has indicated "Higher," multiple factors beyond TDHCA's control affect average loan size; the desirability of the resulting performance is dependent on the cause and any potential public policy implications rather than the size of the loan itself. Data Source: The number and amounts of the loans are tracked by the division. Agency extracts data from participating lenders. Methodology: The total dollar amount of the MCCs will be summed and divided by the number of MCCs. Purpose: This measure identifies the cost of MCCs. Cumulative: No New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program Measure Type: EX Measure No. #1: Households Receiving Mortgage Loans without Down Payment Assistance</p>	<p>Definition: A measure that tracks the number of households receiving loans without down payment assistance. Data Limitations: No limitations Data Source: The number and amounts of the loans are tracked by the division. Agency extracts data from participating lenders. Methodology: The number will be a count of loans without down payment assistance. This figure does not include loans leveraged with the Mortgage Credit Certificate program. Purpose: To track the number of households receiving loans without down payment assistance. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.1	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program Measure Type: EX Measure No. #2: Number of Households Receiving Mortgage Loans with Down Payment Assistance.</p>	<p>Definition: A measure that tracks the number of households receiving loans with down payment assistance. Data Limitations: No limitations Data Source: The number and amounts of the loans are tracked by the division. Agency extracts data from participating lenders. Methodology: The number will be a count of loans with down payment assistance. This figure does not include loans leveraged with the Mortgage Credit Certificate program. Purpose: To track the number of households receiving loans with down payment assistance. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program Measure Type: EX Measure No. #3: Number of Mortgage Credit Certificates</p>	<p>Definition: A measure that tracks the number of Mortgage Credit Certificates (MCC). Data Limitations: No limitations Data Source: The number of MCCs are tracked by the Texas Homeownership Division. Agency extracts data from participating lenders. Methodology: The number will be the count of the issued MCCs. This number does not include MCCs issued in conjunction with loans reported under this Strategy. Purpose: This measure identifies the number of households receiving MCCs. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.1	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program</p> <p>Measure Type: EX</p> <p>Measure No. #4: Number of Mortgage Credit Certificates Combined with Mortgage Loans.</p>	<p>Definition: A measure that tracks the number of Mortgage Credit Certificates (MCC) Combined with the Mortgage Loans, with or without down payment assistance.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of MCCs are tracked by the Texas Homeownership Division. The number and amounts of the loans are tracked by the division. Agency extracts data from participating lenders.</p> <p>Methodology: The number will be the count of the issued MCCs that have been combined with mortgage loans. This figure does not include loans leveraged with the Mortgage Credit Certificate program.</p> <p>Purpose: This measure identifies the number of households receiving the combined program elements of a Mortgage Credit Certificate and a mortgage loan, with or without down payment assistance.</p> <p>Cumulative: Yes</p> <p>New Measure: Yes</p> <p>Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 1: Mortgage Loans & MCCs through the SF MRB Program</p> <p>Measure Type: OP</p> <p>Measure No. #1: Number Households Assisted through bond authority or other mortgage financing</p>	<p>Definition: A measure that tracks the number of households assisted with single family mortgage revenue bond funds or other alternative mortgage financing.</p> <p>Data Limitations: No limitations</p> <p>Data Source: Agency extracts data from participating lenders.</p> <p>Methodology: The number will be a count of households assisted through the single family bond funds or other alternative mortgage financing and mortgage credit certificates. Performance is measured when loans are funded or Mortgage Credit Certificates are issued. This figure will be unduplicated.</p> <p>Purpose: To track the total number of households assisted with single family mortgage revenue bond funds or other alternative mortgage financing.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Strategy 1.1.2	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EF Measure No. #1: Avg Amt Per Household for Single Family Development</p>	<p>Definition: A measure that tracks the average amount per unit of HOME loans awarded in support of single family development activities, including new construction and infill development. Data Limitations: No limitations Data Source: The number and amounts of the grants and loans are tracked by the HOME division. Data is entered by staff and maintained in the agency's computer system. Methodology: The total dollar amount of new construction, including new construction under single family development activities utilizing HOME funds will be totaled and divided by the projected number of units awarded through single family development utilizing HOME funds. Purpose: This measure identifies the costs associated with new construction and other single family development activities utilizing HOME funds. Cumulative: No New Measure: No Desired Performance: Lower than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EF Measure No. #2: Average amount Per Household/Single Family Rehabilitation, New Construction, or Reconstruction</p>	<p>Definition: A measure that tracks the average amount per household of loans for rehabilitation, new construction, or reconstruction of housing utilizing single family HOME Homeowner Rehabilitation Assistance (HRA) funds. Data Limitations: No limitations Data Source: The numbers and amounts of the loans are tracked by the HOME division. Data is entered by staff and maintained in the agency's computer system. Methodology: The total dollar amount of rehabilitation, new construction, or reconstruction of owner-occupied housing utilizing HOME funds will be summed and divided by the number of households awarded through rehabilitation or reconstruction of owner-occupied housing utilizing HOME Homeowner Rehabilitation Assistance (HRA) funds. Purpose: This measure identifies the costs associated with rehabilitation, new construction, or reconstruction of housing utilizing HOME Homeowner Rehabilitation Assistance (HRA) funds. Cumulative: No New Measure: No Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.2	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EF Measure No. #3: Average Amount for Homebuyer & Homebuyer/Home Rehabilitation Assistance</p>	<p>Definition: A measure that tracks the average amount per household of mortgage financing and homebuyer assistance utilizing single family HOME funds, including mortgage financing and homebuyer assistance provided in conjunction with home modification for accessibility needs or rehabilitation. This is inclusive of Contract for Deed activities. Data Limitations: No limitations Data Source: The amounts of the financing and grants and number of units are tracked by the division. Data is entered by staff and maintained in the agency's computer system. Methodology: The total dollar amount of mortgage financing and homebuyer assistance funds, inclusive of funding provided for associated modification or rehabilitation, awarded utilizing HOME funds will be summed and divided by the number of units awarded through financing and homebuyer assistance activities. Purpose: This measure identifies the costs associated with financing affordable housing utilizing HOME funds. Cumulative: No New Measure: No Desired Performance: Lower than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EF Measure No. #4: Average Amount per household for Tenant-based Rental Assistance</p>	<p>Definition: A measure that tracks the average amount per household of tenant based rental assistance provided with HOME funds in the State Fiscal Year. Data Limitations: No limitations Data Source: The numbers and amounts are tracked by the division. Data is entered by staff and maintained in the agency's computer system. Methodology: The total dollar amount of tenant based rental assistance-provided with HOME funds during the State Fiscal Year will be summed and divided by the number of households assisted through tenant based rental assistance utilizing HOME funds. Purpose: This measure identifies the costs associated with tenant based rental assistance utilizing HOME funds. Cumulative: No New Measure: No Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.2	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EX Measure No. #1: # of Households Asst. through S.F. Development</p>	<p>Definition: A measure that tracks the number of households awarded HOME funds provided in support of single family development activities, including new construction, acquisition, and/or rehabilitation. Data Limitations: No limitations Data Source: The number of households is tracked by the HOME division. Data is entered by staff and maintained in the agency's computer system. Methodology: The number will be a count of households awarded HOME funds provided in support of single family development activities, including new construction, acquisition, and/or rehabilitation. Performance is measured when loans are closed or the activity is closed in the Agency's Housing Contract System. Purpose: To track the number of households assisted utilizing HOME funds provided in support of single family development and redevelopment activities, including new construction, acquisition, and/or rehabilitation. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EX Measure No. #2: # of Households Asst. through S.F. Rehabilitation, New Construction, or Reconstruction Act</p>	<p>Definition: A measure that tracks the number of households assisted through single family HOME funds for rehabilitation, new construction, or reconstruction utilizing single family HOME Homeowner Rehabilitation Assistance (HRA) funds. Data Limitations: No limitations Data Source: The number of households is tracked by the HOME division. Data is entered by staff and maintained in the agency's computer system. Methodology: The number will be a count of households assisted through HOME funds for rehabilitation, new construction, or reconstruction of owner-occupied housing. Performance is measured when loans are closed or the activity is closed in the Agency's Housing Contract System. Purpose: To track the number of households awarded through HOME funds for rehabilitation or reconstruction utilizing single family Homeowner Rehabilitation Assistance (HRA) HOME funds. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.2	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EX Measure No. #3: # of Households Asst. through Homebuyer & Homebuyer/Home Rehab Asst.</p>	<p>Definition: A measure that tracks the projected number of households assisted through single family HOME funds for mortgage financing and homebuyer assistance, including mortgage financing and homebuyer assistance provided in conjunction with home modification or rehabilitation. Data Limitations: No limitations Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system. Methodology: The number will be a count of households assisted through HOME funds for mortgage financing and homebuyer assistance, including households receiving home modification or rehabilitation with these, including Contract for Deed. Performance is measured when loans are closed or the activity is closed in the Agency's Housing Contract System. Purpose: To track the number of households awarded through HOME funds for mortgage financing and homebuyer assistance, including mortgage financing and homebuyer assistance provided in conjunction with home modification or rehabilitation. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: EX Measure No. #4: Number of Households Assisted through Tenant-based Rental Assistance</p>	<p>Definition: A measure that tracks the number of households assisted through HOME tenant based rental assistance in the State Fiscal Year. Data Limitations: No limitations Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system. Methodology: The performance figure reported for the first quarter represents the total number of households receiving assistance as of September 1 plus new households between September 1st and November 30th. Subsequent quarters report only new households served for the reporting period. Purpose: To track the number of households awarded with HOME tenant based rental assistance. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.2	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: OP Measure No. #1: Number of Households Assisted with Single Family HOME Funds</p>	<p>Definition: A measure that tracks the number of households assisted through single family HOME funds. Data Limitations: No limitations Data Source: The number of households is tracked by the HOME division. Data is entered by staff and maintained in the agency's computer system. Methodology: The number will be a count of households assisted through single family HOME funds. Performance is measured when loans are closed or the activity is closed in the Agency's Housing Contract System. For Tenant-Based Rental Assistance, consistent with the methodology in 1.1.2 EX 4, the measure would capture households served during the State Fiscal Year. Purpose: To track the amount of households assisted through single family HOME funds. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: OP Measure No. #2: Number of Households Assisted with HOME Funds</p>	<p>Definition: A measure that tracks the number of households assisted through HOME funds. Data Limitations: No limitations Data Source: The number of households served at time of activity closeout is tracked by the division. Data is entered by staff and maintained in the agency's computer system. Methodology: The number will be a count of households assisted through HOME funds. Performance is measured when loans are closed or the activity is closed in the Agency's Housing for non-Tenant-based Rental Assistance (TBRA) Single Family activities. For TBRA, households are counted each State Fiscal Year in which they are served, consistent with the methodology in 1.1.2 EX 4. For Multifamily activities, developments layered with tax credits are measured at cost certification while non-layered developments are measured at final draw. Purpose: To track the amount of households assisted through HOME funds. It is important because it shows the overall impact of the program. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.2	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 2: Provide Funding through the HOME Program for Affordable Housing Measure Type: OP Measure No. #3: Number of Households Assisted with Multifamily HOME Funds</p>	<p>Definition: A measure that tracks the number of households assisted with multifamily HOME funds. Data Limitations: No limitations Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency’s computer system. Methodology: This measure will be calculated as the sum of all restricted units awarded HOME funds for rental development. Numbers may reflect units receiving both HOME funds and Housing Tax Credit assistance; in these instances units are counted separately for each program. Performance is tracked at the time of cost-certification for developments layered with tax credits. Non-layered developments are tracked at the final draw. Purpose: To track the amount of multifamily units assisted utilizing HOME funds. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Strategy 1.1.3	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 3: Provide Funding through the HTF for Affordable Housing Measure Type: EF Measure No. #1: Average Amount Per Household for Single Family Bootstrap</p>	<p>Definition: A measure that tracks the average amount per unit of loans/grants for the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund. Data Limitations: No limitations Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency’s computer system. Methodology: The total dollar amount of Bootstrap loans/grants utilizing the Housing Trust Fund will be summed and divided by the number of households assisted through the Bootstrap Program utilizing the Housing Trust Fund. Performance is measured when loans are funded by Accounting. Purpose: This measure identifies the costs associated with the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund. Cumulative: No New Measure: No Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.3	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 3: Provide Funding through the HTF for Affordable Housing</p> <p>Measure Type: EF</p> <p>Measure No. #2: Average Amount Per Household for Single Family Non-Bootstrap</p>	<p>Definition: A measure that tracks the average amount per unit of loans/grants for single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The numbers and amounts of the loans/grants are tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: The total dollar amount of non-Bootstrap single family loans/grants utilizing the Housing Trust Fund will be summed and divided by the number of non-Bootstrap single family households assisted utilizing the Housing Trust Fund. Performance is measured when loans/grants are funded by Accounting.</p> <p>Purpose: This measure identifies the costs associated with the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 3: Provide Funding through the HTF for Affordable Housing</p> <p>Measure Type: EX</p> <p>Measure No. #1: Number of Households Assisted through Single Family Bootstrap</p>	<p>Definition: A measure that tracks the number of households assisted through the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: The number will be a count of households assisted through the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund. Performance is measured when loans/grants are funded by Accounting.</p> <p>Purpose: To track the number of households assisted through the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.3	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 3: Provide Funding through the HTF for Affordable Housing</p> <p>Measure Type: EX</p> <p>Measure No. #2: Number of Households Assisted through Single Family Non-Bootstrap</p>	<p>Definition: A measure that tracks the number of households assisted through the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: The number will be a count of households assisted through the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund. Performance is measured when loans/grants are funded by Accounting.</p> <p>Purpose: To track the number of households assisted through the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 3: Provide Funding through the HTF for Affordable Housing</p> <p>Measure Type: OP</p> <p>Measure No. #1: Number of Single Family Households Assisted through the HTF Program</p>	<p>Definition: A measure that tracks the number of single family households assisted through the HTF program.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: The number will be a count of projected households assisted through HTF funds. Performance is measured when loans/grants are funded by Accounting.</p> <p>Purpose: To track the amount of households assisted through single family HTF funds.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.4	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 4: Federal Rental Assistance through Section 8 Vouchers Measure Type: OP Measure No. #1: # of Households Assisted thru Statewide Housing Asst. Payments Program</p>	<p>Definition: The number of very low income households receiving rent supplements represents the total number of households participating in the Section 8 Housing Choice Voucher program. Data Limitations: No limitations Data Source: The number of households is tracked by the Community Affairs - Section 8 division. Data is entered by staff and maintained in the agency's computer system. Methodology: The number will be a count of households assisted through Section 8 tenant based rental assistance. The performance figure reported for the first quarter represents the total number of households receiving Section 8 assistance as of September 1 plus the number of households that newly subscribe to the program by November 30th. Subsequent quarters report only new contracts executed for the reporting period. Purpose: To track the amount of households assisted through Section 8 tenant based rental assistance. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
Strategy 1.1.5	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 5: Provide Federal Tax Credits to Develop Rental Housing for VLI and LI Measure Type: EF Measure No. #1: Avg Annual Tax Credits Amount per Household for New Construction</p>	<p>Definition: A measure that tracks the projected average amount of annual credits per low income unit of new construction utilizing the Housing Tax Credit program. Data Limitations: No limitations Data Source: The number of low income units and amount of credits for new construction is tracked by the Asset Management division. Data is entered by staff and maintained in the agency's computer system. Methodology: This figure will be calculated by dividing the total annual number of new construction tax credits that have submitted cost-certification by the number of restricted units newly constructed. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% and 4% credit activity will be considered at the time of cost-certification Purpose: This measure identifies the subsidy associated with developing affordable housing units and measures the efficiency of allocating tax</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.5	
	<p>credits. Cumulative: No New Measure: No Desired Performance: Lower than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 5: Provide Federal Tax Credits to Develop Rental Housing for VLI and LI Measure Type: EF Measure No. #2: Average Total Development Costs per Household for New Construction</p>	<p>Definition: A measure that tracks the average total development costs per unit of new construction utilizing the Housing Tax Credit program. Data Limitations: No Limitations. Data Source: The total number of units in the development and total development costs for new construction is tracked by the Asset Management division. Data is entered by staff and maintained in the agency's computer system. Methodology: This figure is calculated by dividing the sum of total rehabilitation development costs by the number of newly constructed units. This calculation includes both 9% and 4% Housing Tax Credit awards. 9% & 4% credit activity will be considered at the time of cost-certification Purpose: This measure identifies the total development costs associated with developing affordable housing units. Although useful to track, this measure is outside of the Department's control. Cumulative: No New Measure: No Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.5	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 5: Provide Federal Tax Credits to Develop Rental Housing for VLI and LI</p> <p>Measure Type: EF</p> <p>Measure No. #3: Average Annual Tax Credits Amount per Household for Rehabilitation</p>	<p>Definition: A measure that tracks the average amount of annual credits per rehabilitated and acquired low income unit utilizing Housing Tax Credits.</p> <p>Data Limitations: Federal regulations establish the amount and value of tax credits available.</p> <p>Data Source: The number of low income units and amount of credits for rehabilitation and acquisition is tracked by the Asset Management division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated by dividing the total annual rehabilitation tax credits awarded by the number of restricted units rehabilitated. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% & 4% credit activity will be considered at the time of cost-certification.</p> <p>Purpose: This measure identifies the subsidy associated with rehabilitating and acquiring affordable housing and measures the efficiency of allocating tax credits.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 5: Provide Federal Tax Credits to Develop Rental Housing for VLI and LI</p> <p>Measure Type: EF</p> <p>Measure No. #4: Average Total Development Costs per Household for Rehabilitation</p>	<p>Definition: A measure that tracks the average total development costs per rehabilitated and acquired unit utilizing Housing Tax Credits.</p> <p>Data Limitations: Information is based on confirmed figures submitted during cost-certification.</p> <p>Data Source: The total development costs and the total number of units in the development is tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated by dividing the sum of total rehabilitation development costs by the number of units rehabilitated. This calculation includes both 9% and 4% Housing Tax Credit awards. 9% & 4% credit activity will be considered at the of cost-certification.</p> <p>Purpose: This measure identifies the total development costs associated with rehabilitating and acquiring affordable housing.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.5	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 5: Provide Federal Tax Credits to Develop Rental Housing for VLI and LI Measure Type: EX Measure No. #1: Number of Households Assisted through New Construction Activities</p>	<p>Definition: A measure that tracks the number of low income new construction units assisted through the Housing Tax Credit program. Data Limitations: Federal regulations establish the amount and value of tax credits available. Data Source: The number of units is tracked by the Asset Management division. Data is entered by staff and maintained in the agency's computer system. Methodology: This figure will be calculated as the sum of all units newly constructed. This calculation will include both 9% and 4% Housing Tax Credits. 9% & 4% credit activity will be considered at the time of cost-certification. Purpose: To track the number of new construction units assisted through the Housing Tax Credit program. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 5: Provide Federal Tax Credits to Develop Rental Housing for VLI and LI Measure Type: EX Measure No. #2: Number of Households Assisted through Rehabilitation Activities</p>	<p>Definition: A measure that tracks the number of low income rehabilitation and acquisition units assisted through the Housing Tax Credit program. Data Limitations: Federal regulations establish the amount and value of tax credits available. Data Source: The number of units is tracked by the Asset Management division. Data is entered by staff and maintained in the agency's computer system. Methodology: This figure will be calculated as the sum of all units newly constructed. This calculation will include both 9% and 4% Housing Tax Credits. 9% & 4% credit activity will be considered at the time of cost-certification. Purpose: To track the number of rehabilitation and acquisition units assisted through the Housing Tax Credit program. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.5	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 5: Provide Federal Tax Credits to Develop Rental Housing for VLI and LI Measure Type: OP Measure No. #1: Number of Households Awarded through Rehabilitation and New Construction Activities</p>	<p>Definition: A measure that tracks the number of low income units financed through the multifamily division utilizing Housing Tax Credits. Data Limitations: No limitations Data Source: The number of units is tracked by the Asset Management division. Data is entered by staff and maintained in the agency’s computer system. Methodology: This figure will be calculated as the sum of all restricted units newly constructed or rehabilitated. This calculation will include both 9% and 4% Housing Tax Credits. 9% & 4% credit activity will be considered at the time of cost-certification. Purpose: To track the total amount of multifamily units assisted utilizing the Housing Tax Credit program. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Strategy 1.1.6	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing Strategy No. 6: Federal Mortgage Loans through the MF Mortgage Revenue Bond Program Measure Type: EF Measure No. #1: Average Amount of Bond Proceeds Per Household for New Construction</p>	<p>Definition: A measure that tracks the average amount of bond proceeds per low income unit of Mortgage Revenue Bond (MRB) new multifamily construction. Data Limitations: No limitations Data Source: The number of low income units and amount of bonds for new construction is tracked by the division. Data is entered by staff and maintained in the agency’s computer system. Methodology: This figure will be calculated by dividing the total value of mortgage revenue bonds at cost-certification by the number of units newly constructed. Purpose: This measure identifies the average amount of bonds associated with developing affordable housing and measures the efficiency of awarding multifamily MRB funds. Although useful to track, this measure is outside of the Department’s control. Cumulative: No New Measure: No Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.6	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 6: Federal Mortgage Loans through the MF Mortgage Revenue Bond Program</p> <p>Measure Type: EF</p> <p>Measure No. #2: Average Total Development Costs Per Household for New Construction</p>	<p>Definition: A measure that tracks the average total development costs per unit of Mortgage Revenue Bond (MRB) new multifamily construction.</p> <p>Data Limitations: Information is based on information submitted by developers during cost-certification.</p> <p>Data Source: The total number of units in the development and total development costs for new construction is tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated by dividing the sum of total development costs at cost-certification by the number of units newly constructed.</p> <p>Purpose: This measure identifies the costs associated with developing affordable housing units.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 6: Federal Mortgage Loans through the MF Mortgage Revenue Bond Program</p> <p>Measure Type: EF</p> <p>Measure No. #3: Avg Amount of Bond Proceeds/Household for Rehabilitation/Acquisition</p>	<p>Definition: A measure that tracks the average bond amount per low income unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of low income units and amount of bonds is tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated by dividing the total value of mortgage revenue bonds at cost-certification by the number of units to be rehabilitated.</p> <p>Purpose: This measure identifies the average amount of bonds associated with rehabilitating and acquiring affordable housing and measures the efficiency of awarding multifamily MRB funds.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.6	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 6: Federal Mortgage Loans through the MF Mortgage Revenue Bond Program</p> <p>Measure Type: EF</p> <p>Measure No. #4: Average Total Development Costs Per Household for Rehabilitation</p>	<p>Definition: A measure that tracks the average total development costs per unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.</p> <p>Data Limitations: Information is based on cost-certification data submitted by the developers.</p> <p>Data Source: The total number of units in the development and amount of total development costs is tracked by the Asset Management division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated by dividing the sum of total development costs reported during cost-certification by the number of units to be rehabilitated.</p> <p>Purpose: This measure identifies the total development costs amount associated with rehabilitating and acquiring affordable housing units.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 6: Federal Mortgage Loans through the MF Mortgage Revenue Bond Program</p> <p>Measure Type: EX</p> <p>Measure No. #1: Number of Households Assisted through New Construction Activities</p>	<p>Definition: A measure that tracks the number of households assisted through new construction activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of households is tracked by the Asset Management division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated as the sum of all restricted units to be newly constructed as reported during cost-certification.</p> <p>Purpose: To track the number of households assisted through new construction units assisted utilizing multifamily MRB program.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 1.1.6	
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 6: Federal Mortgage Loans through the MF Mortgage Revenue Bond Program</p> <p>Measure Type: EX</p> <p>Measure No. #2: Number of Households Assisted through Rehabilitation Activities</p>	<p>Definition: A measure that tracks the number of households assisted through rehabilitation and acquisition activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of households is tracked by the division. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated as the sum of all restricted units to be rehabilitated as reported at cost-certification.</p> <p>Purpose: To track the number of households assisted through rehabilitation and acquisition activities utilizing the multifamily MRB program.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>
<p>Goal No.1: Increase Availability of Safe/Decent/Affordable Housing</p> <p>Objective No. 1: Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</p> <p>Strategy No. 6: Federal Mortgage Loans through the MF Mortgage Revenue Bond Program</p> <p>Measure Type: OP</p> <p>Measure No. #1: Number of Households Assisted with Multifamily MRB Program</p>	<p>Definition: A measure that tracks the number of low income units financed through the multifamily division utilizing mortgage revenue bond funds.</p> <p>Data Limitations: No limitations</p> <p>Data Source: The number of units is tracked by the Asset Management division for each separate program. Data is entered by staff and maintained in the agency's computer system.</p> <p>Methodology: This figure will be calculated as the sum of all restricted units newly constructed or rehabilitated as reported in cost-certification.</p> <p>Purpose: To track the total amount of low income multifamily units assisted utilizing mortgage revenue bond funds.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 2.2.1	
<p>Goal No.2: Provide Information and Assistance</p> <p>Objective No. 2: Promote and Improve Homeownership Along the Texas-Mexico Border</p> <p>Strategy No. 1: Assist Colonias, Border Communities, and Nonprofits</p> <p>Measure Type: EX</p> <p>Measure No. #1: Colonia Self-Help Center Assistance - Residents Benefiting from Tool Library</p>	<p>Definition: The total number of Colonia residents benefiting from Colonia Self-Help Centers' tool libraries.</p> <p>Data Limitations: No limitations</p> <p>Data Source: Actual assistance provided as reflected on the most recent quarterly report received from Colonia Self-Help Center administrators.</p> <p>Methodology: This measure is important because it identifies the effectiveness of the program to enable Colonia residents to construct, renovate, repair or rehabilitate their homes by identifying the number of residents benefiting from tool libraries.</p> <p>Purpose: This measure is important because it identifies the effectiveness of the program to enable Colonia residents to construct, renovate, repair or rehabilitate their homes by identifying the number of residents benefiting from tool libraries.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Strategy 3.1.1	
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: EF</p> <p>Measure No. #1: Average Subrecipient Cost Per Person for the ESG Program</p>	<p>Definition: The average amount of subrecipient funds per person assisted. This would include all funds given to the subrecipient. That figure excludes any funds set aside for TDHCA administrative funding.</p> <p>Data Limitations: A possible limitation could be limitations on obtaining expenditure data for the reported period.</p> <p>Data Source: The total number of persons served is gathered from the subrecipients' monthly performance reports.</p> <p>Methodology: The efficiency measure is determined by dividing the total expenditure of Emergency Solutions Grant funds by the total number of clients served in the Emergency Solutions Grant Program.</p> <p>Purpose: The purpose of the measure shows the efficiency in administering the program.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 3.1.1	
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: EF</p> <p>Measure No. #2: Average Subrecipient Cost Per Person for the CSBG Program</p>	<p>Definition: The average amount of subrecipient funds per person assisted. This would include all funds given to the subrecipient. That figure excludes any funds set aside for TDHCA administrative funding.</p> <p>Data Limitations: A possible limitation could be limitations on obtaining expenditure data for the reported period.</p> <p>Data Source: The total number of persons served is gathered from the subrecipients' monthly performance reports.</p> <p>Methodology: The efficiency measure is determined by dividing the total expenditure of Community Services Block Grant program funds by the total number of clients served in the Community Services Block Grant Program.</p> <p>Purpose: The purpose of the measure shows the efficiency in administering the program.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: EF</p> <p>Measure No. #3: Average Subrecipient Cost Per Person for the HHSP Program</p>	<p>Definition: The average amount of subrecipient funds per person assisted. This would include all funds given to the subrecipient. That figure excludes any funds set aside for TDHCA administrative funding.</p> <p>Data Limitations: A possible limitation could be limitations on obtaining expenditure data for the reported period.</p> <p>Data Source: The total number of persons served is gathered from the subrecipients' monthly performance reports.</p> <p>Methodology: The efficiency measure is determined by dividing the total expenditure of Community Services Block Grant program funds by the total number of clients served in the Homeless Housing and Services Program.</p> <p>Purpose: The purpose of the measure shows the efficiency in administering the program.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 3.1.1	
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: EX</p> <p>Measure No. #2: Number of Persons in Poverty Meeting Income Eligibility</p>	<p>Definition: Figure represents the total number of persons income eligible for assistance under CSBG based on the most recent decennial Census or Census Bureau projection data available.</p> <p>Data Limitations: A census is conducted every ten years; updated poverty population projections in the American Community Survey are also made available periodically. TDHCA will utilize the most recent Census datasets.</p> <p>Data Source: Information is obtained from the most recent Census Bureau dataset, either the American Community Survey or the decennial Census.</p> <p>Methodology: Number is actual or projected, dependent on most recent census data available.</p> <p>Purpose: The purpose of the measure identifies the number of persons meeting program income guidelines and identifies the number of persons in need.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: OP</p> <p>Measure No. #1: Number of Persons Assisted through Homeless and Poverty-related Funds</p>	<p>Definition: This measure tracks the number of persons assisted through homeless and poverty related programs.</p> <p>Data Limitations: A possible limitation could be subrecipients failing to submit required reports on a timely basis.</p> <p>Data Source: Subrecipients track the data on a daily basis, incorporate it in a monthly performance report, and electronically submit the information to the Department. The monthly performance report information is entered in the Department database and maintained by the Department.</p> <p>Methodology: Performance reported is actual number.</p> <p>Purpose: The purpose of the measure is to identify the number of persons assisted by all Community Services programs (including ESG, HHSP and CSBG).</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 3.1.1	
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: OP</p> <p>Measure No. #4: # that Achieve an Inc. of Income of at least 15% of the Poverty level</p>	<p>Definition: Measure relates to the number of persons assisted through the Community Services Block Grant Program (CSBG) that achieve an increase in income of at least 15% of the Federal Poverty Level. For example, a person at 90% of the Federal Poverty Level rises to 105% of the Federal Poverty Level after program assistance.</p> <p>Data Limitations: A possible limitation could be subrecipients failing to submit required reports on a timely basis.</p> <p>Data Source: The number of persons achieving increases in income of at least 15% of poverty is reported in the subrecipients' monthly performance reports. Subrecipients are required to track the number of persons assisted that achieve increases in income of at least 15% of poverty as a result of efforts by the subrecipients. Subrecipients report this information in their monthly performance report. The data is entered on the Department database and maintained by the Department.</p> <p>Methodology: Performance reported is actual number.</p> <p>Purpose: The purpose of the measure is to identify the number of persons the CSBG program has helped to achieve increases in income of at least 15% of the poverty level.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: OP</p> <p>Measure No. #3: # of Persons Enrolled in the Community Services Block Grant Program.</p>	<p>Definition: This measure tracks the number of persons enrolled in the Community Services Block Grant Program.</p> <p>Data Limitations: Data could be limited if subrecipients fail to submit required reports on a timely basis.</p> <p>Data Source: Subrecipients track the data on a daily basis, incorporate it in a monthly performance report, and electronically submit the report to the Department. The monthly performance report information is entered in the Department database and maintained by the Department</p> <p>Methodology: Performance reported is the actual number.</p> <p>Purpose: The purpose of the measure is to identify the number of persons enrolled in the Community Services Block Grant Program in order to gauge impact of that program.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 3.1.1	
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 1: Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year</p> <p>Strategy No. 1: Administer Poverty-related Funds through a Network of Agencies</p> <p>Measure Type: OC</p> <p>Measure No. #1: % Eligible Population That Received Homeless & Poverty-related Assistance.</p>	<p>Definition: The percentage of the population eligible for homeless and poverty-related assistance that receives assistance is derived by dividing the number of persons assisted through these programs by the total number of persons eligible for assistance in Texas.</p> <p>Data Limitations: While unlikely, some persons may be served with multiple programs.</p> <p>Data Source: The number of persons served is based on subrecipient data which is tracked on a daily basis and submitted monthly to TDHCA. The most recent census data, including projections, is utilized to determine the eligible population. The eligible population is based on current TDHCA program income requirements as allowed under federal guidelines.</p> <p>Methodology: Based on the monthly performance reports submitted by subrecipients, the Department determines the percent of very low income persons served by dividing the total number of low income persons served by the total number of persons eligible for assistance in Texas. Monthly performance information is entered in the Department's database and maintained by the Department.</p> <p>Purpose: The measure identifies the percent of the income eligible population assisted by Community Services programs. This measure is important because it identifies the impact Community Services programs have had on the target population.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 3.2.1	
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 2: Reduce Cost of Home Energy for 6% of Very Low Income Households</p> <p>Strategy No. 1: Administer State Energy Assistance Programs</p> <p>Measure Type: EF</p> <p>Measure No. #1: Average Subrecipient Cost Per Household Served</p>	<p>Definition: The average cost per household served is calculated based on the number of households assisted by CEAP and WAP from the Monthly Funding Performance Report from subrecipients and the total amount of program funds transferred to the subrecipient entities.</p> <p>Data Limitations: Performance reports received past the due date from subrecipients could result in incomplete data. Increase or decrease in funding could create a variance in the targeted goal.</p> <p>Data Source: The average cost per household served is calculated based on the number of households assisted by CEAP and WAP from the subrecipient Monthly Funding Performance Report divided by the total program funds transferred to the subrecipient entities.</p> <p>Methodology: Calculations are based on the total subrecipient expenditures for the Energy Assistance section divided by the total number of households served.</p> <p>Purpose: The measure identifies the average program cost to provide service to a household.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 2: Reduce Cost of Home Energy for 6% of Very Low Income Households</p> <p>Strategy No. 1: Administer State Energy Assistance Programs</p> <p>Measure Type: EX</p> <p>Measure No. #1: Number of Very Low Income Households Eligible for Energy Assistance</p>	<p>Definition: The number of very low income households income-eligible for energy assistance in Texas is determined based on the most recent decennial Census or Census Bureau projection</p> <p>Data Limitations: The income eligible population is based on the most recent census data available, including projections. A census is conducted every ten years; updated poverty population projections are also made available periodically.</p> <p>Data Source: Information is obtained from the most recent Census Bureau dataset, either the American Community Survey or the decennial Census.</p> <p>Methodology: Data represents an actual or projected, number, dependent on most recent census data available.</p> <p>Purpose: The purpose of the measure is to identify the eligibility population of the state. It is important because it identifies the level of need in the state.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 3.2.1	
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 2: Reduce Cost of Home Energy for 6% of Very Low Income Households</p> <p>Strategy No. 1: Administer State Energy Assistance Programs</p> <p>Measure Type: OP</p> <p>Measure No. #1: Number of Households Receiving Energy Assistance</p>	<p>Definition: The number of households assisted through the Comprehensive Energy Assistance Program (CEAP) represents the number of unduplicated households receiving services. A household may be assisted by more than one component depending on needs.</p> <p>Data Limitations: Targeted performance could be impacted by changes in funding levels, the price of energy and extremes in temperature.</p> <p>Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.</p> <p>Methodology: Number is actual.</p> <p>Purpose: The LIHEAP program provides direct financial assistance for energy needs of low income persons through the Comprehensive Energy Assistance Program (CEAP). The measure is important because it identifies the effectiveness of the CEAP program through the number of households receiving CEAP.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>
<p>Goal No.3: Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs</p> <p>Objective No. 2: Reduce Cost of Home Energy for 6% of Very Low Income Households</p> <p>Strategy No. 1: Administer State Energy Assistance Programs</p> <p>Measure Type: OP</p> <p>Measure No. #2: Number of Dwelling Units Weatherized by the Department</p>	<p>Definition: The number of dwelling units weatherized is based on Monthly Performance and Expenditure Reports submitted to the Department by the weatherization subrecipients.</p> <p>Data Limitations: Targeted performance could be impacted by changes in funding levels. Units receiving both Department of Energy and Low Income Housing Energy Assistance Program funding may be double counted.</p> <p>Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system. Performance data from these reports is entered in an automated system and maintained by the Department. Performance figures represent the number of weatherization units from the Department's DOE and LIHEAP Weatherization programs.</p> <p>Methodology: The performance number reported represents the actual number of dwelling units weatherized.</p> <p>Purpose: The WAP program provides residential weatherization and other cost-effective energy-related home repair to increase the energy efficiency of dwellings owned or occupied by low-income persons. The measure is important because it identifies the effectiveness of the program through the number of homes receiving</p>

Appendix D: List of Performance Measure Definitions

Strategy 3.2.1	
	<p>weatherization services. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
Strategy 4.1.1	
<p>Goal No.4: Ensure Compliance with Program Mandates Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance Strategy No. 1: Monitor and Inspect for Federal & State Housing Program Requirements Measure Type: OP Measure No. #2: Total Number of Desk Reviews</p>	<p>Definition: Measure represents the number of desk reviews conducted under rental programs. These reports are a vehicle for measuring overall and ongoing compliance with rent, income, and other controls and requirements. The frequency in the number of reports is determined by program requirement, and may vary depending on the level of compliance. Desk reviews conducted represent the review of Annual Owners Compliance Report. Data Limitations: No limitations. Data Source: The data is gathered by program from Department data bases. Methodology: Number is actual. Purpose: The measure meets statutory and agency requirements. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.4: Ensure Compliance with Program Mandates Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance Strategy No. 1: Monitor and Inspect for Federal & State Housing Program Requirements Measure Type: OP Measure No. #3: Total Number of File Reviews</p>	<p>Definition: Measure represents the number of file reviews conducted to confirm compliance with Land Use Restriction Agreement (LURA) requirements. Data Limitations: No limitations. Data Source: The data is gathered by program from Department data bases. Methodology: The number reported is the actual number of reviews performed; with rare exceptions, file reviews are conducted onsite. Purpose: The measure meets statutory and agency requirements. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 4.1.1	
<p>Goal No.4: Ensure Compliance with Program Mandates</p> <p>Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance</p> <p>Strategy No. 1: Monitor and Inspect for Federal & State Housing Program Requirements</p> <p>Measure Type: OP</p> <p>Measure No. #5: Total Number of Physical Inspections</p>	<p>Definition: Measure represents the number of physical inspections conducted by the Compliance division. Physical inspections are defined as Uniform Physical Condition Standards (UPCS).</p> <p>Data Limitations: No limitations.</p> <p>Data Source: The data is gathered by program from Department data bases.</p> <p>Methodology: The number reported is the actual number of UPCS inspections performed.</p> <p>Purpose: The measure meets statutory and agency requirements.</p> <p>Cumulative: Yes</p> <p>New Measure: No</p> <p>Desired Performance: Higher than target</p>

Strategy 4.1.2	
<p>Goal No.4: Ensure Compliance with Program Mandates</p> <p>Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance</p> <p>Strategy No. 2: Monitor Subrecipient Contracts</p> <p>Measure Type: EF</p> <p>Measure No. #1: Average Cost to Monitor a Non-CA/HHSP Contract</p>	<p>Definition: The average cost to monitor a contract includes the resources needed for effective contract monitoring of non-evergreen contracts.</p> <p>Data Limitations: No limitations.</p> <p>Data Source: Expenditure data is maintained in the Department's automated information systems.</p> <p>Methodology: The average cost is derived by dividing the total budgeted cost for contract monitoring activities, excluding Community Affairs (CA) network (CSBG, CEAP, WAP) and HHSP activities, by the number of contracts subject to monitoring, exclusive of CA-network and HHSP contracts.</p> <p>Purpose: The measure identifies the average cost to monitor a contract, exclusive of evergreen contracts.</p> <p>Cumulative: No</p> <p>New Measure: No</p> <p>Desired Performance: Lower than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 4.1.2	
<p>Goal No.4: Ensure Compliance with Program Mandates Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance Strategy No. 2: Monitor Subrecipient Contracts Measure Type: EX Measure No. #1: Total Number of Non-CA/HHSP Contracts Subject to Monitoring</p>	<p>Definition: This measure represents the total number of contracts that have reported some activity as of September 1st of that State Fiscal Year. Measure includes contracts for all activities within HOME, Housing Trust Fund, Emergency Solutions Grant, and other types of contract activity. This measure excludes Community Affairs network (CSBG, CEAP, WAP) and HHSP contracts, which reflect ongoing or renewed contracts rather than contracts typically entered into in response to NOFAs. Data Limitations: No limitations. Data Source: Data on contracts administered is maintained in the Department's database. Methodology: Number is actual. Purpose: The measure provides the total number of active contracts administered, exclusive of CA network and HHSP contracts. Cumulative: No New Measure: No Desired Performance: Higher than target</p>
<p>Goal No.4: Ensure Compliance with Program Mandates Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance Strategy No. 2: Monitor Subrecipient Contracts Measure Type: OP Measure No. #1: Total Number of Reviews of Non-CA/HHSP Local Admin. Contracts</p>	<p>Definition: Measure represents the number of monitoring reviews, conducted as part of contract monitoring in the Compliance Division, including risk assessments determining whether an on-site review is necessary. Data Limitations: No limitations. Data Source: The data is gathered from Department databases. Methodology: Number is actual. Local Administrators may administer more than one TDHCA contract; all contracts reviewed will be counted. This figure excludes CA-network (CSBG, CEAP, WAP) and HHSP reviews. Purpose: The measure meets statutory and program requirements. Cumulative: Yes New Measure: No Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 4.1.2	
<p>Goal No.4: Ensure Compliance with Program Mandates</p> <p>Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance</p> <p>Strategy No. 3: Monitor CA Network and HHSP Subrecipients</p> <p>Measure Type: EF</p> <p>Measure No. #1: Average Cost to Monitor CA/HHSP subrecipients</p>	<p>Definition: The average cost to monitor a subrecipient includes the resources needed for effective contract monitoring.</p> <p>Data Limitations: No limitations.</p> <p>Data Source: Expenditure data is maintained in the Department's automated information systems.</p> <p>Methodology: The average cost is derived by dividing the total budgeted cost for CA-network (CSBG, CEAP, WAP) and HHSP subrecipient monitoring activities by the number of such subrecipients subject to monitoring.</p> <p>Purpose: The identify the average cost to monitor CA-Network and HHSP subrecipients.</p> <p>Cumulative: No</p> <p>New Measure: Yes</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.4: Ensure Compliance with Program Mandates</p> <p>Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance</p> <p>Strategy No. 3: Monitor CA Network and HHSP Subrecipients</p> <p>Measure Type: EX</p> <p>Measure No. #1: Number of CA/HHSP subrecipients</p>	<p>Definition: The total number of subrecipients administering CA-network programs (CSBG, CEAP, and WAP) and HHSP.</p> <p>Data Limitations: No limitations.</p> <p>Data Source: Data on subrecipients is maintained in the Department's database.</p> <p>Methodology: Number is actual. Subrecipients may administer more than one network program.</p> <p>Purpose: The measure provides the total number of subrecipients administering CSBG, CEAP, WAP or HHSP as of September 1.</p> <p>Cumulative: No</p> <p>New Measure: Yes</p> <p>Desired Performance: Lower than target</p>
<p>Goal No.4: Ensure Compliance with Program Mandates</p> <p>Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance</p> <p>Strategy No. 3: Monitor CA Network and HHSP Subrecipients</p> <p>Measure Type: OP</p> <p>Measure No. #1: Total Number of CA/HHSP subrecipients Receiving Onsite Monitoring</p>	<p>Definition: Measure represents the number of CA-Network and HHSP subrecipients monitored through onsite reviews in a given year.</p> <p>Data Limitations: No limitations.</p> <p>Data Source: The data is gathered from Department databases.</p> <p>Methodology: Number is actual. Subrecipients may administer more than one network program.</p> <p>Purpose: To provide policy makers meaningful information on TDHCA oversight of CA Network and HHSP subrecipients.</p> <p>Cumulative: Yes</p> <p>New Measure: Yes</p> <p>Desired Performance: Higher than target</p>

Appendix D: List of Performance Measure Definitions

Strategy 4.1.2	
<p>Goal No.4: Ensure Compliance with Program Mandates</p> <p>Objective No. 1: Monitor Developments & Subrecipient Contracts for Compliance</p> <p>Strategy No. 3: Monitor CA Network and HHSP Subrecipients</p> <p>Measure Type: OC</p> <p>Measure No. #1: Percent of CA/HHSP subrecipients Receiving Onsite Monitoring</p>	<p>Definition: Measure represents the percentage of the CA Network (CSBG, CEAP, and WAP) and HHSP subrecipients that undergo onsite monitoring by the Department.</p> <p>Data Limitations: No limitations.</p> <p>Data Source: The data is gathered from Department databases.</p> <p>Methodology: Number is actual. Subrecipients may administer more than one TDHCA program. This figure is calculated by the total number of CA network and HHSP subrecipients receiving onsite reviews in a fiscal year (4.1.3 OP 1) divided by the total number of such subrecipients (4.1.3 EX 1).</p> <p>Purpose: To provide policy makers meaningful information on TDHCA oversight of CA Network and HHSP subrecipients.</p> <p>Cumulative: No</p> <p>New Measure: Yes</p> <p>Desired Performance: Higher than target</p>
Strategy 5.1.1	
<p>Goal No. 5: Regulate Manufactured Housing Industry</p> <p>Objective No. 1: Operate a Regulatory System to Ensure Responsive SOL/Licensing/Other</p> <p>Strategy 1: Provide services for SOLs and licensing in a timely and efficient manner.</p> <p>Measure Type: OP</p> <p>Measure No. 2: Number of Licenses Issued</p>	<p>Short Definition: The total number of manufactured housing licenses issued to qualifying applicants (applicant types: broker, installer, manufacturer, retailer, retailer/broker, retailer/broker/installer, retailer/installer and salespersons). The number calculated includes updates to existing licenses. It does not include duplicate licenses that are reprinted or departmental corrections.</p> <p>Data Source: Data is computer generated through the Exodus Database and/or manually.</p>

APPENDIX E. WORKFORCE PLAN

INTRODUCTION

Each state agency is required to conduct a strategic planning staffing analysis and develop a workforce plan that follows guidelines developed by the State Auditor. This workforce plan addresses the agency's critical staffing and training needs, including the need for experienced employees to impart knowledge to their potential successors pursuant to Section 2056.002, Government Code.

AGENCY OVERVIEW

This section describes the mission, strategic goals, objectives, and business functions of the agency. Potential changes to these items over the next five years are also discussed.

TDHCA Mission

The mission of the Texas Department of Housing and Community Affairs is to administer its assigned programs efficiently, transparently, and lawfully. To invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive.

State resources entrusted to the Department are limited and cannot accommodate every need or demand. Therefore, the Department's ultimate objective is to provide unassailable QUALITY in all we do such that our programs and services command universal respect.

TDHCA's Goals, Objectives, and Strategies to Fulfill its Mission

Goal 1.

To increase and preserve the availability of safe, decent, and affordable housing for very low, low, and moderate income persons and families.

Objective 1. Make loans, grants, and incentives available to fund eligible housing activities and preserve/create single and multifamily units for very low, low, and moderate income households.

Strategy 1. Provide mortgage loans and Mortgage Credit Certificates (MCCs), through the department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low, and moderate income homebuyers.

Strategy 2. Provide federal housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of single family and multifamily housing in rural areas of the state through partnerships with the private sector.

Strategy 3. Provide Funding through the Housing Trust Fund for Affordable Housing

Strategy 4. Provide federal rental assistance through Housing Choice Voucher Program (Section 8) vouchers for very low income households.

Strategy 5. Provide federal tax credits to develop rental housing for very low and low income households.

Strategy 6. Provide federal mortgage loans through the department's Mortgage Revenue Bond (MRB) program for the acquisition, restoration, construction and preservation of multifamily rental units for very low, low and moderate income families.

Strategy 7. Facilitate local transition of vacant land to affordable housing through the NSP.

Strategy 8. Improve affordability through reducing utility payments via the CEAP and WAP.

Goal 2. Promote improved housing conditions for extremely low, very low, and low income households by providing information and assistance.

Objective 1. Provide information and assistance regarding affordable housing resources and community support services

Strategy 1. Provide information and technical assistance to the public through the Center for Housing Research, Planning, and Communications. Strategy 2. Utilize the Community Action Network and Continua of Cares to share information on assistance when clients access Department funds.

Objective 2. Promote and improve homeownership opportunities along with the development of safe neighborhoods and effective community services for all colonia residents and/or residents of low, very low, and extremely low income along the Texas-Mexico border

Strategy 1. Provide assistance to colonias, border communities, and nonprofits through field offices, Colonia Self-Help Centers, the Bootstrap Self-Help program, the Contract for Deed conversion program and other Department programs.

Goal 3. Improve living conditions for the poor and homeless and reduce cost of home energy for very low income (VLI) Texans.

Objective 1. To ease hardships of poverty and homelessness for 16 percent of the population of very low income persons each year.

Strategy 1. Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.

Strategy 2. To support the homelessness efforts of the eight largest metropolitan areas through direct general revenue for the HHSP.

Objective 2. To reduce cost of home energy for 6 percent of very low income households each year

Strategy 1. Administer state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and general assistance to very low income households for heating and cooling expenses and energy-related emergencies.

Goal 4. Ensure compliance with Department of Housing and Community Affairs federal and state program mandates.

Objective 1. Administer and monitor all appropriate housing developments and subrecipient contracts to determine compliance with federal and state program requirements.

Strategy 1. Monitor and inspect for federal and state housing program requirements.

Strategy 2. Monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Goal 5. Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Objective 1. Operate a regulatory system to ensure responsive handling of Statements of Ownership and Location and license applications, inspection reports, and enforcement.

Strategy 1. Provide services for Statement of Ownership and Location and Licensing in a timely and efficient manner.

Strategy 2. Conduct inspections of manufactured homes in a timely and efficient manner.

Strategy 3. Process consumer complaints, conduct investigations, and take administrative actions to protect general public and consumers.

Strategy 4. Provide for the processing of occupational licenses, registrations, or permit fees through Texas.gov. Estimated and nontransferable.

Core Business Functions

TDHCA business functions can be broadly grouped into four categories: providing housing and community services assistance, affirmatively furthering fair housing, regulating the manufactured housing industry, serving as an informational resource. To ensure the success of the Department's efforts in these areas, a variety of supporting functions are required. These support areas include financial administration, human resources, information systems, asset management, portfolio management and compliance, policy and public affairs, purchasing, and real estate analysis.

Housing and Community Services Assistance

Types of housing and community services assistance include:

- housing assistance for individual households (homebuyer mortgage and down payment, home repair, and rental payment assistance);
- ensuring programs affirmatively further fair housing efforts;
- funding for the development of apartments (new construction or rehabilitation of rental units);
- energy assistance (utility payments or home weatherization activities);
- assistance for homeless persons and emergency relief for individuals or families in crisis poverty (transitional housing, energy assistance, home weatherization, health and human services, child care, nutrition, job training and employment services,

substance abuse counseling, medical services, and other emergency assistance); and

- capacity building assistance (training and technical assistance, assistance with operating costs, and predevelopment loans to help local housing organizations develop housing).

Manufactured Housing Activities

TDHCA's Manufactured Housing Division is an independent entity within TDHCA. It is administratively attached, but it has its own Board of Directors and Executive Director. This division administers the Texas Manufactured Housing Standards Act. The act ensures that manufactured homes are well-constructed, safe, and installed correctly; that consumers are provided fair and effective remedies; and that measures are taken to provide economic stability for the Texas manufactured housing industry. Services of the Manufactured Housing Division include issuances of SOL research; training and license issuances to individuals for manufactured housing manufacturing, retailing, installations, broker, or sales; records and releases on tax and mortgage liens; installation, habitability and consumer complaint inspections; resolution of consumer complaints; and federal oversight under a cooperative agreement with HUD.

Information Resources

TDHCA is an informational resource for individuals, federal, state, and local governments, the Legislature, community organizations, advocacy groups, housing developers, and supportive services providers. Examples of information provided includes: general information on TDHCA activities, application and implementation technical assistance, housing need data and analysis, and direct consumer information on available assistance statewide. This information is provided through a myriad of communication methods: a 1-800 phone line, publications and guidebooks, via email and the TDHCA website, public hearings, trainings and workshops, planning roundtables, field offices, mass mailings, television, radio, and print media, speaking engagements, and conferences. TDHCA uses online forums to encourage topical discussions and gather feedback on proposed policies, rules, plans, reports, or other activities. Forums may be used in combination with public hearings and other public comment opportunities as a means for the Department to collect stakeholder input.

In all of its activities, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory, and open process.

Anticipated Changes to the Mission, Strategies, and Goals over the Next Five Years

The Department does not anticipate any significant changes of the mission, strategies and goals over the next five years.

CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)

This section describes the agency’s current workforce by assessing whether current employees have the knowledge, skills, and abilities needed to address critical business issues in the future.

Size and Composition of Workforce

As of March 31, 2014, TDHCA had a total headcount of 296 employees. The following tables profile the agency’s workforce. TDHCA’s workforce is comprised of 39.9 percent males and 60.1 percent females. Over 28 percent of the agency’s work force is over 50 years old with over 33 percent of the work force having 16 or more years of state service.

Statistics show that over one-half or 66 percent of the work force has 10 years or less of experience working at TDHCA with proficiency levels ranging from working knowledge of processes to gaining mastery level of processes. Thirty one percent of TDHCA’s workforce has 11-20 years of tenure with expertise levels ranging from mastery to acknowledged subject matter expert. Employees with 21 years or more of tenure compromise a little over two percent of the work force and are also keepers of institutional business knowledge.

The agency realizes that to prevent disparity in knowledge and experience levels and to mitigate future program operational challenges, succession planning strategies must address the transfer of institutional business knowledge and professional expertise.

WORK FORCE BREAKDOWN

Gender

	Number of Employees	Percent of Employees
Male	118	39.9%
Female	178	60.1%

Source: Uniform Statewide Payroll System

Age

	Number of Employees	Percent of Employees
Under 30	11	3.71%
30-39	68	22%
40-49	95	32.1%
50 – 59	97	32.7%
60 and over	25	8.4%

Source: Uniform Statewide Payroll System

Agency Tenure

	Number of Employees	Percent of Employees
0-5 years	126	42%
6-10 years	62	20.9%
11-15 years	51	17.2%
16-20 years	42	14.1%
21-25 years	12	4.1.%
Over 25 years	3	.10%

Source: Uniform Statewide Payroll System

State Tenure

	Number of Employees	Percent of Employees
0-5 years	84	28.3%
6-10 years	59	19.9%
11-15 years	47	15.8%
16-20 years	50	17%
21-25 years	30	10.1%
Over 25 years	26	8.8%

Source: Uniform Statewide Payroll System

TDHCA WORK FORCE COMPARED TO STATEWIDE CIVILIAN WORKFORCE

The “Statewide Employment Statistics” table below compares the percentage of African American, Hispanic and Female TDHCA employees (as of March 31, 2014) to the statewide civilian work force as reported by the Texas Workforce Commission’s Civil Rights Division. For most job categories, the agency is comparable to or above statewide work force statistics; however, there are some areas that are under-represented. TDHCA is dedicated to ensuring quality in the workforce and specifically targets recruitment resources such a diverse community organizations and colleges that reach out to the workforce in the under-represented EEO categories to generate a larger applicant pool to achieve the EEO goals of the state.

Statewide Employment Statistics

Job Category	African American TDHCA	African American State	Hispanic American TDHCA	Hispanic American State	Females TDHCA	Females State
Officials/Administrators	0	8.99%	17.39%	19.51%	47.83%	39.34%
Professionals	9.14%	11.33%	39.59%	17.40%	70.05%	59.14%
Technicians	7.84%	14.16%	25.49%	21.36%	17.65%	41.47%
Para-Professionals	28.57%	14.68%	28.57%	48.18%	85.71%	40.79%
Administrative Support	36.36%	13.57%	27.27%	30.53%	72.73%	65.62%

Source: Uniform Statewide Payroll System and Texas Workforce Commission (TWC).

TWC statistics extracted from "Equal Employment Opportunity and Minority Hiring Practices Report, Fiscal Years 2009-2010."

Employee Turnover

According to the State Auditor's Office Turnover Report for fiscal year 2013, the statewide turnover rate for full-time and part-time classified employees at state agencies was 17.6 percent. This does not include interagency transfers since the state does not consider this to be a loss to the state.

As shown by the chart below, TDHCA's turnover rates have historically been at least 5 percent under the state turnover rates. In fiscal year 2013 the turnover rate was lower than the previous fiscal year. Employee turnover is normal to any organization but can be negative if it reaches abnormal levels. Negatives include the associated costs of turnover, such as training and orientation of new employees, recruitment and selection of new employees, leave payout to departing employees, and lower productivity in the workplace during the time that a position is vacant and during the time that a new employee is learning the job. However, some turnover will always occur and is normal to any organization.

Overall Turnover

Fiscal Year	TDHCA	State
2013	7.1	17.6
2012	11.1	17.3
2011	11.5%	16.8%
2010	5.8%	14.6%
2009	6.9%	14.4%

Source: State Auditor Officer (SAO) Classified Employee Turnover Report FY2013.
Turnover rates exclude interagency transfers

Turnover by Length of Service

FY	# Terms	Less than 2 Years	2-4.99 Years	5-9.99 Years	10-14.99 Years	15 to 19.99 Years	Over 25 Years
2013	22	5	6	4	4	2	1
2012	36	11	13	5	2	5	0
2011	43	27	3	5	7	1	0
2010	20	11	3	4	1	1	0
2009	21	12	4	2	2	0	1

Source: SAO E-Class. Data excludes interagency transfers

Turnover by Age

FY	# Terms	20-29 Years	30-39 Years	40-49 Years	50-59 Years	60-69 Years
2013	22	1	4	5	5	7
2012	36	1	11	12	5	7
2011	43	7	9	12	9	6
2010	20	2	6	3	4	5
2009	21	2	10	0	7	2

Source: SAO E-Class. Data excludes interagency transfers

Retirement Eligibility

Data obtained from the Employees Retirement System shows projected retirements at TDHCA over the next five fiscal years.

The loss of employees due to retirement is, and will continue to be, a critical issue facing the agency. The loss of institutional business knowledge and expertise in key management and senior-level professional positions, coupled with normal attrition, poses a critical work force dilemma for the agency as well as the state. It is important to ensure that this technical knowledge and organizational experience is not lost. Management is aware of the impact that retirees will have on the Department within the next biennium and is continually looking at methods to replace these skills and knowledge through:

- Employee Development
- On-the-job training
- Leadership Development
- Succession Planning
- Cross divisional training
- Mentoring

Projected TDHCA Retirements

Fiscal Year	Projected Retirements	Percent of Total Agency Employees (FTE Cap of 312)
2014	43*	13.8%
2015	9	3%
2016	9	3%
2017	5	1.15%
Total Projected Retirements	66	21.1%

Source: Employees Retirement System

**Includes carry-overs from previous fiscal years*

Workforce Skills Critical to the Mission and Goals of the Agency

Core Functions

- Mortgage and loan management
- Knowledge of Real Estate Transactions
- Knowledge of Loan Closing and Titling processes
- Environmental science
- Knowledge of federal regulations, particularly OMB requirements
- Underwriting
- Asset Management
- Emergency Response and Management
- Contract Management
- Building Inspection and Weatherization
- Construction Management and Oversight
- Program Planning and Administration
- Data Analysis and Reporting
- Community Services
- Loan Management
- Portfolio management and compliance
- Capital Market Bond Financing
- Governmental Accounting and Reporting
- Information Systems and Web Administration

Critical Work Force Skills

Although the agency has many talented and qualified employees, there are a number of critical skills the Department's workforce needs in order to effectively accomplish its business functions and provide a high level of customer service which include:

- Leadership and management
- Customer service
- Project management, quality oversight, and evaluation
- Analysis/research/planning/problem solving
- Communication (verbal and written)
- Financial management, financial analysis, and accounting expertise
- Auditing
- Legislative relations and bill tracking
- Housing market industry
- Marketing
- Multi-lingual
- Outreach and technical assistance
- Computer skills ranging from entry level data entry to highly skilled information systems programmers and database administrators

- Investigation
- Inspection
- Legal analysis
- Manufactured housing rules and regulations
- Titling and licensing

Use of Consultants

To effectively achieve its mission, TDHCA will continue to use consultants and contract workers in areas where their unique skills and experience represents the most effective use of the State's resources. Two divisions that expect the greatest ongoing use of consultants are Information Systems, and Bond Finance.

ISD

TDHCA's Information Systems Division makes limited, targeted use of consultants for approved capital budget projects and software development support. In the current biennium, the Department continues to employ one contract systems analyst to provide the majority of PeopleSoft Financials support and plans to hire an additional contract software developer to assist with Community Affairs Contract System support.

Bond Finance

Bond Finance uses the following types of consultants:

Bond Counsel – A law firm or firms experienced in the issuance of mortgage revenue bonds and mortgage credit certificates.

Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds.

Master Servicer– A financially sound bank or trust company experienced in loan servicing for tax-exempt and taxable single family programs.

Program Administrator – A company experienced in programmatic and tax compliance review for tax-exempt and taxable single family programs.

Disclosure Counsel – A law firm experienced in securities laws particularly as it relates to disclosure of information by securities issuers to the private markets.

Rating Agencies – A national rating agency which analyzes bond issues and assigns a rating to them to indicate to prospective bondholders the investment quality of the issue.

Interest Rate Swap Advisor – Primarily monitors interest rate swaps used to hedge single family mortgage revenue bonds.

Investment Bankers – A firm specializing in the underwriting, issuance and sale of mortgage revenue bonds and provides advice relating to financial structure and cash flows.

TBA Provider – An investment banking firm experienced with the pooling and hedging of mortgage-backed securities in the TBA market.

FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)

This section describes the Department's future business and staffing outlook. This analysis helps to identify trends, future influences, and challenges for the agency's business functions, new and at-risk business, and workforce composition.

Future Workforce Skills Needed

In addition to those skills described above in the "Workforce Skills Critical to the Mission and Goals of the Agency" section it is expected that the following skills will also be needed:

- The Bond Finance Division may need to bring some specialized functions in-house over the next several years that the Department currently relies upon consultants to complete. Those tasks may require new staff and new skill sets.
- The Legal Services Division is called upon to provide increasingly complex transactional documentation skills and assist in developing increasingly detailed and complex rules, as new programs continue to emerge in response to federal legislative changes and new strategic directions. Both require significant real estate experience, detailed knowledge of state and federal laws, plus exceptional drafting skills. As more asset resolution and enforcement issues are brought forward, additional capabilities in contested case proceedings, loan restructurings, and bankruptcy matters are required.
- The Housing Trust Fund has a current and future need for data analysis and programming skills.
- The Human Resources Division anticipates needing to build strong overall HR knowledge, including HR certification; compensation skills; recruitment skills; the ability to administer HR programs effectively (strategically and assisting with development of programs); and skills in becoming an effective change agent for the Department.
- Many of the program areas have ongoing needs for expertise in data management and reporting.

Anticipated Increase or Decrease in the Number of Employees Needed to Do the Work

Anticipated Increases:

- At a minimum maintain current staffing level.
- Reallocate employees within the agency to address shifts in program funding and/or increased demands.
- Continuously review processes and develop efficiencies as needed.
- Provide training and effectively manage succession planning.
- Awarding of new federal funds or appropriation of state funds
- The Compliance & Asset Oversight Division anticipates the need for more staff as the size of the multifamily portfolio continues to expand and if the volume of utility allowance reviews for the housing tax credit program continues or

increases. Address increased programmatic regulations including new federal OMB requirements.

- The Real Estate Analysis Division anticipates an increase in the number of employees needed to underwrite an expanding pipeline of multifamily transactions; these transactions are expected to continue to increase over the next few years.

Anticipated Decreases:

- The Neighborhood Stabilization Program (NSP) will see a decrease in staff over the next few years as the initial NSP allocations have been expended, and funds are no longer available for new projects. Mortgage payments and amortized loan payments for multifamily properties will generate continued Program Income. During 2015-2019 the Program Income funds will be directed to redevelopment of existing NSP-funded land bank properties.

GAP ANALYSIS

Anticipated surplus or shortage of employees/ skills:

As the economy continues to recover and becomes more competitive, the agency will face greater challenges, given the salary levels it can afford to pay staff in certain areas where funding may be limited. The potential retirement of employees in all areas of the TDHCA in the immediate future can have the effect of creating a shortage of expertise.

Due to the changing workforce of the Department it is anticipated that there may be a shortage of the following personnel and/or skills:

- The Bond Finance Division may experience a shortage related to the specialized data analysis personnel and associated skill sets.
- The Legal Services Division anticipates a shortage in qualified real estate professionals, specifically those skilled and versed in HUD and LIHTC issues.
- The Information Systems Division has a continued need for employees with expertise in Java and the specific Java framework used at TDHCA, Oracle, APPX, PeopleSoft, Mitas, and network and technical support.

STRATEGY DEVELOPMENT

This section describes strategies for workforce transition.

The workplace has always consisted of many generations working at one time. However, today's age-diverse workforce is working past retirement age, which has led to a generation gap of more than 38 years between the oldest and youngest workers. As a result, a one-size-fits-all approach is not appropriate in an age-diverse workforce that may have four generations of workers at one time. The TDHCA must be prepared to work with the

communication styles of each generation and determine what motivates each generation in order to bridge the generation gap. This approach is key in developing both succession planning and knowledge transfer for future generations. Furthermore, as society in general becomes more diverse, the TDHCA workforce must mirror this diversity, thereby meeting both the needs and the expectations of the population it serves.

In addition to the diversity and composition of the future TDHCA workforce, fair pay will continue to impact recruitment and retention. The TDHCA and state agencies, in general, currently cannot compete with other organizations in terms of compensating its employees. Many existing employees continue to serve the agency because they value its mission or enjoy the work-life balance that may be lacking in a for-profit company or firm. The TDHCA must continue to foster an environment that offers not only fair compensation but also other incentives that attract and retain staff.

Specific Goals to Address Workforce Competency Gaps or Surpluses

To plan for TDHCA's future workforce needs, the following goals have been developed.

Gap: Retain and Attract the Right Employees for the Job.

Goal: To attract and retain a competent workforce.

Rationale: Over 16 percent of TDHCA's workforce is projected to be eligible to retire by the end of FY 2015. As experienced TDHCA employees retire or as employees otherwise leave, TDHCA must be ready to either fill these vacancies with existing experienced staff or aggressively recruit from the outside. Mentoring and learning opportunities such as job shadowing must be expanded to maintain institutional business knowledge and technical expertise and enhance career and professional development opportunities for employees.

The Department must be able to retain existing employees, especially those with institutional knowledge, skills, and experience. The Department must also develop those employees with interest and ability to learn new skills and develop leadership skills in order to be prepared to advance into critical positions. The Department must also be prepared to recruit external candidates with the necessary skills needed.

Action Steps:

- Conduct an assessment of risk at TDHCA regarding the potential loss of knowledge, particularly in areas of loss due to retirement of key positions.
- Identify positions that should be targeted for succession planning, determine critical competencies and skills needed for those positions, and consider how to develop staff for these positions and how to aggressively recruit for these positions.
- Provide employee training to develop critical skills needed.
- Develop and provide cross/rotational training for employees who are seeking new challenges or who wish to move across divisions.
- Create training and development plans for employees to assume higher level positions as vacancies occur.
- Establish recruitment resources that market specifically to the housing industry, attend career fairs at colleges and universities as needed, and use the Work in Texas

database to recruit applicants, and continue to have TDHCA job fairs in an effort to recruit and achieve a diverse qualified pool of applicants.

- Establish recruitment resources that market specifically to the housing industry, attend career fairs at colleges and universities as needed, and use the Work in Texas database to recruit applicants.
- Encourage management to identify recruitment resources, organizations, colleges, and university to establish and applicant pool of individuals with the critical skills needed for their positions.
- Encourage employees to pursue professional certification(s) in their areas of employment.
- Continue to conduct the Survey of Employee Engagement to determine trends in employee satisfaction and address areas of concern.
- Continue to allow employees to utilize the agency's alternative work schedule program to the extent possible. Determine positions with high turnover rates and implement more aggressive recruitment and retention strategies for these positions.
- Create programs that allow employees who are seeking new challenges to work on special projects, rotations and/or developmental assignments.
- Adjust salaries within assigned pay ranges for employees in positions that are either critical or key functions or that have high turnover rates.
- Promote the use of non-monetary rewards for exceptional performance (e.g. Administrative Leave for Outstanding Performance, etc.)
- Promote the Wellness Program.

Gap: IS staff with advanced technology skills needed to maintain the Department's continually advancing computer systems and programs.

Goal: To provide the Department with technology that will increase efficiency of information for customers and staff, increase customer satisfaction, and provided streamlining of technology based programs

Rationale: Training is needed to stay current with emerging technology. There are increased requests for changes to IT systems to better serve our customers and staff

Action Steps:

- Continue to develop IT staff by providing ongoing training.
- Determine anticipated changes needed to systems and allow for training and staff development of new technologies.
- Cross functional training of IT staff.
- Develop plans for future needs of the Department web-based programs.

Gap: Develop a Competent and Well-Trained Diverse Work Force

Goal: To employ a diverse workforce with skills to function and lead a diverse workforce.

Rationale: Over 21 percent of TDHCA's workforce is projected to be eligible to retire in the next four years. The agency relies heavily on a competent and knowledgeable staff and the loss of mastery-level expertise and institutional business knowledge will have a significant

impact on agency services. The training and development of current employees is critical to the success of the agency. Also, as the workforce continues to change there is an increase in multi-generational and diverse backgrounds entering the workforce. Employees will need to be able to work with and manage people with differing opinions and work ethics.

Action Steps:

- Identify agency critical skills and competencies with input from divisions.
- Train management to address skills imbalance issues.
- Provide management with tools and training to assist in the management of a multi-generational diverse workforce. Promote the agency's tuition reimbursement program to encourage employees to further their education.
- Encourage employees to pursue professional certification(s) in their areas of employment when possible.
- Continue to celebrate multi-cultural events at the Department to promote diversity and an opportunity for staff to participate in these events.
- Regularly review Department demographics to determine EEO shortfalls in EEO categories.
- Re-constitute the Employee Events Planning Committee to a Special Events Committee that includes upper management staff and recruit staff volunteers in order to have a more diverse population serving on the Committee.

APPENDIX F. SURVEY OF ORGANIZATIONAL EXCELLENCE **RESULTS AND UTILIZATION PLANS**

Employees' Attitudes and Possibilities for Change

In February of 2014, TDHCA participated in the Survey of Employee Engagement sponsored by the University of Texas Institute for Organizational Excellence. The results of the survey are outlined below.

Overall Score

The overall survey score for TDHCA was 384. The overall survey score is a broad indicator for comparison with other entities. The Overall Score is an average of all survey items and presents the overall score for the Department. For comparison purposes, overall scores typically range from 325 to 375.

Response Rate

Out of 294 employees who were invited to take the survey, 233 responded. The response rate of the survey for TDHCA was 79 percent, which is considered high. As a general rule, rates higher than 50 percent suggest soundness. Rates lower than 20 percent may indicate problem. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses according to the employees of the Department:

Construct Analysis

Constructs are color coded to highlight the agency's areas of strengths and areas of concern. The 3 highest scoring constructs are blue, the 3 lowest scoring constructs are red, and the remaining 8 are yellow.

Highest scoring constructs are areas of strength for the agency while the lowest scoring constructs are areas of concern. Scores above 350 suggest that employees perceive the issue more positively than negatively, and scores of 375 or higher indicate areas of substantial strength. Conversely, scores below 350 are viewed less positively by employees, and scores below 325 should be a significant source of concern.

Table 30. Survey of Organizational Excellence: 2012 and 2014 Comparison

2014 SURVEY RESULTS			2012 SURVEY RESULTS			
CONS_NO	CONSTRUCT NAME	SCORES 2014	CONS_NO	CONSTRUCT NAME	SCORES 2012	POINTS DEVIATED
1	Supervision	409	1	Supervision	390	19
2	Team	400	2	Team	387	13
3	Quality	387	3	Quality	373	14
4	Pay	288	4	Pay	271	17
5	Benefits	398	5	Benefits	387	11
6	Physical Environment	391	6	Physical Environment	372	19
7	Strategic	410	7	Strategic	398	12
8	Diversity	368	8	Diversity	361	7
9	Information Systems	376	9	Information Systems	369	7
10	Internal Communication	366	10	Internal Communication	346	20
11	External Communication	396	11	External Communication	375	21
12	Employee Engagement	394	12	Employee Engagement	382	12
13	Employee Development	387	13	Employee Development	377	10
14	Job Satisfaction	393	14	Job Satisfaction	381	12

Areas of Strength

The Departments strengths lie in Strategic, Supervision, and Team. They are discussed below in the order of scores received, from highest to lowest.

Strategic (Score: 410)

The Strategic construct reflects employees’ thinking about how the organization responds to external influences that should play a role in defining the organization’s mission, vision, services, and products. Implied in this construct is the ability of the organization to seek out and work with relevant external entities.

High scores indicate employees view the organization as able to quickly relate its mission and goals to environmental changes and demands. It is viewed as creating programs that advance the organization and highly capable means of drawing information and meaning from the environment. Maintaining these high scores will require leadership to continually assess the ability of the organization and employees at all levels to test programs against need and to continue to have rapid feedback from the environment.

Supervision (Score: 409)

The Supervision construct provides insight into the nature of supervisor relationships within the organization, including aspects of leadership, the communication of expectations, and the sense of fairness that employees perceive between supervisors and themselves.

Appendix F: Survey of Organizational Excellence

High Supervisor scores indicate that employees view their supervisors as fair, helpful, and critical to the flow of work. Maintaining these high scores will require leadership to carefully assess supervisory training and carefully make the selection of new supervisors.

Team (Score: 400):

The Team construct captures employees' perception of the people within the organization that they work with on a daily basis to accomplish their jobs (the work group or team). This construct gathers data about how effective employees think their work group is as well as the extent to which the organization supports cooperation among employees.

High Team scores indicate that employees view their work groups as effective, cohesive, and open to the opinions of all its members. Maintaining these high scores will require leadership to ensure employees are actively involved in their work groups and have opportunities to contribute to goal setting and other work processes.

Areas of Concern

Fair Pay (Score: 288)

Fair Pay is a common negative perception across most, if not all, state agencies. The Pay construct addresses perceptions of the overall compensation package offered by the Department. It describes how well the compensation package "holds up" when employees compare it to similar jobs in other organizations.

Low scores suggest that pay is a central concern or reason for satisfaction or discontent. In some situations pay does not meet comparables in similar organizations. In other cases individuals feel that pay levels are not appropriately set to work demands, experience and ability.

Internal Communication (Score: 366)

The Internal Communication construct captures the Department's communication flow from the top-down, bottom-up, and across divisions. It addresses the extent to which communication exchanges are open, candid, and move the Department toward its goal.

Diversity (Score: 368)

The Diversity construct addresses the extent to which employees feel personal differences, such as ethnicity, social class or lifestyle, may result in alienation from the larger organization and missed opportunities for learning or advancement. It examines how the organization understands and uses creativity coming from individual differences to improve organizational effectiveness.

Climate Analysis

The climate in which employees work does, to a large extent, determine the efficiency and effectiveness of an organization. The appropriate climate is a combination of a safe, non-harassing environment with ethical abiding employees who treat each other with fairness and respect.

Each Climate Area is displayed below with its corresponding score. Scores above 350 suggest that employees perceive the issue more positively than negatively, and scores of

375 or higher indicate areas of substantial strength. Conversely, scores below 350 are viewed less positively by employees, and scores below 325 should be a significant source of concern for the organization and should receive immediate attention.

Table 31. Climate Analysis: 2012 and 2014 Comparison

2014 SURVEY RESULTS			2012 SURVEY RESULTS			
CONS_NO	CLIMATE ANALYSIS	SCORES 2014	CONS_NO	CLIMATE ANALYSIS	SCORES 2012	POINTS DEVIATED
15	Climate/Atmosphere	401	15	Climate/Atmosphere	390	11
16	Climate/Ethics	400	16	Climate/Ethics	387	13
17	Climate/Fairness	367	17	Climate/Fairness	345	22
18	Climate/Feedback	357	18	Climate/Feedback	339	18
19	Climate/Management	369	19	Climate/Management	365	4

Climate Definitions:

Atmosphere: The aspect of climate and positive Atmosphere of an organization must be free of harassment in order to establish a community of reciprocity.

Ethics: An Ethical climate is a foundation of building trust within an organization where not only are employees ethical in their behavior, but that ethical violations are appropriately handled.

Fairness: Fairness measures the extent to which employees believe that equal and fair opportunity exists for all members of the organization.

Feedback: Appropriate feedback is an essential element of organizational learning by providing the necessary data in which improvement can occur.

Management: The climate by Management as being accessible, visible, and an effective communicator of information is a basic tenant of successful leadership.

Strategies for Improvement

The Department will continue to capitalize on the information derived from the 2014 Survey of Employee Engagement to improve in areas of concern as noted below.

Fair Pay:

While fair pay continues to be the lowest scoring category for the Department, the Department will continue to review equity among similar positions and make adjustments as appropriate to ensure equitable pay among positions.

Diversity:

The Department is committed to instilling a culture of diversity, transparency, fairness, professionalism, and integrity. The Department will continue to analyze recruitment efforts to promote a diverse workforce and will continue to promote programs to increase diversity awareness within the organization. The Department will continue to promote organizational development and encourage supervisors to provide employees with the opportunity to

Appendix F: Survey of Organizational Excellence

increase their knowledge, skills, and abilities through attending professional development training courses and on-the job training to enhance promotional opportunities for employees. The Department will also develop the formation of a committee designed to identify appropriate events and activities which recognizes the diversity of TDHCA staff.

Internal Communication:

The Department will continue to have internal communications with staff through agency wide staff meetings and internal communication methods to include:

- Agency wide emails;
- Department Water Cooler;
- Department Intranet;
- Brown Bag Lunches;
- Walkabouts;
- Division Pages with details about division responsibilities;
- TDHCA Program Successes;

and will continue to promote an environment that encourages employee networking and provide feedback to their supervisors and executive management.

APPENDIX G. HISTORICALLY UNDERUTILIZED BUSINESS PLAN

GOAL

The Texas Department of Housing and Community Affairs strives to provide procurement and contracting opportunities for all businesses, with efforts to maximize inclusion of minority, women, and disabled veteran owned businesses.

OBJECTIVE

The Department shall make a good faith effort to maximize the award of goods and services to HUBs in all facets of contracting, subcontracting, and purchases. Through all reasonable means, the Department seeks to award procurement and subcontracting opportunities to minority, women, and disabled veteran owned businesses.

STRATEGY

The following programs have been developed and are part of TDHCA's good faith effort to achieve these goals:

- HUB Orientation/Assistance Package
- Actively participate in Economic Opportunity Forums (EOFs) enhancing the vendor knowledge of procurement opportunities at the Department.
- Utilization of the Electronic State Business Daily web-site provides opportunity to all HUBs and HUB subcontractors to acquire and participate in the Department's bid opportunities.
- Multiple Awards of single requisitions to enhance HUB vendor participation.
- Specifications, delivery dates, and guidelines are reasonable and concise.
- Ensuring that specifications and terms and conditions reflect the actual needs.
- Inclusion of possible NIGP Class/Items for vendors to explore for subcontracting opportunities.
- Ensuring subcontracting plans are appropriately and accurately included in services and commodities contracts of which the value exceeds \$100,000. Evaluation of the contractor compliance with subcontracting plans as applicable in contracts of \$100,000 or greater.

OUTPUT MEASURES

Table 1. HUB Goals and TDHCA Performance

Category	TDHCA Performance 2012	TDHCA Performance 2013	TDHCA Goals for 2014
Heavy Construction	N/A	N/A	N/A
Building Construction	N/A	0%	N/A
Special Trades Contracts	N/A	N/A	N/A
Professional Services Contracts	0%	N/A	N/A
Other Services Contracts	14.99%	29.17%	24.6%
Commodities Contracts	84.07%	71.23%	21.0%
Grand Total HUB Participation	23.61%	36.20%	

Table 2. TDHCA Performance – Fiscal Year 2012

Category	TDHCA Performance Total Dollar Amount Spent	TDHCA Performance Total Dollar Amount Spent With HUBS	Percentage Spent with HUBS	Statewide Goal
Heavy Construction	N/A	N/A	N/A	11.2%
Building Construction	N/A	N/A	N/A	21.1%
Special Trades Contracts	N/A	N/A	N/A	32.7%
Professional Services Contracts	55,215.00	0.00	0%	23.6%
Other Services Contracts	3,918,085.00	587,409.00	14.99%	24.6%
Commodities Contracts	580,135.00	487,704.00	84.07%	21.0%
Grand Total Expenditures	4,553,436.00	1,075,113.00	23.61%	

Table 3. TDHCA Performance – Fiscal Year 2013

Category	TDHCA Performance Total Dollar Amount Spent	TDHCA Performance Total Dollar Amount Spent With HUBS	Percentage Spent with HUBS	Statewide Goal
Heavy Construction	N/A	N/A	N/A	11.2%
Building Construction	649.00	0.00	0%	21.1%
Special Trades Contracts	N/A	N/A	N/A	32.7%
Professional Services Contracts	N/A	N/A	N/A	23.6%
Other Services Contracts	1,567,535.00	457,286.00	29.17%	24.6%
Commodities Contracts	315,080.00	224,428.00	71.23%	21.0%
Grand Total Expenditures	1,883,265.00	681,714.00	36.20%	

EXTERNAL/INTERNAL ASSESSMENT

TDHCA continues to increase the use of HUBs through education of staff on procurement policy rules and procedures; through aggressively recruiting and educating prospective HUB businesses; assisting HUBs with the state HUB Certification program; and participation in EOFs with other state entities, local and federal entities and elected officials. Through participation in these Forums, TDHCA has developed new vendor relationships and continues to pursue new avenues for HUB participation. TDHCA has established and continually works to exceed the previous year's goals for procurement from HUB and subcontracting of HUB vendors.

APPENDIX H. LIST OF ABBREVIATIONS

Acronym/Abbreviation	Description
AAA	Local Area Agencies on Aging
ADA	Americans with Disabilities Act
AGI	Annual Gross Income
AHNS	Affordable Housing Needs Score
AMFI	Area Median Family Income
AMGI	Area Median Gross Income
AMI	Area Median Income
ARRA/Recovery Act	American Recovery and Reinvestment Act of 2009
ATWAC	Aging Texas Well Advisory Committee
BRB	Texas Bond Review Board
CAA	Community Action Agency
CAO	Compliance and Asset Oversight Division
CAP	Community Action Program
CAPER	Consolidated Annual Performance Report
CDB	Central Data Base
CDBG	Community Development Block Grant
CDC	Community Development Corporation
CEAP	Comprehensive Energy Assistance Program
CFD	Contract for Deed
CFR	Code of Federal Regulations
CHDO	Community Housing Development Organization
CMTS	Compliance Monitoring and Tracking System
CNFP	Community Food and Nutrition
CoC	Continuum of Care
COG	Council of Governments
CPA	Texas Comptroller of Public Accounts
CRCG	Community Resource Coordination Groups
CSBG	Community Services Block Grant
DADS	Texas Department of Aging and Disability Services
DARS	Texas Department of Assistive & Rehabilitative Services
DAW	Disability Advisory Workgroup
DHHS	US Department of Health and Human Services
DOE	U.S. Department of Energy
DOT	US Department of Transportation
DSHS	Texas Department of State Health Services
EEO	Equal Employment Opportunity
ELI	Extremely Low Income
DPPA	Division of Policy and Public Affairs
ESGP	Emergency Shelter Grants Program
Fannie Mae	Federal National Mortgage Association.
FEMA	Federal Emergency Management Agency
Freddie Mac	Federal Home Loan Mortgage Corporation
FTE	Full Time Employee
FTHB	First Time Homebuyer Program
FY	Fiscal Year
GR	General Revenue
HBA	Homebuyer Assistance Program
HBAR	Homebuyer Assistance with Rehabilitation Program
HERA	Housing and Economic Recovery Act of 2008

Appendix H: List of Abbreviations

HFA	Housing Finance Authority
HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HQS	Housing Quality Standards
HRC	Housing Resource Center
HTF	Housing Trust Fund
HUB	Historically Underutilized Business.
HUD	U.S. Department of Housing and Urban Development
IDIS	HUD's Integrated Disbursement and Information System
IS	Information Systems
LAN	Local Area Network
LAR	Legislative Appropriation Request
LBB	Legislative Budget Board
LI	Low Income
LIHEAP	Low Income Home Energy Assistance Program
LIHTC	Low Income Housing Tax Credit (Federal)
LURA	Land Use Restriction Agreement
MCC	Mortgage Credit Certificate
MFB	Multifamily Bond
MI	Moderate Income
MOU	Memorandum of Understanding
MRB	Mortgage Revenue Bond
MSA	Metropolitan Statistical Area
NIMBY	Not In My Backyard
NOFA	Notice of Funding Availability
NOHP	Nonprofit Owner-Builder Housing Program
NSP	Neighborhood Stabilization Program
OCI	Office of Colonia Initiatives
PHA	Public Housing Agency
PIAC	Promoting Independence Advisory Committee
PITI	Principal, Interest, Taxes, and Insurance
PJ	Participating Jurisdiction
PY	Program Year
QAP	Qualified Allocation Plan
RAF	Regional Allocation Forecast
RFP	Request For Proposals
RFQ	Request for Qualifications
RHD	Rental Housing Development
Section 8 Program	Statewide Housing Assistance Payments Program
SFY	State Fiscal Year
SHC	Colonia Self-Help Centers
SLIHP	State Low Income Housing Plan and Annual Report
SOA	State Auditor's Office
SOL	Statement of Ownership and Location
SOP	Standard Operating Procedure
TANF	Temporary Assistance for Needy Families
TCAP	Texas Credit Assistance Program
TDA	Texas Department of Agriculture
TDHCA	Texas Department of Housing and Community Affairs
TFPTF	Texas Foreclosure Prevention Task Force
THN	Texas Homeless Network

TML	Texas Municipal League
TSAHC	Texas State Affordable Housing Corporation
TSDC	Texas State Data Center
TSEHP	Texas Statewide Homebuyer Education Programs
VL	Very Low Income
WAN	Wide Area Network
WAP	Weatherization Assistance Program