

# AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2013–17 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

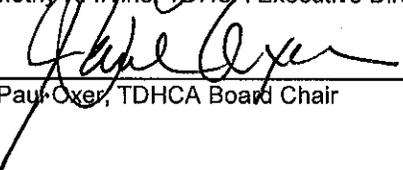
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## **INTRODUCTION**

*“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.”<sup>1</sup>*

The Texas Department of Housing and Community Affairs (TDHCA or Department) Strategic Plan for Fiscal Years 2013–2017 (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 citizens of Texas through sound, transparent, accountable, and effective actions.

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<sup>1</sup> Governor’s Office of Budget, Planning and Policy, Legislative Budget Board. (2012, March). Instructions for preparing and submitting agency strategic plans fiscal years 2013-2017. Retrieved from: [http://www.lbb.state.tx.us/Strategic\\_Plans/Documents.htm](http://www.lbb.state.tx.us/Strategic_Plans/Documents.htm)

## **STATEWIDE VISION, MISSION, AND PHILOSOPHY**

### **THE VISION FOR TEXAS STATE GOVERNMENT**

*“Fellow Public Servants:*

*Since the last round of strategic planning began in March 2010, 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 strong economic position relative to other states and the nation is 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 businesses, 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 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 Texas<sup>2</sup>

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<sup>2</sup> 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!”<sup>3</sup>

## **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.”<sup>4</sup>

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.

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<sup>3</sup> Ibid.

<sup>4</sup> 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
- Percent of graduates earning recommended high school diploma
- Percentage of students who demonstrate satisfactory performance on the annual state assessments
- 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. Considering that “residential mobility has a significant, negative relationship with high school completion — that is, children who move between the ages of 4 and 15 have a lower likelihood of finishing high school,”<sup>5</sup> affordable housing is a major factor in the success of children in school. When families struggle to satisfy their daily needs, school performance can decline. Overcrowded housing conditions can adversely impact childhood development.

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

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<sup>5</sup> The Center for Housing Policy. (2011, February). Should I Stay or Should I Go? Exploring the Effects of Housing Instability and Mobility on Children. Retrieved from: <http://www.nhc.org/media/files/HsgInstabilityandMobility.pdf>.

- 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

- Percent of population age 24 years and older with vocational/technical certificate as highest level of educational attainment
- Percent of population age 24 years and older with two-year college degree as highest level of educational attainment
- Percent 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 2011, the average unemployment for all workers was 7.6 percent, but the average unemployment for people with a bachelor's degree was 4.9 percent and a professional degree was 2.4 percent. Similarly, the average weekly earnings for all workers was \$797, but the average for people with a bachelor's degree was \$1,053 and a professional degree was \$1,665.<sup>6</sup> 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:

- Students of higher education may be eligible for reduced rent through the HOME and Housing Tax Credit programs if they meet program-eligibility requirements. Reduced rent will allow the student to spend more time on studying and completing school.
- Rental assistance programs, such as the Emergency Solutions Grants Program, Homeless Housing and Services Program, and Tenant-Based Rental Assistance can provide case

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<sup>6</sup> Bureau of Labor Statistics – Employment Projections. (2012, March). Education pays. Retrieved from [http://www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm).

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 in the system; and
- Continuing to create partnerships with local communities, advocacy groups, and the private and not-for-profit sectors.

### Benchmarks

- Percent of long-term care clients served in the community
- Percent of adult welfare participants in job training who enter employment
- Percent of Texas population receiving food stamps
- Incidence of confirmed cases of abuse, neglect, or death of children, the elderly, or spouses per 1,000 population
- Rate of substance abuse and alcoholism among Texans
- Percent of people completing vocational rehabilitation services and remaining employed

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. For example, the 2009 American Community Survey estimates 24.7 percent of working-age people with disabilities were below the poverty level in Texas at that time. 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 rental assistance vouchers through the Housing Trust Fund programs 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 Removal program to

provide grants for home modifications needed for accessibility for persons with disabilities.

- 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 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 and help promote long-term self sufficiency.
- Women who are victims of domestic violence live in poverty are often forced to choose between staying in abusive relationships or homelessness. According to the National Coalition for the Homeless, a majority of homeless women have been victims of domestic violence: The Network to End Domestic Violence states that 63% of homeless women have experienced domestic violence in their adult lives.<sup>7</sup> In 2009, there were 196,713 reported family violence incidents in Texas and 12,213 adults received shelter from their abusive relationships.<sup>8</sup> 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.
- According to the National Health Care for the Homeless Council, "Among surveyed homeless people 38% have an alcohol problem, and 26% report problems with other drugs."<sup>9</sup> Homeless persons with substance abuse problems may require supportive services. 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.
- Many programs have specific activities that service elderly Texans. For example, the Community Service 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

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7 National Coalition for the Homeless. (2009, July). Why are people homeless? Retrieved from: <http://www.nationalhomeless.org/factsheets/why.html>.

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](http://www.tcfv.org/wp-content/uploads/2007/10/tcfv_stats20091.pdf)

9 National Coalition for the Homeless. (2009, July). Who is homeless? Retrieved from: <http://www.nationalhomeless.org/factsheets/Whois.pdf>

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”, which is a development in which elderly residents occupy 80 to 100 percent of the affordable units. Ensuring that the elderly have access to affordable housing and services helps that population gain self sufficiency.

## **ECONOMIC DEVELOPMENT**

### *Priority Goal*

To provide an attractive economic climate for current and emerging industries that fosters economic opportunity, job creation, capital investment, and infrastructure development by:

- Promoting a favorable and 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 economic impact on communities. Just as an economic benefit accompanies the construction 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 study by the National Association of Home Builders published in 2009,<sup>10</sup> the construction of:

- 100 single-family homes in a typical metro area include \$21.1 million in local income, \$2.2 million in taxes and other revenue for local governments, and 324 local jobs.
- 100 rental apartment units in a typical metro area include \$7.9 million in local income, \$827,000 in taxes and other revenue for local governments, and 122 local jobs.

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

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<sup>10</sup> National Association of Homebuilders, (2009, June) The local impact of homebuilding. Retrieved from [http://www.nahb.org/fileUpload\\_details.aspx?contentTypeID=3&contentID=35601&subContentID=21918](http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=35601&subContentID=21918).

serve.<sup>11</sup> 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 2011 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 2011

Activity	Funds	Households*
Rental New Construction	\$50,122,568.00	3,133
Rental Rehabilitation	\$24,531,487.00	1,974
Owner Financing & Down Pmt.	\$308,788,595.00	2,591
Owner Rehabilitated Asst	\$19,771,600.00	222
<b>Total</b>	<b>\$403,214,250.00</b>	<b>7,920</b>

\*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, local community action agencies operating 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

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<sup>11</sup> 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](http://www.nhc.org/pdf/P2P_2010_ExecutiveSummary.pdf).

## *TDHCA Mission and Philosophy*

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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 via internet
- 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.
- The Office of American Recovery and Reinvestment Act Accountability and Oversight is 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.
- 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, inspects manufactured home installations, and investigates and oversees the resolution of consumer complaints. It maintains offices in Austin, Lubbock, and Waco, as well as offers professional license renewals through Texas Online. The Manufactured Housing Division also licenses and inspects migrant farmworker housing facilities and assists the Compliance Division in inspecting TDHCA-monitored multifamily properties.
- Regarding the soundness of financial institutions and credit providers, the Financial Service, Bond Finance, and Single Family Finance Production 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 their highest 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
- Affordability of homes as measured by the Texas Housing Affordability Index

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

- TDHCA ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. Additionally, pertinent information is posted in the Texas Register, on TDHCA's website, and notices are sent periodically to people who have voluntarily signed up on TDHCA's Listserv. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, email, and in some cases, directly on the TDHCA website.
- TDHCA values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on TDHCA's policies, rules, planning documents, and programs, TDHCA has consolidated most of its public hearings related to policy and rule development. Each year, a hearing on all TDHCA programs will be held in at about half of the State Service Region the Department uses for planning and reporting purposes. After the regional hearings are held, the State Low Income Housing Plan, TDHCA's key annual planning and policy document, is presented to the Board so comment may be provided directly to the Board. Staff is available at each hearing to answer questions and lend technical assistance to attendees.
- 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. 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 the citizens of Texas 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.
- 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 or document that TDHCA produces is available on the website. In FY2011(9/1/2010-8/31/2011), the public web site received the following activity (averaged monthly):
  - General webpages:
    - 41,935 visitors
    - 91,820 visits
    - 334,283 page views
  - Help for Texans, Consumer Assistance area
    - 5,148 visitors
    - 38,933 visits
    - 291,754 page views
  - Manufactured Housing Database:
    - 8,107 visitors
    - 38,352 visits
    - 326,276 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. In April 2009 and throughout the FY 2010-2011 biennium, TDHCA expanded these systems to successfully administer contracts for Recovery Act programs, Community Development Block Grant Disaster Recovery programs for Hurricanes Ike and Dolly, the Neighborhood Stabilization Program, and the Homeless Housing and Services Program could be managed in these systems. TDHCA program personnel currently administer 153 active contracts for community affairs programs and 441 contracts for housing

programs. Over 4,900 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 2,823 property records and over 267,000 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 allow many more people to buy 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 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. To invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive.

## **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 freed up to improve processes and efficiencies, collaborative with other agencies, and of the utmost integrity.
- Operations that are continually assessed and improved based on principles of enterprise wide risk management, adherence to documented operating procedures, transparency, 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
- Collaboration
- Respect
- Simplicity
- 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 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, Homeless Prevention and Rapid Re-Housing Program, Housing Tax Credit Exchange Program, Tax Credit Assistance Program, and CSBG-ARRA programs were successfully expended by the 2nd quarter of SFY 2012.
- In 2012, the Department implemented a 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 projects, and to administer

closing and draw activity and adherence to various federal cross-cutting requirements. The Program Planning, Policy & Metrics (3PM) Team was also formed to provide accurate reporting and metrics, inform 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. 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.

The current organizational structure is more than the sum of these events. It speaks to a structure which optimizes internal controls. It supports greater coordination of program offerings so that they 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), 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.
- “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.
- "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.

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. For the Neighborhood Stabilization Program, eligible applicants can have incomes up to 120 percent of the median income, though 35 percent of all funds must be allocated to households earning no more than 50 percent of the median income. For the National Foreclosure Mitigation Counseling Program, there is no household income threshold for service.

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 and migrant farmworkers 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, 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, Texas veterans housing assistance, grants for accessible home modifications for persons with disabilities, and rental payment assistance);
- Funding for the development of rental housing and single-family developments (new construction or rehabilitation);
- Disaster recovery/relief (home repair and reconstruction, 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.);
- Foreclosure relief (foreclosure prevention counseling and assistance under the Neighborhood Stabilization Program in areas meeting the federal criteria);
- 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 distributed to entities that, in turn, provide assistance to households in need. This distribution is done using a number of techniques. There is also a direct administration pilot program in place for HOME funds.

- 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. Counseling services is allocated to HUD-Approved Counseling Organizations that partner with TDHCA.
- 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 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, rebuilders, installers, brokers, and/or salespersons; record and release of tax and mortgage liens; installation inspections; 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, 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	Funds local agencies to offer energy education, financial assistance and Heating, Ventilating and Air Conditioning (HVAC) replacement	<200% poverty
	Emergency Solutions Grant Program	Funds entities to provide shelter and related services to the homeless, rapidly re-house homeless individuals and families, and prevent families and individuals from becoming homeless.	<50% AMFI (Homeless)
	Homeless Housing and Services Program	Funds the eight largest Texas cities to provide services or facilities to homeless individuals and families	<50% AMFI (Homeless)
(2) Rental Assistance	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain rural areas	<50% AMFI
	Tenant-Based Rental Assistance (Home Program)	Grants for entities to provide tenant-based rental assistance for up to two years	<80% AMFI
(3) Multifamily Development	Affordable Housing Match Program (Housing Trust Fund)	Provides funding to Nonprofit Organizations to attract or meet requirements for affordable housing grants or government programs	<80% AMFI
	Community Housing Development Organization Set-aside (HOME Program)	These organizations can apply for loans to develop or preserve affordable rental housing	<80% AMFI
	Rental Housing Development (HOME Program)	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Tax Credit Program	Tax credits to developers for the creation or preservation of affordable rental housing	<60% AMFI
	Multifamily Bond Program	Loans to develop or preserve affordable rental housing	<60% AMFI
(4) Homebuyer Education, Assistance and Single-Family Development Homebuyer Education & Assistance	Colonia Self-Help Center Program	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (OCI) field offices	<115% AMFI (All)
	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
	Affordable Housing Match Program	Provides funding to Nonprofit Organizations to attract or meet requirements for affordable housing grants or government programs	<80% AMFI
	First Time Homebuyer Program – Non-targeted funds	Low-interest loans and/or down payment and closing costs for first time homebuyers	<115% AMFI
	First Time Homebuyer Program – Targeted funds	Low-interest loans and/or down payment and closing costs for first time homebuyers in areas of chronic economic distress	<140% AMFI
	Homeownership Assistance - Contract For Deed Conversion (HOME Program)	Stabilizes colonia resident ownership by converting contract for deeds into traditional mortgages	<60% AMFI
	Homeownership Assistance (HOME Program)	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Homeownership Assistance Program – Homebuyer Assistance (Housing Trust Fund)	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
Mortgage Credit Certificate Program	Annual tax credit for qualified homebuyers based on the interest paid on the homebuyer's mortgage loan	<115% AMFI	

*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.

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 or Housing Trust Fund.

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. In fact residents in TDHCA assisted developments are subjected to criminal background checks and are households that include many valuable members of the Texas workforce.

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 fair and race neutral distribution of resources 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 314 total full-time equivalents (cap FTEs). As of April 1, 2012, TDHCA had a total of 291 full-time equivalent (cap FTEs) employees. Additionally, TDHCA was appropriated funds in accordance with Article IX, General Appropriations Act and the American Recovery and Reinvestment Act (Recovery Act) and employed about 65 temporary full time FTEs to support these programs. As of April 1, 2012, TDHCA currently has 17 of these temporary full time employees currently employed, bringing the total number of employees to 308. These temporary positions will count for Equal Employment Opportunity (EEO) reporting purposes only and do not count against the agency's FTE cap of 314. All ARRA temporary FTEs are slated to end as of August 31, 2012. Non-ARRA Article IX temporary FTEs (18) will continue to be funded for at least the next biennium or until the federal funds are expended.

#### 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 61 percent of the agency's total labor force (See Table 3). Women comprise 40 percent of the agency's administrator/official positions (See Table 4).

**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 – Administrators/Officials	0	0	3	1	10	7	0	1	13	9
P - Professionals	6	18	27	56	26	68	2	8	61	150
T - Technician	5	0	7	3	27	5	0	0	39	8
Q - Para-professionals	1	4	0	5	0	5	0	0	1	14
C - Administrative Support	1	1	0	2	3	6	0	0	4	9
Total by Race/Ethnicity & Gender	13	23	37	67	66	91	2	9	118	190
Percent of Total by Race/Ethnicity & Gender	4.2%	7.4%	12%	21.7%	21.4%	29.5%	0.6%	2.9%	38.3 %	61.6 %
Total by Race/Ethnicity	36		104		157		11		308	
Percent of Total by Race/Ethnicity	11.6%		33.7%		50.9%		3.5%			

Source: Uniform Statewide Payroll System

\*A – Administrators and Officials: 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 April 1, 2012) 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 4* 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	7.5%	18.1%	21.1%	40.9%	37.5%
Professionals	11.1%	9.7%	40%	18.8%	69.7%	53.3%
Technicians	10.2%	13.9%	24.4%	27.1%	16.3%	53.9%
Para-Professionals	33.3%	14.1%	33.3%	49.9%	93.3%	39.1%
Administrative Support	15.3%	12.7%	15.3%	31.9%	69.2%	67.1%

*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."*

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 45 years, with 48 employees eligible for retirement over the next biennium. (See Table 8) To recruit new employees, the agency participates in job fairs, utilizes specific print media advertising, 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, TDHCA offers flexible work hours and compressed work week options. In addition, the Telecommute Program provides employees the flexibility to work from home. Both programs allow the agency to benefit from reduced absenteeism and leave usage, as well as higher employee morale and lower turnover. The agency also has an Employee Assistance Program, which provides employees with confidential, personal support for a wide range of issues, from everyday concerns to serious problems.

*Workforce by Age and Tenure*

TDHCA's complex and varied duties require experienced, highly skilled employees. As of April 1, 2012, over 28 percent of the agency work force is 50 years or older and the average age of employees is 45 (see *Table 5*). Statistics show that over one-half of the workforce has 10 years or less of experience working at TDHCA (see *Table 6*). Almost fifty percent of TDHCA's workforce has 5 years or less work for 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 experience with TDCHA, with expertise levels ranging from mastery to acknowledged subject matter expert, comprise 16 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	18	5.8%
30-39 years	76	24.7%
40-49 years	105	34.1%
50-59 years	89	28.8%
Over 60 years	20	6.4%

*Source: Uniform Statewide Payroll System*

**Table 6. Agency Tenure**

	Number of Employees	Percent of Employees
0-5 years	145	47%
6-10 years	59	19.2%
11-15 years	54	17.5%
16-20 years	42	13.6%
21-25 years	6	1.9%
Over 25 years	2	.06%

Source: Uniform Statewide Payroll System

*Employee Turnover*

TDHCA's turnover rate has fluctuated between fiscal years 2007 and 2011. During periods of economic downturns, specifically during fiscal years 2007 and 2010 (see *Table 7*) the Department's turnover rate was significantly lower than the statewide average. TDHCA's turnover rate was significantly higher in fiscal year 2011 specifically due to the ramp down of ARRA and Article IX temporary employees; however TDHCA's turnover rate has generally been more than five percent below the statewide average.

**Table 7. Historic Turnover Rates**

Fiscal Year	TDHCA	State
2011	11.5%	16.8%
2010	5.8%	14.6%
2009	6.9%	14.4%
2008	8.4%	17.3%
2007	6.8%	17.4%

Source: SAO Classified Employee Turnover Report FY2011. Turnover rates exclude interagency transfers

*Retirement Eligibility*

Data obtained from the Employees Retirement System shows projected retirements for TDHCA over the next five fiscal years (See *Table 8*).

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 314)
2013	36	11.4%
2014	12	3.8%
2015	10	3.1%
2016	7	2.2%
2017	5	1.5%
Total Projected Retirements	70	22%

Source: Employees Retirement System

B. Organizational Structure and Process

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

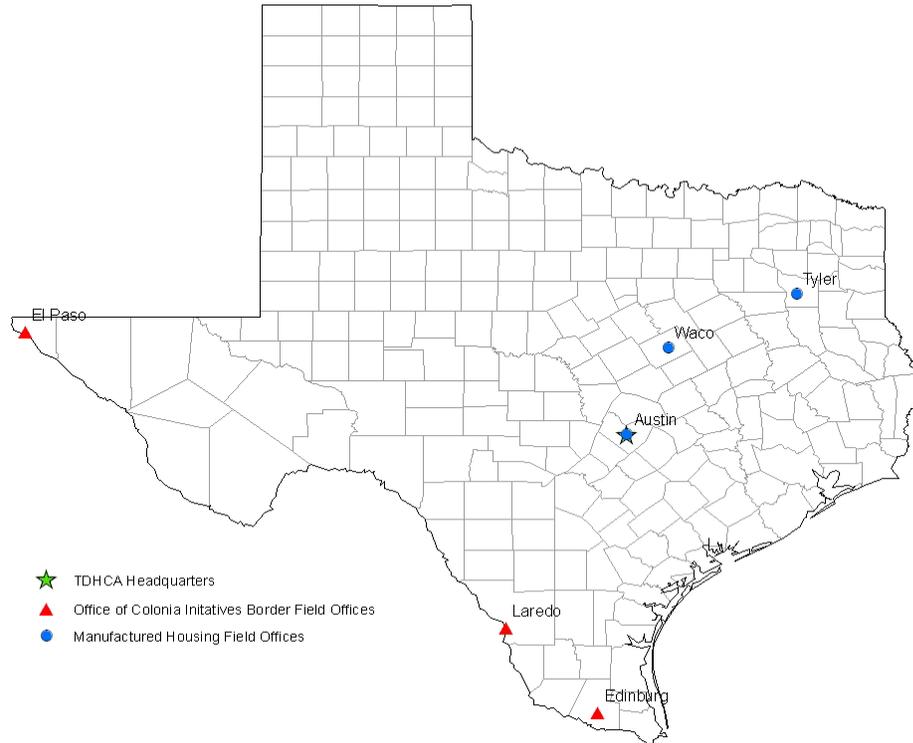
TDHCA’s Executive Director is employed by the Board with the approval of the Governor. The Executive Director is responsible for administering the work of the Department. The seven-member Governing Board, appointed by the Governor with advice and consent of the Senate, works with the Executive Director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

C. Geographical Location of Agency

TDHCA’s headquarters is located in the state owned State Insurance Building Annex at 221 East 11<sup>th</sup> Street, Austin, TX 78701. To house 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 Edinburg, El Paso, and Laredo.

The Manufactured Housing Division is also located at the Twin Towers Office Center, 1106 Clayton Lane, Suite 270W, Austin, Texas 78723. It maintains field offices in Lubbock and Waco, has Inspectors stationed remotely throughout the state to perform inspections of installations, 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 citizens 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. These state service regions, which were developed by the Texas Comptroller of Public Accounts, are referenced in §2306.111(d) of the Texas Government Code which calls for the regional allocation of TDHCA’s HOME, Housing Tax

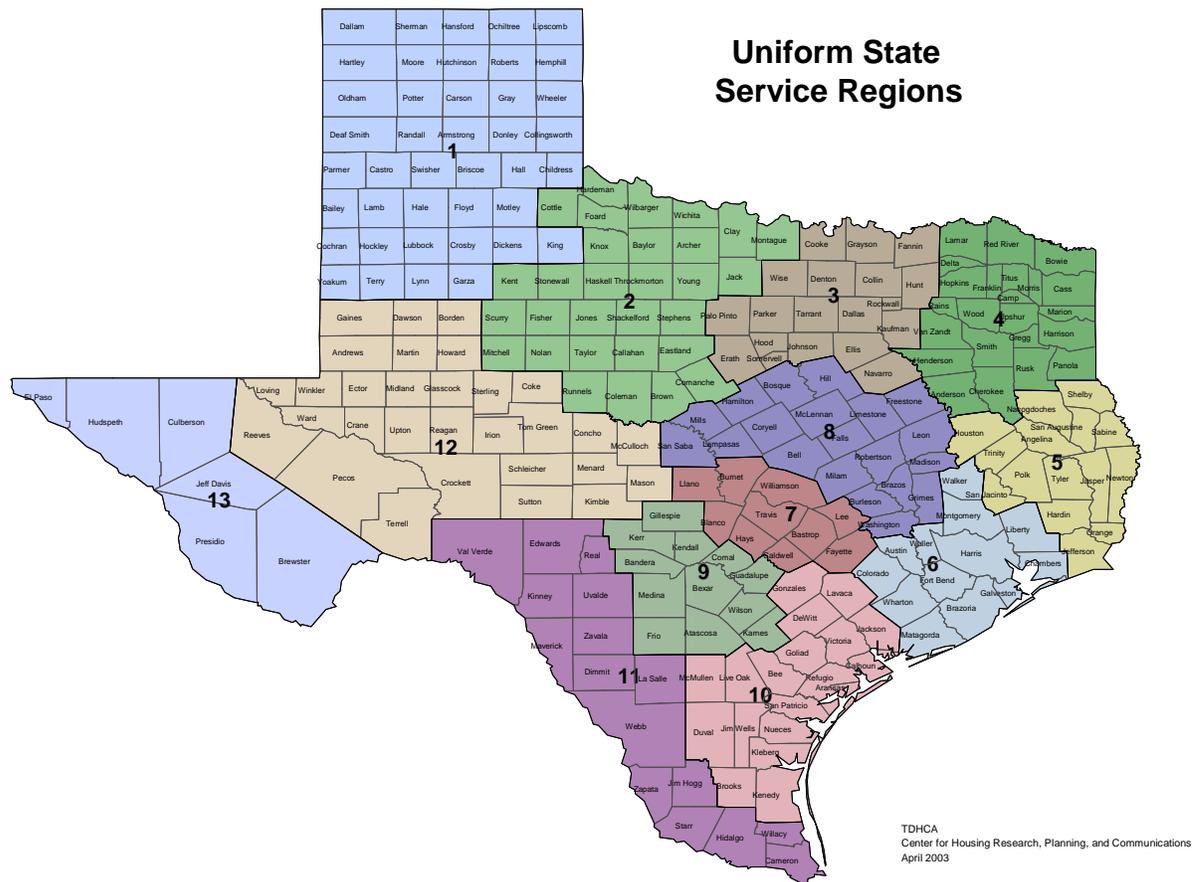
Credit (HTC), and Housing Trust Fund (HTF) funding. A map of the regions is shown below in Figure 3.

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 method 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 Shelter Grants Program is allocated based on awards made through applications to Notice of Funding Availability. These awards are competitive and regionally allocated.

*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 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 TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.
- TDHCA created the Rural Housing Workgroup to provide a forum where knowledgeable and involved stakeholders can share insights with TDHCA management and staff for their use in developing policies and priorities for the federal and state programs administered by TDHCA. The workgroup addresses the challenges of developing

affordable housing and providing services in rural Texas and ensures that rural input and concerns are adequately considered across all aspects of TDHCA's program development, design and implementation.

### *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) 2010 HOME, HTC, and HTF Regional Allocation Formula*

Sections 2306.111(d) and 2306.1115 of the Texas Government 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 areas.

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.

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 2012 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 factors to evaluate need:

- Poverty: Number of persons in the region who live in poverty.
- 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.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

There are a number of other funding resources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region's level of need to its level of resources. For the 2012 RAF,

resources from the following sources were used: HTC, HTF, HUD (HOME, Housing Opportunities for Persons with AIDS (HOPWA), public housing authority (PHA) capital funding, and Section 8 funding), Bond Financing, and United States Department of Agriculture (USDA) housing programs.

In summer of 2012, TDHCA plans to conduct roundtables to further explain and simplify the RAF. The roundtables will be open to the public and notice will be given via email lists and social media. Stakeholders will be encouraged to attend.

*2) 2012 Emergency Shelter Grants Program (ESGP) Allocation Formula*

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 state service regions. The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region.

*3) 2012 Community Service Block Grant (CSBG) Allocation Formula*

Allocations to the 44 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.

*4) 2012 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 some Housing Trust Fund funds are awarded through an 'open-cycle' (first-come, first-served) application process. All funds associated with NOFAs, unless under \$3 million, will be subject to the RAF to ensure compliance with Chapter 2306. Under the 2012 HOME Investment Partnership Program rules, threshold criteria incentivizes income targeting and requires a minimal match contribution. Additionally, the process includes a review of past performance requiring good standing with the Department at the time of award. Recommendations take into consideration completion of previous HOME awards. If applicants have received awards previously and have been de-obligated due to non-performance of a contract, they are ineligible to receive funds from the HOME program for a period no less than 12 months. The process ensures compliance with federal program regulations and state program rules. Incentivizing those applicants targeting lower income

populations and utilizing the AHNS ensures that the neediest Texans receive program benefit from the Department.

For applications that involve HTC's, 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. 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 for approval to develop in that city or county. This applies to applications proposing New Construction, Adaptive Reuse, and Acquisition/Rehabilitation. Finally, a change resulting from SB 1 of the 82<sup>nd</sup> 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.

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 to primarily rural cities or counties that partner with TDHCA.
- Foreclosure counseling services are provided by HUD-Approved Counselors that partner with TDHCA.
- Neighborhood Stabilization Program funds are distributed through a competitive application process based on a needs scoring assessment developed by HUD for the areas in Texas that have been adversely affected by foreclosures.
- 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

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to enhance their educational background, knowledge, and skills and to keep professional certifications active. According to the 2012 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.
- 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 2012 Survey of Employee Engagement.
- The Department strives to maintain a highly 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.

### *Human Resources Weaknesses*

- The Department is in need of developing a program for succession planning. There are 11 percent of employees eligible to retire in the next fiscal year and the Department will need to ensure that they are able to retain or pass on institutional knowledge.
- The Department is in need of developing a transition plan as funding for Article IX programs come to an end.
- 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.

### *Human Resources Strategies for the Future*

- The Department will continue to provide employees with the opportunity to enhance their skills and abilities 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.

## External/Internal Assessment

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- 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.
- 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 recognize employee achievements.
- The Department is developing an Employee of the Month 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 has increased its regular ongoing communication to employees with such things as email summaries of board meetings.
- The Department has increased opportunity for employee participation in change and improvement through such tools as workgroups and online discussion forums.

## F. Capital Assets

### *Strengths and Weaknesses*

Technological capital asset strengths include:

- Secure, low cost, high performance, and highly available gigabit local area network (LAN) and high speed wide area network (WAN). TDHCA's WAN, implemented in 2003, is part of the TEX-AN telecommunications service and allows two Manufactured Housing (MH) regional offices, three Office of Colonia Initiatives (OCI) regional offices to connect to the TDHCA local area network. In FY 2010, TDHCA expanded to a second Austin office at the Twin Towers Office Center (TTOC). We established a second LAN at TTOC and connected it to TDHCA's HQ location through a 100 Mbps WAN circuit.
- Third party enterprise business applications, including PeopleSoft Financials 8.8, the Mitas Accounting and Loan Administration System, HAPPY Section 8 software, and 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.

- 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 (Texas Treasury Safekeeping Trust Company).

Technological capital asset weaknesses include:

Some server hardware and end-user computer hardware is near or at end-of-life. In the FY 2012-2013 biennium, TDHCA is limiting hardware refreshes to equipment for which there is a critical business need.

#### *Needs and Prioritization*

In FY 2012 and in many cases continuing into the FY 2013-2017 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Provide citizens 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:
  - Agency Scorecard Data Warehouse
  - Compliance Monitoring and Tracking System Enhancements
  - Help for Texans/2-1-1 Texas Data Integration
  - HR System Migration to Centralized Accounting and Payroll/Personnel System
  - Housing Contract System - Environmental Reviews Module
  - Manufactured Housing System Phase 2 - Expand Texas.gov Payment Options for Customers
  - 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

It is TDHCA's commitment to demonstrate a good faith effort in the utilization of minority and women-owned businesses. The diverse and expanded pool of HUB vendors widens the opportunities for our agency to promote this program. TDHCA's General Policies and Procedures for Historically Underutilized Businesses is referenced in Texas Administrative Code, Title 10, Part 1, Chapter 1, SubChapter A, Rule §1.6. A Department HUB Coordinator has also been designated, in accordance with Section 2161.062, Government Code.

TDHCA has historically been successful in achieving state goals for procurement awards to HUBs. In an effort to continue the pursuit of HUBs, TDHCA participates in vendor forums, trains existing and new staff, and aggressively recruits businesses to participate in the HUB Program.

TDHCA has expanded this focus to include professional services.

*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 is 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 81<sup>st</sup> 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 2012, 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), and the Homelessness Prevention and Rapid Re-Housing Program (Recovery Act).

A number of 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 Round 1 funding and received NSP Round 3 funds through the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). The Texas Homeownership Division continues to administer the National Foreclosure Mitigation Counseling Program, which has now been awarded funding for Round 6 of the Program. The Community Affairs Division continues to administer the Weatherization Assistance Program (Recovery Act), which received a federal contract modification that extends the program through August 2012.

Additionally, while no direct appropriations were made for the Homeless and Housing Services Program during the 82nd Legislature, SB 1 allows the Department to apply available funds to this program. For SFY 2012, the Department has identified at total of \$5 million (and \$5 million more for 2013 that will move as soon as the formula is adopted by rule) for the program, which will also be administered through the Community Affairs Division. Finally, the Housing Trust Fund has continued to provide the Affordable Housing Match and the Amy Young Barrier Removal Programs that were initiated 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.

*I. Use and Anticipated Use of Consultants and Contractors*

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. Four divisions that expect the greatest ongoing use of consultants are Compliance, Information Systems, Bond Finance, and Program Services, which is overseeing the updating of the State of Texas Analysis of Impediments to Fair Housing Choice.

*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 developer to assist in the support of PeopleSoft Financials 8.8 and one contract developer to help support the Central Database suite of systems.

*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.
- Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds.

- Master Servicer/Administrator – A financially sound bank or trust company experienced in tax compliance review and loan servicing for tax-exempt single family mortgage revenue bond 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.
- Guaranteed Investment Contract Broker – Provides reinvestment services for single family mortgage revenue bond issues and multifamily mortgage revenue bond issues.
- 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.

### 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 2012-2013 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 2012–2013.

**Table 9. Appropriated Funds**

	2010	2011	2012	2013
Goal A: Affordable Housing	\$59,133,378	\$59,141,692	\$61,312,381	\$60,787,513
Goal B: Info. & Tech. Assist.	\$1,247,358	\$1,202,882	\$1,266,395	\$1,211,431
Goal C: Poor and Homeless	\$95,187,172	\$95,183,042	\$105,312,926	\$99,702,210
Goal D: Ensure Compliance	\$4,722,265	\$4,712,924	\$3,054,920	\$3,057,356
Goal E: Manufactured Housing	\$4,730,317	\$4,936,897	\$5,471,232	\$5,685,152
Goal F: Indirect Administration	\$6,163,224	\$6,153,321	\$7,352,298	\$7,468,743
<b>Total Appropriated Funds</b>	<b>\$171,705,064</b>	<b>\$171,848,761</b>	<b>\$183,770,152</b>	<b>\$177,912,405</b>

Source: General Appropriation Bills, 79th through 81st Legislative Sessions

**Table 10. Non-Appropriated Funding Detail**

	2010	2011	2012	2013
HTCs (4% and 9%)	\$68,247,563	\$56,221,561	\$67,811,481	\$67,000,000
Multifamily Bond Funds	\$0	\$0	\$48,158,283	\$45,000,000
Single-Family Financing	\$300,000,000	\$149,030,000	\$220,855,000	\$200,000,000
<b>Total Non-Appropriated Funds</b>	<b>\$368,247,563</b>	<b>\$205,251,561</b>	<b>\$336,824,764</b>	<b>\$312,000,000</b>

**Table 11. Total, Appropriated & Non-Appropriated Funds**

	2010	2011	2012	2013
<b>Total Appropriated &amp; Non-Appropriated Funds</b>	<b>\$539,952,627</b>	<b>\$377,100,322</b>	<b>\$520,594,916</b>	<b>\$489,912,405</b>

B. Method of Finance

The methods of finance for appropriated funds since the fiscal year (FY) 08–09 biennium are shown below.

**Table 12. Methods of Finance**

	2008	2009	2010	2011	2012	2013
Federal Funds	\$128,733,144	\$128,697,779	\$132,646,833	\$132,676,861	\$156,909,387	\$151,298,671
Appropriated Receipts	\$16,586,560	\$16,787,596	\$16,346,832	\$16,506,657	\$18,681,157	\$18,367,246
General Revenue (GR)	\$7,219,287	\$7,262,372	\$22,643,144	\$22,596,988	\$8,110,265	\$8,177,145
Earned Federal Funds	\$-	\$-	\$-	\$-	\$-	\$-
Interagency Contracts	\$68,255	\$68,255	\$68,255	\$68,255	\$69,343	\$69,343
<b>Total Appropriated Funds</b>	<b>\$152,607,246</b>	<b>\$152,816,002</b>	<b>\$171,705,064</b>	<b>\$171,848,761</b>	<b>\$183,770,152</b>	<b>\$177,912,405</b>

Source: General Appropriation Bills 80th through 82nd Legislative Sessions

*Federal Funds:* These funds are the Department’s primary appropriated funding source. Federal funds make up 85.4 percent of the total funds appropriated to the Department in the 2012–2013 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 75. HUD and DHHS are TDHCA’s largest federal grantor agencies.

*Appropriated Receipts:* These funds represent approximately 10.2 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 4.4 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 2012-2013 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 and Other States' Comparisons

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. In contrast, when comparing levels of state appropriations through trust funds or other designated sources, Texas falls far behind the rest of the country. For 2009, the most recent year with comparable data, the State of Texas appropriated approximately \$5.3 million to provide for the HTF. Using the 2009 U.S. Census Bureau's state population estimate of 24,782,302, Texas' per capita spending on affordable housing is \$0.24. Table 7 provides comparisons of state-appropriated housing funds from the other five largest states in the nation.

**Table 13. Comparison of State Per Capita (Sorted by State Funding Level)**

State	2009 Population	2009 State Funding	Per Capita Spending
California	36,961,664	\$44,109,315	\$1.19
New York	19,541,453	\$327,200,000	\$16.74
Florida	18,537,969	\$31,000,000	\$1.67
Illinois	12,910,409	\$89,823,000	\$6.96
Pennsylvania	12,604,767	\$10,000,000	\$0.79
<b>Texas</b>	<b>24,782,302</b>	<b>\$5,847,461</b>	<b>\$0.24</b>

Sources: US Census Bureau 2009 Population Estimates; *Factbook: 2009 National Council of State Housing Agencies Annual Survey Results*, State Housing Finance Agencies.

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 Code of Federal Regulations, Section 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).
- §2306.111(c) 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, but only if it funds an activity that serves persons with disabilities.
- §2306.111(d) 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), Texas Government Code, requires the Department to provide \$3 million per year in Housing Trust Funds toward the Texas Bootstrap Home Loan (“Owner-Builder”) Program.

*Appropriations Riders*

The Department will fully comply with all caps on funding and FTEs. The following section describes the Riders from the 2012-2013 Bill Pattern (Article VII, 3-7, General Appropriations Act, 82nd Regular Session, and House 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 14. Key Performance Target Levels**

<b>A. Goal: AFFORDABLE HOUSING</b>	<b>2012</b>	<b>2013</b>
<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>	0.41%	0.43%
<i>% of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	0.34%	0.35%
<i>% of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	0.77%	0.84%
<i>% of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	0.22%	0.22%
<b>A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY</b>		
<i>Output (Volume):</i>		
<i># of Households Assisted with Single Family Mortgage Revenue Bond Funds</i>	2,002	2,002
<b>A.1.2. Strategy: HOME PROGRAM - SINGLE FAMILY</b>		
<i>Output (Volume):</i>		
<i># of Households Assisted with Single Family HOME Funds</i>	580	580
<b>A.1.3. Strategy: HTF – SINGLE FAMILY</b>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Single Family HTF Program</i>	250	250
<b>A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE</b>		
<i>Output (Volume):</i>		
<i># of Households Assisted through Statewide Housing Assistance Payments Program</i>	1,100	1,100
<b>A.1.5. Strategy: FEDERAL TAX CREDITS</b>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the HTC Program</i>	5,657	6,031
<b>A.1.8. Strategy: MRB PROGRAM-MULTIFAMILY</b>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Multifamily MRB Program</i>	750	1,000
<b>B. Goal: INFORMATION &amp; TECHNICAL ASSISTANCE</b>		
<b>B.1.1. Strategy: HOUSING RESOURCE CENTER</b>		
<i>Output (Volume):</i>		
<i># of Information and Technical Assistance Requests Completed</i>	5,000	5,000
<b>B.2.1. Strategy: COLONIA SERVICE CENTERS</b>		
<i>Output (Volume):</i>		
<i># of On-site Technical Assistance Visits Conducted Annually from the Field Offices</i>	900	900

<b>C. Goal: POOR AND HOMELESS PROGRAMS</b>	<b>2012</b>	<b>2013</b>
<i>Outcome (Results/Impact):</i>		
<i>% of Persons in Poverty That Received Homeless and Poverty-related Assistance</i>	11.85%	11.87%
<i>% of Very Low Income Households Receiving Energy Assistance</i>	1.64%	2.80%
<b>C.1.1. Strategy: POVERTY-RELATED FUNDS</b>		
<i>Output (Volume):</i>		
<i># of Persons Assisted through Homeless and Poverty-related Funds</i>	599,032	599,032
<i># of Persons Assisted That Achieve Incomes above Poverty Level</i>	1,200	1,200
<b>C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS</b>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Comprehensive Energy Assistance Program</i>	47,653	47,653
<i># of Dwelling Units Weatherized by the Department</i>	2,610	2,594

<b>D. Goal: ENSURE COMPLIANCE</b>	<b>2012</b>	<b>2013</b>
<b>D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS</b>		
<i>Output (Volume):</i>		
<i>Total # of Onsite Reviews Conducted</i>	933	825
<b>D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS</b>		
<i>Output (Volume):</i>		
<i>Total # of Monitoring Reviews Conducted</i>	208	208

<b>E. Goal: MANUFACTURED HOUSING</b>	<b>2012</b>	<b>2013</b>
<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%
<b>E.1.1. Strategy: TITLING AND LICENSING</b>		
<i>Output (Volume):</i>		
<i># of Manufactured Housing Statements of Ownership and Location Issued</i>	70,000	70,000
<b>E.1.2. Strategy: INSPECTIONS</b>		
<i>Output (Volume):</i>		
<i>Explanatory:</i>		
<i># of Installation Reports Received</i>	11,000	11,000
<b>E.1.3. Strategy: ENFORCEMENT</b>		
<i>Output (Volume):</i>		
<i># of Complaints Resolved</i>	600	600
<i>Efficiencies:</i>		
<i>Average Time for Complaint Resolution (Days)</i>	180	180
<i>Explanatory:</i>		
<i># of Jurisdictional Complaints Received</i>	550	550

**“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 15. Capital Budget, Total**

<i>Item</i>	<i>2012</i>	<i>2013</i>
Acquisition of Information Resource Technologies		
<i>(1) Purchase of Information Technologies- Scheduled Replacement of Items</i>	\$ 95,000	\$ 95,000
Total, Capital Budget	\$95,000	\$95,000

**Table 16. Method of Financing (Capital Budget)**

	<i>2012</i>	<i>2013</i>
Community Affairs Federal Fund No. 127	\$ 38,159	\$ 34,981
Appropriated Receipts	\$56,841	\$60,019
Total, Method of Financing	\$95,000	\$95,000

**“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 \$1,188,777 for fiscal year 2012 and \$1,378,177 for fiscal year 2013. 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 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, 2011.

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 Office of Rural Community Affairs 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 TDRA 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 - Single Family, estimated to be \$1,550,000 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 - Single Family, all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 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 2010 and 2011 include an estimated \$1,550,000 in each fiscal year from interest earnings and loan repayments received, identified above in Rider 9, 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 2012 and fiscal year 2013 and above amounts required in Sections (a) and (b) 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 issue a written disapproval not later than: the 10<sup>th</sup> 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, Sec 8.03 and Article IX, Sec 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 2012-13 biennium. No General Revenue is appropriated for the payment of these claims.”

**“Rider 13: CDBG Disaster Reporting Requirement.**

The Department of Housing and Community Affairs shall provide a quarterly report to the Governor, the Legislative Budget Board, the House Appropriations Committee, the Senate Finance Committee and to those members of the Legislature representing counties eligible for Community Development Block Grant (CDBG) Disaster funding, detailing the receipt and expenditures of CDBG disaster funds received by the Department.”

**“Rider 14: 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 of Rural Affairs, 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 Rural Affairs for this purpose.”

**“Rider 15: 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 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 January 15th of 2012 and January 15th of 2013.”

**“Rider 16: Travel Cap.**

Notwithstanding any other provisions in this act, out-of-state travel expenditures associated with federal programs and paid out of federal funds are exempt from the limitation on travel expenditures established by this Act in Article IX, Sec. 5.08, Limitation on Travel Expenditures.”

**“Rider 17: Sunset Contingency.**

Funds appropriated above for fiscal year 2013 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-second Legislature. In the event that the agency is not continued, the funds appropriated for fiscal year 2012 or as much thereof as may be necessary are to be used to provide for the phase out of the agency operations.”

**“Rider 18: Removal and Cleanup.**

Out of federal funds appropriated above to the Texas Department of Housing and Community Affairs (TDHCA) in Strategy D.1.2, Monitor Contract Requirements, the agency may spend up to \$1,100,000 in Federal Funds in fiscal year 2012 to eliminate conditions that have been found to be detrimental to public health and safety relating to the removal of housing repair debris related to hurricane damage in Jefferson County. Also out of these appropriations above, TDHCA may pay for necessary actions to meet

federal requirements and to provide funding to other entities, units of government, or hire contractors to complete this operation, consistent with any state and/or federal law.”

**“Rider 19: 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 transfer 10 percent, not to exceed \$4,300,110 for the 2012-13 biennium (\$4,200,110 for grants and \$100,000 and 1.0 full-time equivalents 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 2011, 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 9.8 percent is provided by the CEAP program.<sup>12 13</sup> As discussed in detail in “IV. Service Population Demographics” below, the state’s level of housing need is only expected to increase in the future given current funding levels and economic conditions.

*F. Capital and/or Leased Needs Due for Renewal*

The 2012 projection is \$13,944.36 for the OCI field office in Edinburg. For the Manufactured Housing Division, the lease in Austin is \$111,972 and the lease in Lubbock is \$5352.24. The Manufactured Housing Division also leases postage meters for their field offices for \$2,400 annually.

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

Projected capital improvement needs for the FY 2014-2015 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 2014-2015 Legislative Appropriations Request in August 2012.

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<sup>12</sup> “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. No 2008 Housing and Economic Recovery Act or 2009 American Recovery and Reinvestment Act programs were included in this figure.

<sup>13</sup> “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 four scenarios: the zero migration scenario, which assumes that growth occurs through natural (birth and death) increases; the one-half 1990-2000 (0.5) migration scenario, which assumes rates of migration equal one-half of the 1990s rate; the 1990-2000 (1.0) migration scenario, which assumes a migration rate equal to the 1990s; and the 2000-2002 migration scenario, which takes into account post-2000 growth<sup>14</sup> 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.

Because of methodology differences between these sources, exact figures may vary between sources. For example, Texas population projections for 2015 are 26,156,723 from the TSDC 0.5 migration scenario and 26,585,801 from the US Census. However, the two figures differ by only 429,078, or approximately 1.6% of the highest projected total population.

### A. Historic Characteristics

Historically, Texas has been one of the fastest growing states in the nation. According to US Census data, the Texas population expanded by nearly 20.6 percent between 2000 and 2010, far exceeding the national growth average of 9.7 percent for the same decade. The increase in state population by 4,293,741 persons was the largest of any decade in Texas history.<sup>15</sup> For 2010, the US Census reported that 25,145,561 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 28,634,896 people by 2020.

For the 2013-2017 Strategic Plan period, the US Census estimates that the Texas population will increase by an average of 1.51 percent each year, while TSDC projects a more modest growth rate of 1.42 percent each year, on average. The US Census

<sup>14</sup> Texas State Data Center. Populations Estimates and Projections Program. (2009, June 3). 2008 Methodology for Texas population projections. Retrieved from: <http://txsdc.utsa.edu/Data/TPEPP/Projections/Index.aspx> .

<sup>15</sup> US Census Bureau, (2012, January 17) *Texas Quickfacts*, Retrieved from: <http://quickfacts.census.gov/qfd/states/48000.html>

projects a 7.80 percent total growth rate from 2013 to 2017, while the TSDC 0.5 migration scenario projects a 7.34 percent total growth rate for those years.

**Table 17. Texas Population Projections: 10-Year Period 2012-2022**

Year	US Census Projection	Annual Change: Persons	Annual Change: Percent	TSDC 0.5 Migration Scenario	Annual Change: Persons	Annual Change: Percent
2012	25,409,783			25,056,041		
2013	25,797,428	387,645	1.53%	25,421,596	365,555	1.46%
2014	26,189,495	392,067	1.52%	25,788,871	367,275	1.44%
2015	26,585,801	396,306	1.51%	26,156,723	367,852	1.43%
2016	26,986,249	400,448	1.51%	26,525,342	368,619	1.41%
2017	27,391,070	404,821	1.50%	26,894,510	369,168	1.39%
2018	27,800,543	409,473	1.49%	27,264,173	369,663	1.37%
2019	28,215,015	414,472	1.49%	27,634,725	370,552	1.36%
2020	28,634,896	419,881	1.49%	28,005,740	371,015	1.34%
2021	29,062,018	427,122	1.49%	28,379,265	373,525	1.33%
2022	29,498,159	436,141	1.50%	28,755,407	376,142	1.33%
2013-2017		1,981,287	7.80%		1,838,469	7.34%

Sources: US Census<sup>16</sup>, TSDC<sup>17</sup>

**B. Current and Future Trends and Their Impacts**

Future population trends point to continued rapid growth. The US Census projects that the population in Texas will reach 33,317,744 in 2030, which represents a 59.8 percent change from 2000 figures, and more than double the projected national growth rate of 29.2 percent.<sup>18</sup>

These population projections have a major effect on the need for housing. According to the 2006 to 2010 American Community Survey estimate, Texas had a 87.9 percent housing occupancy rate and approximately 46.7 percent of occupied units in Texas were built on or before 1979.<sup>19</sup> This means that a little less 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.

<sup>16</sup> U.S. Census (2004, March). File 3: Annual projections by single year of age. Retrieved from <http://www.census.gov/population/www/projections/projectionsagesex.html>.

<sup>17</sup> Texas Data Center. (2008). 2008 age, sex, and race/ethnicity estimates for the State of Texas and all Texas counties. Retrieved from: <http://txsdc.utsa.edu/Data/TPEPP/Projections/Index.aspx>.

<sup>18</sup> US Census. (n.d.) Interim Projections: Ranking of Census 2000 and Projected 2030 State Population and Change 2000 to 2030. Retrieved from <http://www.census.gov/population/projections/PressTab1.xls>.

<sup>19</sup> U.S. Census (n.d.) 2006-2010 American Community Survey 5-Year Estimates, Retrieved from: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

### *Aging Population*

According to the 2006-2010 American Community Survey estimate, 2,466,642 persons, or 10.2 percent of the total Texas population were age 65 or older during that time period.

There is an identified aging trend in Texas. In 1980, the median age was 28.0; in 1990, the median age was 30.8; and in 2000, the median age was 32.2.<sup>20</sup> Between 2006 and 2010, the median age was 33.4 in Texas.<sup>21</sup> Furthermore, it is assumed that this trend will continue, with the state's population over 65 years old increasing 100.4 percent between 2010 and 2030. Comparing age groups, individuals 65 and older are projected to be the population with the highest growth in Texas. The second highest age category growth is 14 to 17 years old with only 39.0 percent growth between 2010 and 2030.<sup>22</sup>

An increasingly older population leads to growth in owner-occupied housing because older households tend to have higher rates of homeownership.<sup>23</sup> Furthermore, with an increasingly elderly population over age 65, home repair programs, including those that include home modifications for accessibility, may 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.<sup>24</sup> 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.<sup>25</sup> While a high percentage of the elderly own their homes, many elderly also have lower incomes than other population groups. In Texas during 2006 to 2010, approximately 57% of householders age 65 or older had annual incomes of less than \$40,000. This compared to only 32.5% of householders aged 45 to 64. During that same time frame, approximately 11.6 percent of Texans 65 or older lived below the poverty level.<sup>26</sup> 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.

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<sup>20</sup> 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 14.

<sup>21</sup> U.S. Census (n.d.) 2006-2010 American Community Survey 5-Year Estimates, Retrieved from: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

<sup>22</sup> U.S. Census (2004, March). Table B1: Total population by selected age groups. Retrieved from <http://www.census.gov/population/www/projections/projectionsagesex.html>

<sup>23</sup> 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.

<sup>24</sup> 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> .

<sup>25</sup> U.S. Census Bureau, 2010 Census. (n.d.). Profile of General Population and Housing Characteristics: 2010. Retrieved from <http://factfinder.census.gov/>

<sup>26</sup> U.S. Census (n.d.) 2006-2010 American Community Survey 5-Year Estimates, Retrieved from: <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

In addition, according to the 2010 US Census, approximately 40.6 percent, or 1,029,375 elderly persons in Texas, aged 65 and older have a disability as defined by the US Census.<sup>27</sup> 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 their specific needs and preferences.

**Table 18. Texas Population by Age Group: 10-Year Period 2012-2022**

Year	Age: 0-17	Annual Change: Persons	Annual Change: Percent	Age: 18-24	Annual Change: Persons	Annual Change: Percent
2012	7,003,380			2,528,448		
2013	7,123,330	119,950	1.71%	2,535,205	6,757	0.27%
2014	7,246,675	123,345	1.73%	2,540,266	5,061	0.20%
2015	7,376,218	129,543	1.79%	2,535,506	-4,760	-0.19%
2016	7,508,513	132,295	1.79%	2,532,069	-3,437	-0.14%
2017	7,639,597	131,084	1.75%	2,535,322	3,253	0.13%
2018	7,762,744	123,147	1.61%	2,553,765	18,443	0.73%
2019	7,866,920	104,176	1.34%	2,600,568	46,803	1.83%
2020	7,968,267	101,347	1.29%	2,658,208	57,640	2.22%
2021	8,066,034	97,767	1.23%	2,725,740	67,532	2.54%
2022	8,163,540	97,506	1.21%	2,803,459	77,719	2.85%
2013-2017		636,217	9.08%		6,874	0.27%

Year	Age: 25-64	Annual Change: Persons	Annual Change: Percent	Age: 65+	Annual Change: Persons	Annual Change: Percent
2012	13,102,550			2,775,405		
2013	13,252,187	149,637	1.14%	2,886,706	111,301	4.01%
2014	13,406,107	153,920	1.16%	2,996,447	109,741	3.80%
2015	13,561,194	155,087	1.16%	3,112,883	116,436	3.89%
2016	13,717,895	156,701	1.16%	3,227,772	114,889	3.69%
2017	13,867,455	149,560	1.09%	3,348,696	120,924	3.75%
2018	14,006,204	138,749	1.00%	3,477,830	129,134	3.86%
2019	14,135,650	129,446	0.92%	3,611,877	134,047	3.85%
2020	14,252,607	116,957	0.83%	3,755,814	143,937	3.99%
2021	14,372,013	119,406	0.84%	3,898,231	142,417	3.79%
2022	14,485,054	113,041	0.79%	4,046,106	147,875	3.79%
2013-2017		764,905	5.84%		573,291	20.66%

<sup>27</sup> U.S. Census Bureau, 2010 Census. (n.d.). Profile of General Population and Housing Characteristics: 2010 Retrieved from <http://factfinder.census.gov/>

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Source: US Census<sup>28</sup>

### *Race and Ethnicity*

Texas is experiencing a shift toward racial and ethnic diversity. 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 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.<sup>29</sup> The 2006-2010 American Community Survey found the racial composition of the state was 72.0 percent White, 11.8 percent Black, 3.7 percent Asian and 12.5 percent Other. The Hispanic population is 36.7 percent and “White alone, not Hispanic or Latino” is 46.4 percent.<sup>30</sup>

Future projections point to a shift from a majority White population to a majority of other racial and ethnic groups. As seen in Table 19, according to TSDC projections using the 0.5 migration scenario, the “White, not Hispanic” group is expected to comprise 46.31 percent of the total Texas population in 2012, falling to 42.12 percent of the total population by 2020. The White population is expected to grow by only 1.7 percent from 2012 to 2020, while the Hispanic population is expected to grow by 23.6 percent during this period.

This racial 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.<sup>31</sup> 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 tend to have lower incomes.<sup>32</sup> Furthermore, the growth of non-White populations, which tend to have higher rates of rentership, is projected to fuel the need for rental housing.<sup>33</sup>

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<sup>28</sup> U.S. Census Bureau. (2004, March). Table C1: The selected age groups of total population by region and division. Retrieved from <http://www.census.gov/population/www/projections/projectionsagesex.html>.

<sup>29</sup> 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.

<sup>30</sup> 2006-2008 American Community Survey. (n.d.) SO102: Population 60 years and older in the United States. Retrieved from <http://factfinder.census.gov>.

<sup>31</sup> 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.

<sup>32</sup> Ibid. Pg 87.

<sup>33</sup> Ibid. Pg 144.

**Table 19. Texas Population by Race and Ethnicity: 2012-2022**

Year	Total Population	White (not Hispanic)	Percent	Black	Percent	Hispanic	Percent	Other	Percent
2012	25,056,041	11,604,028	46.31%	2,819,628	11.25%	9,611,596	38.36%	1,020,789	4.07%
2013	25,421,596	11,636,265	45.77%	2,851,391	11.22%	9,882,960	38.88%	1,050,980	4.13%
2014	25,788,871	11,666,595	45.24%	2,882,626	11.18%	10,158,047	39.39%	1,081,603	4.19%
2015	26,156,723	11,694,520	44.71%	2,913,062	11.14%	10,436,546	39.90%	1,112,595	4.25%
2016	26,525,342	11,720,134	44.18%	2,942,757	11.09%	10,718,471	40.41%	1,143,980	4.31%
2017	26,894,510	11,743,233	43.66%	2,971,586	11.05%	11,003,878	40.91%	1,175,813	4.37%
2018	27,264,173	11,763,724	43.15%	2,999,491	11.00%	11,292,906	41.42%	1,208,052	4.43%
2019	27,634,725	11,781,575	42.63%	3,026,466	10.95%	11,585,918	41.93%	1,240,766	4.49%
2020	28,005,740	11,796,448	42.12%	3,052,417	10.90%	11,882,980	42.43%	1,273,895	4.55%
2021	28,379,265	11,808,763	41.61%	3,077,617	10.84%	12,185,318	42.94%	1,307,567	4.61%
2022	28,755,407	11,818,512	41.10%	3,102,115	10.79%	12,493,025	43.45%	1,341,755	4.67%
2013-2017	130,787,042	58,460,747	44.70%	14,561,422	11.13%	52,199,902	39.91%	5,564,971	4.25%

Source: TSDC<sup>34</sup>

*Income*

According to the American Community Survey, the median household income in Texas between 2006-2010 was \$49,646, which was less than the national median of \$51,914 (in 2010 dollars).<sup>35</sup> Historically, the median income in Texas has tended to grow. In 1999 dollars, the Census reports that, in 1969, the household median income in Texas was \$29,535; in 1979, the median income was \$35,744; and in 1989, the median income was \$35,246.<sup>36</sup>

The TSDC Center for Demographic and Socioeconomic Research has computed projected incomes in Texas for 2000, 2010, 2020, 2030, and 2040. Projections based on the 0.5 migration scenario are provided for 2010, 2020, and 2030 in Table 20 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.<sup>37</sup> 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.

<sup>34</sup> Texas Data Center. (2008). Table 1: Sex and race/ethnicity total projection by migration scenario for 2000-2040 in 1 year increments. Retrieved from: <http://txsdc.utsa.edu/Data/TPEPP/Projections/Index.aspx>

<sup>35</sup> U.S. Census. 2006-2008 American Community Survey. S1903. Median income in the past 12 months (In 2008 inflation-adjusted dollars). Retrieved from <http://factfinder.census.gov>.

<sup>36</sup> US Census. Table S1: Median Household Income by State: 1969,1979,1989, 1999. Retrieved from <http://www.census.gov/hhes/www/income/histinc/state/state1.html>.

<sup>37</sup> 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 20. 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 Education<sup>38</sup>

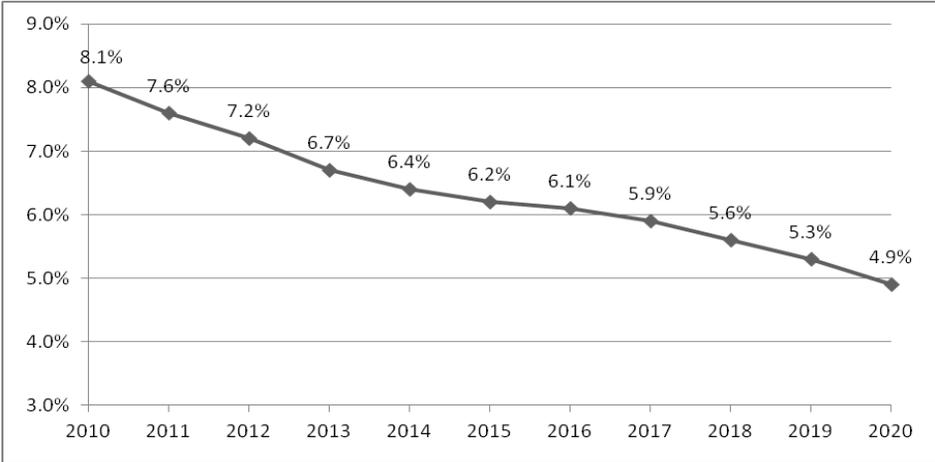
If this projection towards lower incomes does indeed occur, then the need for housing and other assistance will be great. A higher proportion of households at the lowest levels will place an even higher demand on social services, energy assistance, and rental assistance programs. In terms of homeownership, the interest rates have been at historic lows. In 2007, the prime interest rate was 8.1 percent and it lowered to 3.3 percent in 2010 and 2011 due to the economic recession. The Texas Comptroller estimates that the rates will rise to 5.3 in 2012 and 7.8 in 2015.<sup>39</sup> Lower incomes and the higher cost of borrowing money may push the dream of homeownership out of reach for many more households in the future.

A major factor influencing income is the unemployment rate. According to the Comptroller’s 2010-2011 Economic Forecast, the unemployment rate is projected to decrease during the 2013-2017 planning period from 7.0 to 5.4percent. However, this is because unemployment remains high, given the economic recession, at 7.6 percent for 2012. Unemployment affects the demand for services, including rental assistance, energy assistance, and emergency financial assistance.

<sup>38</sup> Ibid. Pg 106-107.

<sup>39</sup>Texas Office of the Comptroller. (2010-2011) 2011-2012 Economic Forecast: Summary Calendar Years 1990 through 2040. Retrieved from <http://www.texasahead.org/economy/forecasts/fcst1011/calendarSummary.php>.

**Figure 3. : Texas Unemployment Rates: 2010-2020**



Source: Texas Office of the Comptroller

**Poverty & Household Composition**

The 2006-2010 American Community Survey that 16.8 percent of persons in Texas were below the poverty level, which was significantly higher than the national rate of 13.8 percent.<sup>40</sup> Analyzing past Census data, Texas has historically had a poverty rate higher than that of the national average.

Based on Center for Demographic and Socioeconomic Research and Education projections for 2000, 2010, 2020, 2030, and 2040, the rate of families in poverty will increase. Projections based on the 0.5 migration scenario are provided for 2000, 2010, and 2020 below.

**Table 21. 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 own 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 own 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%
With own children	256,149	37.0%	306,053	38.3%	350,177	35.7%
No own 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

<sup>40</sup> U.S. Census. 2006-2008 American Community Survey. S1701.Poverty status in the past 12 months. Retrieved from <http://factfinder.census.gov>

Increasing poverty populations will increase the demand for social services and emergency assistance, including rental assistance, energy assistance, and health and human services. In fact, the Center for Demographic and Socioeconomic Research and Education projects that the enrollment for Temporary Assistance for Needy Families, Food Stamps, and Medicaid will greatly increase between 2000 and 2040.<sup>41</sup>

*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 Center for Demographic and Socioeconomic Research and Education projects that by 2040, in the absence of change in the educational characteristics of Blacks and Hispanics, populations that are projected to grow more rapidly than the Anglo population, the labor force in Texas in the future will be less well educated than it was in 2010. The author finds that demographic change, in the absence of socioeconomic change, will lead to a less well educated labor force in Texas.<sup>42</sup>

**Table 22. Educational Attainment: 2000, 2010, and 2040**

<b>Educational Attainment</b>	<b>2000</b>	<b>%</b>	<b>2010</b>	<b>%</b>	<b>2040</b>	<b>%</b>
<b>Population 25 years and over</b>	12,790,893		15,116,371		23,270,122	
<b>Less than 9th grade</b>	1,465,420	11.46%	1,505,662	9.96%	3,626,497	15.58%
<b>9th to 12th grade, no diploma</b>	1,649,141	12.89%	1,515,336	10.02%	3,356,869	14.43%
<b>High school graduate (includes equivalency)</b>	3,176,743	24.84%	3,928,438	25.99%	6,674,661	28.68%
<b>Some college, no degree</b>	2,858,802	22.35%	3,318,190	21.95%	4,261,479	18.31%
<b>Associate's degree</b>	668,494	5.23%	954,622	6.32%	1,310,401	5.63%
<b>Bachelor's degree</b>	1,996,250	15.61%	2,609,718	17.26%	3,008,247	12.93%
<b>Graduate or professional degree</b>	976,043	7.63%	1,284,405	8.50%	1,031,968	4.43%
<b>Percent high school graduate or higher</b>	75.65%		80.02%		69.99%	
<b>Percent bachelor's degree or higher</b>	23.24%		25.76%		17.36%	

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

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.

<sup>41</sup>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 329.

<sup>42</sup>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 199

*Geographic Distribution*

The US Office of Management and Budget 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. There are 25 designated MSAs in Texas that cover 77 of the 254 total counties<sup>43</sup>, see Figure 5: Texas MSA Counties below.

In 2010, of the 24,330,646 people residing in the state, 86.92 percent resided in MSAs and 13.08 percent resided in non-MSAs. For year 2015, the TSDC, using its 0.5 migration scenario, projected that 87.29percent of the population is living in MSAs compared to 12.71percent residing in non-MSAs. This trend of MSA growth is projected to occur in the long term. For the 2013-2017 planning period, the population in MSA areas is expected to increase by 1,363,907 or 6.16 percent, whereas the population in non-MSA areas is expected to increase by only 109,007, or 3.34 percent.

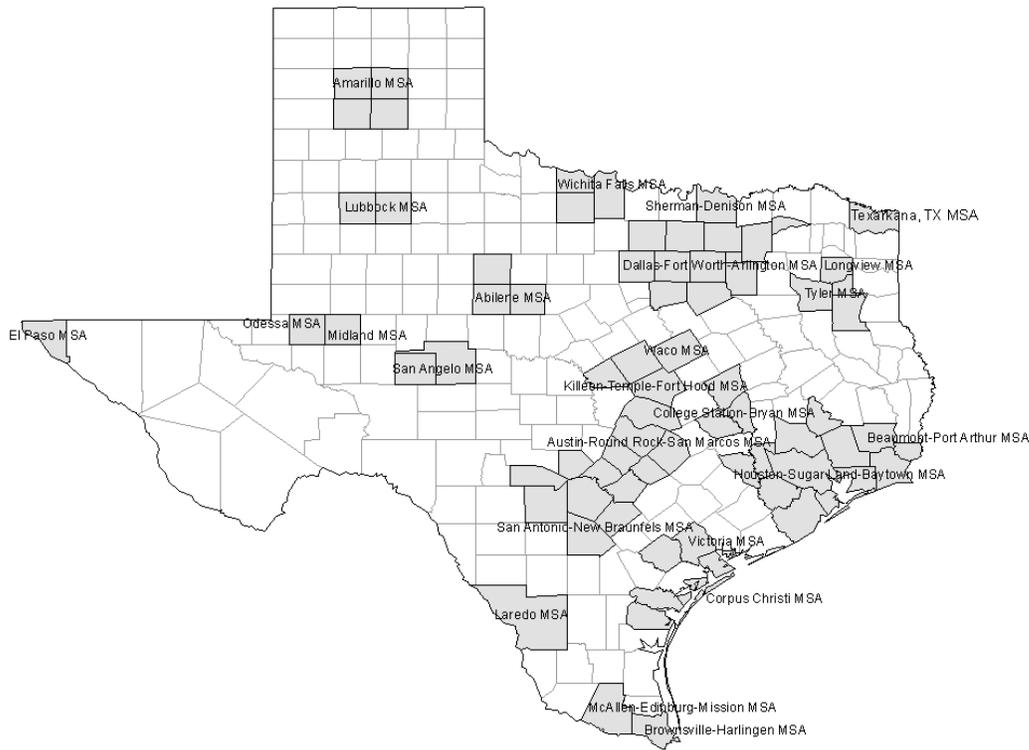
In addition to a greater share of the population, these metropolitan areas also generally have a greater share of industry and jobs, which leaves less-populous areas with dilapidated housing stock and households with lower incomes. According to the US Department of Housing and Urban Development, the FY 2012 median income for Texas Metropolitan areas was \$62,400 compared to \$49,300 for non-metropolitan areas.<sup>44</sup>

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<sup>43</sup> U.S. Census Bureau. (2008, November). OMB Bulletin No. 09-01. Retrieved from <http://www.whitehouse.gov/omb/assets/omb/bulletins/fy2009/09-01.pdf>

<sup>44</sup> HUD. (2012, May). FY 2012 HUD income limits briefing materials. Retrieved from: [http://www.huduser.org/portal/datasets/il/il12/IncomeLimitsBriefingMaterial\\_FY12\\_v2.pdf](http://www.huduser.org/portal/datasets/il/il12/IncomeLimitsBriefingMaterial_FY12_v2.pdf)

**Figure 4. Texas MSA Counties**



**Table 23. Texas MSA and Non-MSA Population Projections: 2010-2015**

	2012	2013	2014	2015	2016	2017
Abilene	172,959	173,856	174,685	175,467	176,142	176,777
Amarillo	260,367	263,162	265,981	268,770	271,524	274,308
Austin-Round Rock	1,630,438	1,663,535	1,696,729	1,730,267	1,763,821	1,797,837
Beaumont-Port Arthur	409,236	411,191	413,159	415,012	417,049	418,949
Brownsville-Harlingen	432,007	440,445	449,058	457,457	465,839	474,247
College Station-Bryan	213,519	216,071	218,673	221,285	223,757	226,177
Corpus Christi	471,933	477,867	483,678	489,570	495,186	500,767
Dallas-Fort Worth-Arlington	6,416,199	6,526,826	6,639,133	6,752,624	6,867,551	6,983,524
El Paso	829,464	842,216	854,676	867,475	879,714	891,970
Houston-Sugar Land-Baytown	5,720,333	5,809,147	5,898,186	5,988,118	6,078,352	6,168,975
Killeen-Temple-Fort Hood	402,991	408,845	414,614	420,350	425,971	431,601
Laredo	278,946	286,720	294,612	302,631	310,677	318,973
Longview	210,559	212,050	213,501	214,957	216,378	217,794
Lubbock	274,399	275,849	277,278	278,566	279,891	281,192
McAllen-Edinburg-Mission	789,779	809,567	830,120	850,592	871,458	892,266
Midland	126,578	127,564	128,530	129,479	130,367	131,250
Odessa	135,241	136,436	137,624	138,750	139,849	140,913

	2012	2013	2014	2015	2016	2017
San Angelo	114,785	115,503	116,186	116,852	117,470	118,040
San Antonio	2,000,714	2,024,104	2,047,285	2,069,525	2,092,152	2,114,632
Sherman-Denison	119,563	120,335	121,066	121,810	122,503	123,164
Texarkana	91,223	91,324	91,410	91,477	91,515	91,528
Tyler	191,595	193,100	194,634	196,159	197,729	199,278
Victoria	126,835	128,106	129,339	130,678	131,899	133,067
Waco	235,709	237,746	239,726	241,694	243,640	245,576
Wichita Falls	160,709	161,459	162,161	162,846	163,493	164,126

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

	2012	2013	2014	2015	2016	2017
<b>Total Texas Population</b>	<b>25,056,041</b>	<b>25,421,596</b>	<b>25,788,871</b>	<b>26,156,723</b>	<b>26,525,342</b>	<b>26,894,510</b>
<b>Total MSA Population</b>	<b>21,816,081</b>	<b>22,153,024</b>	<b>22,492,044</b>	<b>22,832,411</b>	<b>23,173,927</b>	<b>23,516,931</b>
<i>MSA Population Percentage of Total Texas Population</i>	<i>87.07%</i>	<i>87.14%</i>	<i>87.22%</i>	<i>87.29%</i>	<i>87.37%</i>	<i>87.44%</i>
<b>Total Non-MSA Population</b>	<b>3,239,960</b>	<b>3,268,572</b>	<b>3,296,827</b>	<b>3,324,312</b>	<b>3,351,415</b>	<b>3,377,579</b>
<i>Non-MSA Population Percentage of Total Texas Population</i>	<i>12.93%</i>	<i>12.86%</i>	<i>12.78%</i>	<i>12.71%</i>	<i>12.63%</i>	<i>12.56%</i>

Source: TSDC

## **V. TECHNOLOGICAL DEVELOPMENTS**

### **A. Impact of Technology on Current Operations**

The business of the Department continues to be enhanced by technology. Today, almost all agency services have a web component. TDHCA uses its website to provide easy access to Texas citizens 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.

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, 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.

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. 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**

In the FY 2013-2017 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 agency, and the Department 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. The Department leases one T-1 circuit for Internet services, five fractional T-1 circuits for TDHCA's regional offices, and one 100 Mbps 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 severe shortage of affordable housing stock and housing assistance. Some of the causes of this shortage have been recent and are ever-growing. In the last year, the shale gas boom has created tens of thousands of new jobs in rural communities, causing skyrocketing rents and a dearth of affordable rental properties. The state is also witnessing a huge growth in the number of veterans returning home from combat in Iraq and Afghanistan, with many unable to find housing to meet their needs.

Other causes of this shortage are on-going issues that continue to build: the sustained migration of Americans from other parts of the country into Texas coupled with the national economic downturn 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 strives to 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 mushroomed into one of the fastest growing economic sectors in Texas over the last two years. Drilling of the Eagle Ford shale in South Texas (focused in Maverick, Dimmit, Webb, and La Salle Counties), Barnett Shale in North Central Texas 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, supported 47,000 full-time jobs in the area.<sup>45</sup> The study projects the creation of approximately 117,000 full-time jobs by 2021. However, the influx of energy industry

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<sup>45</sup> 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/>

workers with expendable income has created the unintended consequence of 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 would need to align with long term needs and affordability requirements, not merely serve any increased need that may be short-lived.

**Returning Veterans:** The US Department of Veterans Affairs reports that Texas has one of the largest veteran populations in the nation, with approximately 1.66 million veterans in 2010, the most recent year that statistics are available. In addition to those already residing in the state, Texas anticipates a large number of returning veterans from Operation Iraqi Freedom, Enduring Freedom, and New Dawn. This population increase will likely tax the affordable housing resources around military installations. Additionally, upon return many veterans are impeded from obtaining jobs and affordable housing and for many, the injuries sustained during combat provide a long-term obstacle to gainful employment, and thus income to afford a place to live.

**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. From 2000 to 2008, the number of admissions to Texas prisons increased by 3.5 percent and at 639 per 100,000 persons, the number of people incarcerated in Texas far exceeds the national average of 504 per 100,000.<sup>46</sup> Those employed by the prison industry often cannot find quality affordable housing, due to the lack of new construction in rural communities.

Another rural population that suffers from a lack of affordable housing development is Native American communities. 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 more than metropolitan areas, exacerbating the need for affordable housing assistance.

*Addressing Economic Variable #1: Demand for Affordable Rental Housing*

The table below from TDHCA's 2012 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, Neighborhood Stabilization Program (NSP) and Housing Trust Fund (HTF) has led to the creation of over 209,000

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<sup>46</sup> U.S. Department of Justice, Office of Justice Programs, Bureau of Justice Statistics (2010, December). *Prisoners in 2009*, Retrieved from: <http://bjs.ojp.usdoj.gov/content/pub/pdf/p09.pdf>

affordable rental housing units throughout the state, equitably distributed to both rural and urban areas of all 13 state service regions.

**Table 25. Subsidized Multifamily Units, Texas 2011**

Source of Subsidized Units	State Total	Percent of State Inventory
THDCA Units	209,133	44.7%
HUD Units	57,648	12.3%
PHA Units	57,083	12.2%
Section 8 Vouchers	129,432	27.7%
USDA Units	14,165	3.0%
HFC Units*	100,596	21.5%
<b>Total</b>	<b>467,461</b>	

\*HFC developments report total units and do not specify assisted units. The majority of HFC-finance developments also receive housing tax credits from TDHCA, therefore these units are not included in the final 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. Two of the populations that have been targeted for these awards in past years and again in 2012 are low income Migrant and Seasonal Farmworkers and low income Native American populations.

*Economic Variable #2: Foreclosures and the Housing Market*

The mortgage crisis sent millions of American homeowners into foreclosure, precipitating a long-lasting economic recession. While Texas’ foreclosure inventory has been lower than the national level since 2007, foreclosures and mortgage loan delinquencies are still prevalent. According to the Mortgage Bankers Association’s National Delinquency Survey, 9.07% of all residential mortgage loans in Texas had delinquent payments as of the fourth quarter of 2011, as compared to a national total of 7.58%. However, Texas only had 1.78% of loans in foreclosure at the end of the fourth quarter, as compared to much higher national rate of 4.38%.<sup>47</sup> This substantiates a trend noted by the Federal Reserve Bank of Dallas that “Texas borrowers who missed one or two mortgage payments were often able to catch up later to avoid foreclosure.”<sup>48</sup>

<sup>47</sup> Mortgage Bankers Association (2012, February). National Delinquency Survey Q4 2011

<sup>48</sup> Federal Reserve Bank of Dallas (2012) e-Perspective Volume 12, Issue 1.

It should be noted that while the rate of “seriously delinquent” conventional prime loans has decreased (at 2.10% as of the fourth quarter of 2011), the overall rate in Texas between December 2010 and December 2011 has remain unchanged, largely due to an increase in defaults of FHA loans (at 6.74% as of the fourth quarter of 2011).<sup>49</sup> Additionally, there are scattered hotspots of sustained delinquencies around the state, particularly in the four county Dallas-Fort Worth area and the Rio-Grande Valley (Hidalgo, Cameron counties).<sup>50</sup>

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

Since 2008, TDHCA has continued its involvement in foreclosure prevention efforts. These efforts began with the Texas Foreclosure Prevention Taskforce facilitated by NeighborWorks America which is comprised of representatives from over 50 organizations representing state, local, and federal government organizations, the financial industry and the non-profit sector. The primary activity of the Task Force is to raise awareness about the nationally endorsed bilingual Homeowner’s HOPE Hotline (1-888-995-HOPE) available to homeowners struggling with their mortgage payments. Additionally, the Task Force supports the outreach efforts of local foreclosure prevention initiatives; such as, the coordinated efforts already occurring in many Texas markets and monitors mortgage default patterns and trends in Texas. The Task Force also helps to support the creation of new initiatives in areas of high mortgage default rates.

In 2008, TDHCA in partnership with the Texas State Affordable Housing Corporation (TSAHC) applied for the National Foreclosure Mitigation Counseling (NFMC) Program offered through NeighborWorks America. \$1,986,152 for foreclosure counseling efforts. TDHCA jointly administers NFMC with the Texas State Affordable Housing Corporation (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. For NFMC Rounds 2 through 4, the counselors served 2,839 households. Only 62 of those counseled households ended in foreclosures, even though 87.2 percent of homeowners in TDHCA’s NFMC program were 30 days late or later on their mortgages when they entered counseling. 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 a modification.<sup>51</sup> TDHCA is currently administering NFMC Round 5 and will begin NFMC Round 6 in the summer of 2012.

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<sup>49</sup> Mortgage Bankers Association (2012, February). National Delinquency Survey Q4 2011

<sup>50</sup> Federal Reserve Bank of Dallas (2012) e-Perspective Volume 12, Issue 1.

<sup>51</sup> The Urban Institute (2001, 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](http://www.nw.org/network/foreclosure/nfmcp/documents/NFMCEval_Rounds1-2_Final.pdf)

Additionally, TDHCA received \$102,000,000 for the Neighborhood Stabilization Program (NSP) in FY 2008 through HUD. An additional allocation of \$7,300,000 was provided through NSP3 in FY10. Awards were made to local units of government and nonprofit entities based on an allocation formula that considered local needs. 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 include 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.

*Economic Variable #3: Tightened Lending Standards*

In the wake of the nationwide subprime mortgage and home foreclosure crisis, banks and other lending institutions tightened their lending standards and terms. Banks continued to tighten standards on residential real estate loans through the first half of 2010 and although a majority of commercial banks now state that they have generally ceased tightening standards on many loan types, progress towards unwinding the considerable tightening that occurred from 2008 to 2010 has been slow and halting.<sup>52</sup> Additionally, a majority of banks continued to report lower demand for revolving home equity lines of credit.<sup>53</sup> This trend limits the availability of home loans to borrowers, particularly those with weaker credit histories.

Beginning in the third quarter of 2009, homebuyers have seen historically low mortgage interest rates due to the Federal Reserve Bank's unprecedented purchase of nearly all the mortgage-backed securities issued by Fannie Mae and Freddie Mac. However, consumers can soon expect a return to higher mortgage rates once the government stops buying mortgage-backed securities.<sup>54</sup> Additionally, a crackdown on seller-funded down payment assistance programs by the Internal Revenue Service (Private Letter Ruling 201102064) has left a void for households needing such assistance.

*Addressing Economic Variable #3: Tightened Lending Standards*

Households assisted through TDHCA's First Time Homebuyer Program are offered competitive mortgage interest rates and down payment and closing cost assistance. The program is available to credit worthy borrowers that meet either FHA, VA, USDA or

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<sup>52</sup> 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>

<sup>53</sup> 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>.

<sup>54</sup> Texas Real Estate Center. (2010, January). Rate expectations. Retrieved from <http://recenter.tamu.edu/news/NewsRel05-0110.pdf>.

Conventional 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. Completion of a pre-purchase homebuyer education course is required of all borrowers utilizing the program. These programs continue to help low- and moderate-income Texans overcome obstacles to homeownership.

Additionally, two other TDHCA programs attempt to address the needs of homebuyers during this period of economic downturn. First, the Housing Trust Fund's Homebuyer Assistance (HBA) Program provides eligible borrowers with up to \$10,000 in the form of a zero percent interest loan for down payment and closing cost assistance for the acquisition of a single family home. Second, 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.

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.

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

Population & Unemployment: From 2007 to 2011, the state's number of working-age residents expanded by 6.6%, nearly twice the national average. According to a recent report by the Center for Public Policy Priorities, taking that population growth into consideration, Texas would need to create another 771,672 jobs to account for the state's job losses and booming population. In that same time frame the share of Texas workers experiencing long-term unemployment (more than 6 months) more than doubled from 15.8% in 2007 to 35.8% in 2011.<sup>55</sup>

Poverty: In 2010, approximately 550,000 workers were paid at the federal minimum wage of \$7.25 in Texas, more than double the number making those wages in 2008, according to the Bureau of Labor Statistics. In Texas, 9.5% of workers paid hourly rates earn at or below minimum wage, giving the state the highest percentage in the nation.<sup>56</sup> Households making the minimum wage of \$7.25 per hour are unable to afford the cost of rent and utilities. The National Low Income Housing Coalition (NLIHC) calculates affordable housing through the "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 2012 housing wage is \$15.88 per hour for a two bedroom home at FMR, or

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<sup>55</sup> Center for Public Policy Priorities, *Texas Jobs Snapshot: March 2012*, Retrieved from: [http://www.cppp.org/files/2/2012\\_March\\_JobsSnapshot.pdf](http://www.cppp.org/files/2/2012_March_JobsSnapshot.pdf)

<sup>56</sup> Bureau of Labor Statistics (2011, March). *Minimum Wage Workers in Texas*, [http://www.bls.gov/ro6/fax/minwage\\_tx.htm](http://www.bls.gov/ro6/fax/minwage_tx.htm)

\$826 per month.<sup>57</sup> Thus, the housing wage in Texas is 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. From SFY 2010 to SFY 2011 calls for emergency assistance (defined as short-term rental assistance and other social services) increased by 178.2% and calls for utility assistance increased by 88.4%.<sup>58</sup> TDHCA remains committed to providing funding to prevent eviction and homelessness through administration of the Emergency Solutions Grants Program (ESGP).

ESGP awards grants to units of local government and private nonprofit entities around the state that provide shelter and related services to homeless persons, intervention services to persons at risk of homelessness, rapid re-housing services to persons who have lost their homes. These 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.

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 1,000 housing choice vouchers in 22 rural counties.

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

The national construction industry has yet to fully emerge from the downturn that began five years ago. In January 2011, construction sector employment had fallen to 5.48 million, down 29% from its peak in April 2006. The industry's unemployment rate in February 2011 was 21.8%, the highest of any industry and more than double the all-industry rate. Additionally, lender and investor requirements remain more stringent than

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<sup>57</sup> National Low Income Housing Coalition, (2012). *Out of Reach 2012*, Retrieved from: <http://nlihc.org/sites/default/files/oor/2012-OOR.pdf>

<sup>58</sup> Texas Department of Housing & Community Affairs, *2012 State of Texas Low Income Housing Plan & Annual Report*

they were prior to the financial crisis, causing construction spending hit a 10-year low of \$816 billion in 2010.<sup>59</sup>

Without the construction of new multifamily developments to meet the demand of an increasing population and an influx of households renting rather than owning due to the foreclosure crisis, 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*

Turmoil in the housing and financial markets also had a ripple effect on the developers of low-income housing in 2008 and continuing through 2010. However, while production by the general construction industry has yet to rebound, 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 85 cents per \$1 of credit. This has led to increased interest in TDHCA's tax credit program as the ability to structure financially viable developments has increased.

Developers are increasingly securing financing partners to bring multifamily developments to fruition throughout the state. In 2012, the 9% tax credit program saw its annual award cycle become increasingly competitive, with approximately 10 pre-applications submitted for every 1 award. Additionally, the Department's HOME Multifamily Rental Housing Program funds have become more attractive to developers seeking to compensate for a large gap in secondary financing sources. In the 2011 9% tax credit award cycle, HOME funds were used as a complete replacement for conventional first lien financing and as a second lien source with a favorable interest rate.

Unfortunately, the market for multifamily tax exempt bond developments continues to experience lingering difficulty related to investor interest in the municipal bond market leading to less favorable terms on tax exempt products. Additionally, while the 9% tax credit program benefited from several law changes in the American Recovery and Reinvestment Act, these changes did not extend to the 4% or tax exempt bond programs.

*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 a recent report by the National Association of Home Builders, "Foreclosures are still competing with new home

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<sup>59</sup> Ken Simonson, Chief Economist, Associated General Contractors of America (2011, March 4). The Economic Impact of Construction in the United States. Retrieved from: <http://www.agc.org/galleries/econ/National%20Fact%20Sheet.pdf>

sales, and many builders are seeing appraisals come in at less than the cost of construction. Additionally, prospective home buyers are finding it difficult to qualify for a mortgage.”<sup>60</sup> The decline in new housing starts over the last five years has caused many low income households to remain in older housing stock with declining conditions. The low replacement rate of aging homes has resulted in over 70,300 “physically inadequate” or substandard housing units in Texas.<sup>61</sup> The foreclosure crisis has also left vacant homes in many communities, many of which are left unattended and in a state of disrepair.

Beyond substandard conditions, many individuals, such as the 2.86 million persons in Texas with disabilities, require accessibility modifications and barrier removal assistance in order to remaining 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 four programs. First, the Neighborhood Stabilization Program (NSP) can purchase and rehabilitate foreclosed properties for resale or rental to eligible households. Second, the HOME Homeowner Rehabilitation Assistance Program offers rehabilitation or reconstruction cost assistance to low income homeowners for the repair or reconstruction of their existing home. Third, 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 12.2 percent or more of annual gross incomes.<sup>62</sup> Texas also has residential electric prices higher than the national average: 11.70 cents per kilowatt average in Texas versus 10.93 cents per kilowatt for the national average in February 2010. In addition, per capita residential use of electricity is

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<sup>60</sup> National Association of Home Builders (2012, February 15) Builder Confidence Increases for Fifth Consecutive Month in February. Retrieved from:

[http://www.nahb.org/news\\_details.aspx?sectionID=134&newsID=15031](http://www.nahb.org/news_details.aspx?sectionID=134&newsID=15031)

<sup>61</sup> Texas Department of Housing & Community Affairs, *2012 State of Texas Low Income Housing Plan & Annual Report*

<sup>62</sup> Texas Data Center. (2006). Weatherization assistance program. Retrieved from <http://www.tdhca.state.tx.us/ea/wap.htm>.

significantly higher than the national average.<sup>63</sup> One cause of the high use may be the hot weather in Texas requiring air conditioning.

*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, weatherize homes, make other home energy efficiency improvements, and otherwise encourage 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 \$413. Additionally, through the 2009 American Recovery and Reinvestment Act, TDHCA received approximately \$326 million in supplemental funds for weatherization, allowing TDHCA's Subrecipients to reach even more low-income Texans. TDHCA will continue to administer these supplemental funds through a network of local providers through August 2012.

*Economic Variable #8: Impact of Natural Disasters*

The Texas wildfire season that began on November 15, 2010 and lasted through October 31, 2011 resulted in 30,457 fires that burned 3,993,716 acres, destroyed 2,946 homes, and over 2,790 other structures. Of all acreage burned in the United States in 2011, approximately 47.3% was burned in Texas. The most destructive wildfire, known as the Bastrop County Complex Fire started on September 4, 2011, engulfed Bastrop, Texas, and by September 30 had destroyed 1,645 homes, burned 34,068 acres, and killed two people.<sup>64</sup> With thousands of people immediately made homeless, this natural disaster caused a significant need for immediate shelter. In the following months, a need also arose for rental assistance for low income households looking to relocate, home repair assistance for low income households attempting to salvage their damaged homes, and homebuyer assistance for households wanting to own a home.

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<sup>63</sup> U.S. Energy Information Administration. (2010, June 3). Independent statistics and analysis: Texas. Retrieved from [http://www.eia.doe.gov/state/state\\_energy\\_profiles.cfm?sid=TX](http://www.eia.doe.gov/state/state_energy_profiles.cfm?sid=TX).

<sup>64</sup> Texas Forest Service (n.d), Texas Wildfire Situation: 2011 Fire Season Statistics, Retrieved from: <http://tfsweb.tamu.edu/main/article.aspx?id=12888>

*Addressing Economic Variable #8: Impact of Natural Disasters*

TDHCA immediately responded to the needs of displaced wildfire survivors. Approximately \$200,000 in TDHCA Community Services Block Grant (CSBG) Discretionary funds and \$321,000 in Low Income Home Energy Assistance Program (LIHEAP) funds were quickly deployed to provide temporary shelter and address other immediate needs of low income households. Then, HOME and NSP funds were jointly made available through a Consolidated Wildfire Response Application, for local nonprofit organizations to provide demolition, reconstruction, and tenant-based rental assistance (TBRA) for wildfire disaster victims. Finally, an additional \$1,000,000 in HOME funds were added to the program's Disaster Relief Set Aside to provide home repair, homebuyer assistance, and tenant-based rental assistance.

## **VII. IMPACT OF FEDERAL STATUTES/ REGULATIONS**

### *A. Role of Federal Involvement*

Of TDHCA's program funding, 96 percent came directly from the Federal Government in FY 2011. 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 Network (Network) in Texas. CSBG funds provide support which enables the Network to operate a comprehensive array of programs that address needs of low-income persons in the areas of 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.

CSBG funds are also utilized for disaster related assistance. Community Action Agencies serving areas of the State which suffer a natural disaster are provided with CSBG discretionary funds which are utilized to provide emergency assistance to low-income households impacted by the disaster.

Status: The FY 2012 Health and Human Services Appropriations Act (PL 112-74) provided \$666,673,151 for CSBG. Texas will received \$32,435,360 in CSBG funds in FY 2012. A cut or loss of funding of CSBG would have a devastating impact on estimated 723,000+ low-income persons in Texas who are served annually by programs supported with CSBG funds. Due to the availability of CSBG funds in 2011, the Network in Texas was able to leverage approximately \$617 million dollars of state, local, and private funds and resources.

**Emergency Solutions Grants Program (ESGP)**

Source: US Department of Housing and Urban Development

Statute: 24 CFR part 576

Purpose: The purpose of the ESGP program is to rehabilitate or convert buildings for use as emergency shelters for the homeless, to pay certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for the homeless; homelessness prevention and rapid re-housing assistance; Homeless Management Information Systems (HMIS) activities; and, for the payment of administrative costs.

Status: The U.S. Department of Housing and Urban Development's Community Planning and Development Program (CPD) 2012 allocation for the Emergency Solutions Grants (ESG) totaled \$286 million. Texas received \$20,028,597 in ESG funds for eligible jurisdictions and, as of this writing, the Texas Department of Housing and Community Affairs received \$9,129,511.

**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. Funding for the HOME program was reduced by 38.5% to approximately \$1 billion down from the \$1.6 billion funding in 2011. TDHCA anticipates receiving \$24,284,636 in HOME Investment Partnership Program 2012 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 \$67,000,000 in Housing Tax Credits in 2013 (\$57 million in competitive credits and an unlimited ceiling that may result in \$10 million in non-competitive credits associated with tax exempt bond financing).

**Low Income Home Energy Assistance Program (LIHEAP)**

Source: US Department of Health and Human Services

Statute: 42 USCA § 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, 2012 (P.L. 112-174), which provided \$3.47 billion for LIHEAP. Texas will receive approximately \$129 million in LIHEAP funding for FY 2012.

**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: It is projected that the MRB program will receive \$106,000,000 in 2013. The actual part 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.

**National Foreclosure Mitigation Counseling Program (NFMC)**

Source: U.S. Department of Housing and Urban Development

Statute: Department of Defense and Full Year Continuing Appropriations Act, 2011 (Public Law 112-10); Consolidated and Furthering Continuing Appropriations Act of 2012 (Public Law 112-55).

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

Status: Funded \$619,696.50 for NFMC Round 5 and \$366,712.50 for Round 6. Reimburses for counseling performed between October 1, 2010 and June 30, 2012 for Round 5 and October 1, 2011 to December 31, 2012 for Round 6.

**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 greatest need for 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).

**Weatherization Assistance Program (WAP)**

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

Statute: 42 USCA § 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 2011 DOE award to the State of Texas is \$4,294,261. The Department estimates \$0 funding for FY 2012 from DOE. The WAP also receives approximately 20% (about \$25 million) of the LIHEAP allocation.

**Section 8 Housing Assistance Program (Section 8)**

Source: US Department of Housing and Urban Development

Statute: 42 USCA § 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.

Status: The FY 2012 HUD Appropriations Act (PL 112-55) provides \$18.9 billion for the Section 8 program. TDHCA, which administers 923 vouchers out of 144,000 in the state, will receive approximately \$5.7 million for FY 2012 activities.

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

*CDBG Disaster Recovery Funding:* The federal allocation of Community Development Block Grant (CDBG) Disaster Recovery funding awarded to the State of Texas to address the damage incurred by Hurricanes Ike and Dolly was originally distributed to the Texas Department of Rural Affairs and TDHCA to administer. In July 2011, administration of all disaster recovery programs associated with this funding were moved to the Texas General Land Office, reducing the number of TDHCA's temporary staff with the Department by 29.

*End of Recovery Act Programs:* From 2009 to 2012, several temporary programs associated with HERA and ARRA were administered and have 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, and the Homelessness Prevention and Rapid Re-Housing Program. The Community Affairs Division continues to administer the ARRA Weatherization Assistance Program, which will soon come to a close.

The end of these programs has consequences for both TDHCA and the populations we serve. The large decrease in funding administered by the Department means that less assistance will be available to households in need of affordable housing and community services assistance and developers in need of housing financing. However, the increased administrative costs tied to the management of Recovery Act programs will also decrease. For example, Davis-Bacon wage requirements no longer apply to the Weatherization Assistance Program with the end of ARRA, and environmental requirements no longer apply to Housing Tax Credit applicants with the end of TCAP.

*Continuing Impact of Recovery Act Programs:* Although most of the 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) 2012, the federal government reduced TDHCA's HOME allocation by 38%, which will significantly reduce funding for current HOME activities, including homebuyer assistance, home rehabilitation assistance, tenant-based rental assistance, multifamily rental housing, and more. This change could also have an indirect impact on Housing Tax Credit applicants who have recently used HOME multifamily rental housing funds as source of acquisition financing or gap/bridge financing.

Additionally, HUD's proposed changes to the HOME rule (which have not yet been finalized) include stricter qualifications for Community Housing Development Organizations (CHDOs) and substantially lower maximum values for existing homes that can be assisted by HOME program activities (ex – down payment or rehabilitation assistance).

ESG Program & Rule: Starting in PY 2012, HUD is implemented the HEARTH Act of 2010, which includes the change from administering the Emergency Shelter Grants Program to the Emergency Solutions Grants Program. This shift now focuses ESGP funding less on shelter services and more on homelessness prevention and re-housing activities that closely mirror the now defunct Homelessness Prevention and Rapid Re-Housing Program. These changes will impact the types of service needs met by recipients of TDHCA's ESGP allocation.

Additionally, HUD has released the new ESGP Interim Rule (24 CFR Parts 91 and 576) which requires that the Department consult with Continuums of Care (CoC) to establish priorities for allocating ESG funds; developing performance standards for evaluating

outcomes of projects and activities assisted with ESG funds; and developing funding, policies, and procedures for the administration of the Homeless Management Information Systems.

Consolidated Plan: HUD has revised regulations for submitting Consolidated Plan documentation, now requiring information on TDHCA's progress in meeting objectives for reducing and ending homelessness.

Section 811 Program: HUD is in the process of implementing the Melville Act of 2010 through changes to the Section 811 Program. In May 2012, HUD released a Notice of Funding Availability (NOFA) for the Section 811 Project Rental Assistance Demonstration Program. For the first time, state housing finance agencies, such as TDHCA, will be eligible to apply for these funds, which provide project-based rental assistance in the development of supportive housing for extremely low income persons with disabilities.

*Recent HHS Actions:*

The US Department of Health and Human Services has recently revised LIHEAP household income eligibility for the Weatherization Assistance Program from 200% of federal poverty level back to the pre-Recovery Act maximum of 125% of federal poverty level. This change means that a smaller portion of households in need of weatherization assistance can be served through this program.

*Recent DOE Actions:*

The Department of Energy has chosen not to fund the Weatherization Assistance Program for federal PY 2012. However, TDHCA intends to program the \$4.3 million in PY 2011 DOE award funds for use in 2012.

*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 in September 2011 to increase affordable housing opportunities for low income persons with disabilities. Activities under the grant include application for the HUD Section 811 Project Rental Assistance Demonstration Program; creation and implementation of Housing and Services Partnership (HSP) Academies; and building and maintaining the Housing and Services for Persons with Disabilities Online Clearinghouse.

Again in partnership with DADS, TDHCA received a CMS Money Follows the Person Program Administrative Grant in December 2011 to hire staff to coordinate housing education and outreach work to expand housing options for persons with disabilities.

*National Mortgage Settlement:*

In February 2012, a settlement was reached with the nation's five largest loan servicers, who were sued by the Attorney Generals of 49 states, including Texas, regarding negligent foreclosure practices. The State of Texas will receive \$141 million for the banks' violations of state law.<sup>65</sup> These funds were deposited into the treasury for future appropriation by the Legislature.<sup>66</sup>

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<sup>65</sup> Office of the Attorney General, (2012, February). *Agreement with Banks over Mortgage Servicing Practices Yields \$428 Million for Texas, Including \$287 Million to Texas Homeowners*, Retrieved from: <https://www.oag.state.tx.us/oagNews/release.php?id=3969>

<sup>66</sup> Enterprise Community Partners, Inc. (2012, April). *Understanding How States Are Spending Their Share of the National Mortgage Settlement*, Retrieved from: <http://www.enterprisecommunity.com/servlet/servlet.FileDownload?file=00P3000000CAEd8EAH>

## **X. OTHER LEGAL ISSUES**

### ***A. Impact of State Statutory Changes***

The Eighty-second Texas Legislature passed a major piece of legislation during the First-called Session that affected TDHCA.

**Senate Bill 1**, passed during the First-called Session impacted the Department in a number of ways. The bill extended the agency until September 1, 2013, and codified the Housing and Homeless Services Program (HHSP) including the authority to promulgate rules for the program. The bill also exempted Housing Trust Fund activities from the Regional Allocation Formula if those activities were funded at \$3 million or less. The bill also made several changes to provisions regarding the Qualified Allocation Plan (QAP) including giving TDHCA's governing board the authority to pass a two-year QAP. The Eighty-second Texas Legislature also passed several major bills during the Regular Session which affected TDHCA.

**House Bill 726** requires TDHCA, and other state agencies to electronically notify any legislative member prior to distributing any publication to members of the legislature, and also requires the agency to first make the publication available electronically and then available in print, if requested.

Changes were made to the Texas Bootstrap Loan Program via **Senate Bill 992**. The legislation requires that at least two-thirds of funds must be made available to persons whose property is in a census tract that has a median household income at or below 75 percent of the median state household income for the most recent year for which statistics are available.

Finally, **Senate Bill 1233** required TDHCA to collect foreclosure data from counties around the state. More specifically, the bill directed the Department to create a form upon which county clerks can submit data on a notice of sale of foreclosed property indicating if the property was residential and the zip code of the property. TDHCA is required to report this information to the Legislature on a quarterly basis.

### ***B. Impact of Current & Outstanding Court Cases***

The Department is involved in significant litigation styled Inclusive Communities Project (ICP) vs. TDHCA et al. This lawsuit is currently pending in the Federal District Court for the Northern District. In this lawsuit, Plaintiff alleges 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 alleges 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"). The Department has denied Plaintiff's allegations and vigorously defended against the lawsuit.

On March 20, 2012, the Court issued a Memorandum Opinion and Order, finding that the Plaintiff failed to prove that the Department intentionally discriminated in the allocation of LIHTC's, but did find that, while unintentional, the allocation of LIHTC's in the Dallas area resulted in a disparate (discriminatory) impact. The Order requires the TDHCA to submit a "remedial plan" within 60 days of issuance of the Order. The Court's Order is not a final Order and cannot be appealed at this time. TDHCA has submitted a proposed remedial plan as required.

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

On December 1, 2009, a fair housing complaint was made against the State of Texas and was ultimately addressed through a HUD-approved conciliation agreement signed by the state and complainants on May 25, 2010. The Conciliation Agreement required the state to update its 2003 State of Texas Plan for Fair Housing Choice: Analysis of Impediments (AI) in two phases, known as Phase 1 and Phase 2. Phase 1 addresses a limited portion of the state impacted by Hurricanes Ike and Dolly and Phase 2 will cover the balance of the state. The state has determined that although Phase 1 will remain in effect, it will promote a comprehensive AI to conduct Phase 2 in a manner that covers the entire state.

As the agency which administers the larger portion of HUD-funded programs in the state, TDHCA has taken responsibility for updating and maintaining a current AI. TDHCA is committed to ensuring that the process for updating the AI will be inclusive and comprehensive, and that the resulting AI will include realistic recommendations to address fair housing barriers in Texas. Throughout the development of the AI, TDHCA will post updates on the progress through several different venues including TDHCA's fair housing webpage, an on-line forum to capture comments statewide on a real time basis, and on-site focus group meetings. Phase 1 was approved by HUD in May 2011 and Phase 2 is anticipated to be complete in December 2012.

### D. Impact of Local Governments

The Texas Legislature has given local governments significant discretion over applications in areas where a potential over concentration of HTC units may exist. 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 the Board of the application.

In some programs, state and local support for an application is part of the scoring criteria in the application process. The Department's Multifamily Bond applications include scoring criteria that provides "points" for public comment from local officials. HTC and MRB applications 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 with city or county-sponsored zones or districts or rehabilitating an existing Residential Development that is part of a Community Revitalization Plan.

Local governments 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 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 for approval to develop in that city or county. This applies to applications proposing New Construction, Adaptive Reuse, and Acquisition / Rehabilitation.

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 82nd 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 2011 target numbers of each key measure, the SFY 2011 actual performance, and the targets for SFY 2012. The targets for SFY 2012 are referenced in the General Appropriations Act for the 2012-2013 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 mortgage financing and homebuyer assistance through the Single-Family Mortgage Revenue Bond Program

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of single-family households Assisted through the First Time Homebuyer Program	2,000	2,414	120.70%	2,002

**Explanation of Variance:** Due to fewer entities offering down payment assistance resources, more and more consumers are utilizing the Department's assisted Single Family MRB funds.

#### **Strategy 1.2**

Provide funding through the HOME Program for affordable housing

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of single-family households assisted with HOME funds	952	582	61.13%	580

**Explanation of Variance:** Various factors affected performance during the fourth quarter, including but not limited to the following: 1) Lower than expected demand for homebuyer assistance and tenant based rental assistance funds; since both of these activities have low per unit cost, decreased participation greatly impacts performance. The decreased demand for homebuyer assistance is due largely to economic conditions. 2) TDHCA has increased the allowable per unit cost under home rehabilitation, resulting in fewer persons served through funding reserved for this activity. Another important factor is a "lag" in reporting resulting from a new funding mechanism TDHCA has introduced. While the majority of TDHCA HOME funds continue to be made available through awards, a portion of HOME single family funds are now available through a reservation system. Under the award system, households are reported at the time of the award while under the reservation system, households are reported when a specific household is being served. As this is a new process, TDHCA anticipates that the majority of households served through these funds will be reported after SFY 2011.

**Strategy 1.3\***

Provide funding through the HTF program for affordable housing

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of single-family households assisted through the Housing Trust Fund	344	191	55.52%	154

**Explanation of Variance:** Due to statutory limitations in the Texas Bootstrap Loan Program, all the units were not realized for this fiscal year. TDHCA anticipates that the amendment to statute by Senate Bill 992 will assist in meeting upcoming fiscal targets.

\* - In the 2012-2013 Fiscal Size-Up submitted to the Legislative Budget Board, the Housing Trust Fund revised their 2012-2013 targets from what was originally submitted in the 2012-2013 LAR. These revisions are based upon the following factors: (1) State appropriations decreased from \$10.96 million in SFY2011 to \$5.85 million in SFY2012, and (2) Starting in FY2012, ten percent of HTF funds are now transferred to the Texas Veterans Commission for the Veterans Housing Assistance Program.

**Strategy 1.4**

Provide tenant-based rental assistance through Section 8 certificates

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of households assisted through Statewide Housing Assistance Payments Program	1,100	1,048	95.27%	1,100

**Explanation of Variance:** None needed.

**Strategy 1.5**

Provide federal tax credits to develop rental housing

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of multifamily households assisted with Housing Tax Credits	10,874	5,250	48.28%	5,657

**Explanation of Variance:** The overall economy and financial market has limited private investment in the tax credit industry. While there was a slight increase in equity pricing compared to last year, on the whole equity pricing across the state still increased the amount of credit needed per unit which still resulted in a reduced number of units produced through the tax credit program.

**Strategy 1.6**

Provide funding through the Mortgage Revenue Bond Program for affordable multifamily housing

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of households assisted through the Mortgage Revenue Bond Program	1,611	0	0%	750

**Explanation of Variance:** Economic conditions in the equity markets made it difficult for developers to submit a financially feasible application for 4% credits and private activity bonds this quarter. The two applications that were under review in Quarter 3 of SFY 2011 were both withdrawn.

**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 Public Affairs Division and the Housing Resource Center

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of information and technical assistance requests completed	5,000	8,405	168.10%	5,000

**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 SFY 2011, the HRC has experienced a higher volume of requests than usual due in large part to the continuing economic downturn.

**Strategy 2.2**

To provide technical assistance to colonias through field offices

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of on-site technical assistance visits conducted annually from the field offices	900	993	110.33%	900

**Explanation of Variance:** The Office of Colonia Initiatives (OCI) exceeded its projected performance measures for on-site technical assistance visits due to the continued marketing efforts of the Programs offered by the Department to nonprofit organizations and units of local governments. In addition, Border Field Office staff continues to provide technical assistance for the Texas Bootstrap Self-Help Housing Technical Assistance Program and Colonia Self-Help Center Program.

**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.

Strategy Measure #1	2011 Target	2011 Actual	% of Goal	2012 Target
Number of persons assisted through homeless and poverty related funds	531,498	831,801	156.50%	599,032

**Explanation of Variance:** Persons assisted through homeless and poverty-related funds is impacted by the number of persons assisted through the Community Services Block Grant (CSBG) and Emergency Shelter Grants Program (ESGP) as well as 10,093 persons served through the Homelessness Prevention and Rapid Re-Housing (HPRP) program, which is funded by the Recovery Act. CSBG funded organizations also received other Recovery Act funding which enabled them to serve many more persons and those numbers are reflected in the number of persons served through CSBG.

Strategy Measure #2	2011 Target	2011 Actual	% of Goal	2012 Target
Number of persons assisted that achieve incomes above poverty level.	2,800	1,145	40.89%	1,200

**Explanation of Variance:** The Department did not meet its projected target due to the increased difficulty of transitioning persons out of poverty during the economic downturn and period of high unemployment. Additionally, CSBG funded organizations received CSBG ARRA funds and other ARRA funds which enabled them to serve many more persons. The economic downturn impacting Texas has affected the ability to assist persons to achieve incomes above the poverty level.

**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	2011 Target	2011 Actual	% of Goal	2012 Target
Number of households receiving Energy Assistance	48,152	207,913	431.78%	47,653

**Explanation of Variance:** Federal LIHEAP funding increased, allowing assistance to more households than expected.

Strategy Measure #2	2011 Target	2011 Actual	% of Goal	2012 Target
Number of dwelling units weatherized through Weatherization Assistance Program	2,257	36,656	1,624.10%	2,610

**Explanation of Variance:** TDHCA received federal stimulus funding, allowing additional households to be served. Households reported include 27,200 served through ARRA DOE WAP funds.

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

**Strategy 4.1**

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

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Total number of monitoring reviews conducted	959	983	102.50%	933

**Explanation of Variance:** None needed.

**Strategy 4.2**

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

Strategy Measure (A)	2011 Target	2011 Actual	% of Goal	2012 Target
Total number of contract monitoring reviews conducted	248	249	100.4%	208

**Explanation of Variance:** None needed.

**GOAL 5:** To protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

**Strategy 5.1**

Provide titling and licensing services in a timely and efficient manner.

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of manufactured housing statements of ownership and location issued	80,000	60,126	75.15%	70,000

**Explanation of Variance:** This measure is under the targeted amount due to the high number of applications received incomplete, currently about 39 percent. The Statements of Locations returned to the applicant for additional information will be resubmitted and reviewed for issuance.

**Strategy 5.2**

Conduct inspections of manufactured homes in a timely manner.

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Number of installation reports received	13,000	10,739	82.61%	11,000

**Explanation of Variance:** Performance is under the targeted projection due to receiving fewer installation reports than projected.

**Strategy 5.3**

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

Strategy Measure #1	2011 Target	2011 Actual	% of Goal	2012 Target
Number of complaints resolved	850	588	69.18%	600

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

Strategy Measure #2	2011 Target	2011 Actual	% of Goal	2012 Target
Average time for complaints resolution	180	99.2	55.11%	180

**Explanation of Variance:** The average time is under the targeted projection, which is desirable.

*External/Internal Assessment*

Strategy Measure #3	2011 Target	2011 Actual	% of Goal	2012 Target
Number of jurisdictional complaints received	750	504	67.20%	550

**Explanation of Variance:** This measure is under the targeted projection because the Department is receiving fewer complaints than projected.

Riders 5 & 6 are established in legislation, 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. The housing finance divisions shall adopt an annual goal to apply \$30,000,000 of the division’s total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Rider 5 (a)	2011 Target	2011 Actual	% of Goal	2012 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	\$37,914,380	126.4%	\$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% of the division’s total housing funds toward housing assistance for individuals and families earning between 31% and 60% of median family income.

Rider 5 (b)	2011 Target	2011 Actual	% of Goal	2012 Target
Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31% and 60% of median family income.	20%	45.1%	240.5%	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 area median family income.

## External/Internal Assessment

TDHCA must help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

Strategy Measure	2011 Target	2011 Actual	% of Goal	2012 Target
Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60% of median family income.	100	18	18%	100

**Explanation of Variance:** Rider 6 of the Department's appropriations act requires that the Department direct \$2,000,000 a year towards completing 100 contract for deed conversions. For FY 2011 the Department allocated \$796,122.70 towards 18 contract for deed conversions. The decline in the number of contract for deed requests has inhibited the ability of the Department to attain the target. The Department is currently conducting a Contract for Deed Prevalence Project to study the current prevalence of contracts for deed in Texas, estimating the number and date of origination of CFDs in colonias, as well as examine title issues and determine abuses during the sale of property in colonias.

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

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Amount of HOME project allocation awarded to applicants that target persons with disabilities.	\$2,000,000	\$2,072,087.57	103.6%	\$2,000,000

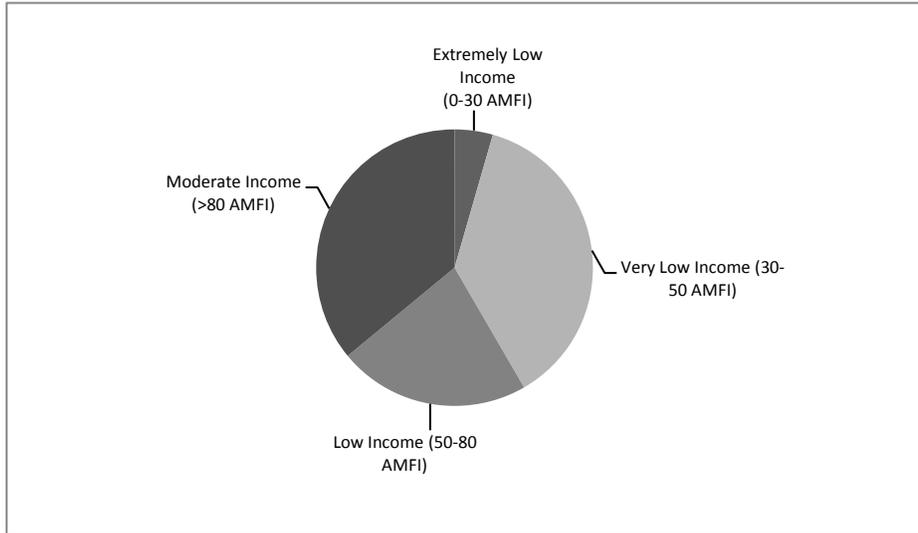
**Explanation of Variance:** These include funds from the Persons with Disabilities Set-Aside and HOME general funds that were used to assist households with persons with disabilities. It is important to note that while funds from the set-aside may be used anywhere in the state, HOME general funds may only be utilized in non-participating jurisdictions, those communities that do not receive funds directly from HUD.

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

### *Serving Critical Populations*

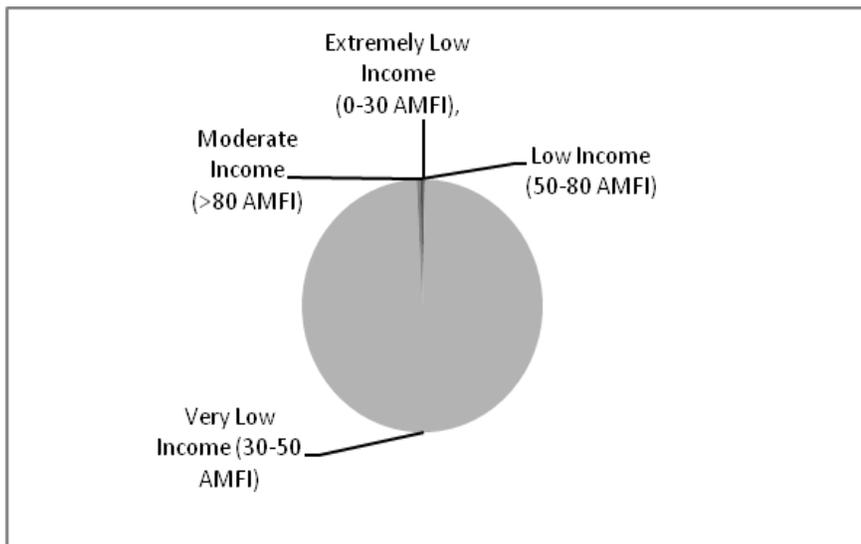
As shown in the figures below, the distribution of TDHCA's housing resources in fiscal year 2011 showed a clear prioritization of assistance to individuals and households with the lowest incomes. The vast majority of households served by the Department were classified as extremely low income, very low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

**Figure 5. Total Funding by Income Level, FY 2011**



Type	Percent
Extremely Low Income (0-30 AMFI)	5%
Very Low Income (30-50 AMFI)	37%
Low Income (50-80 AMFI)	23%
Moderate Income (>80 AMFI)	36%

**Figure 6. Total Households Served by Income Level, FY 2011**



Type	Percent
Extremely Low Income (0-30 AMFI)	0.34%
Very Low Income (30-50 AMFI)	99.04%
Low Income (50-80 AMFI)	0.51%
Moderate Income (>80 AMFI)	0.25%

**Table 26. TDHCA Funding and Households/Persons Served by Income**  
**Table 27. Category, FY 2011 - 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)	\$26,322,185	2,442	5%	0.34%
Very Low Income (30-50 AMFI)	\$218,368,298	715,140	37%	99.04%
Low Income (50-80 AMFI)	\$131,533,117	3,678	23%	0.51%
Moderate Income (>80 AMFI)	\$211,607,912	1794	36%	0.25%
Total	\$587,831,512	723,054	101%	100.14%

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

- 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. 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 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. 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. These audits and reviews are performed by the Department's Internal Audit Division, its 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 has significantly improved the processes used to manage the Neighborhood Stabilization Program, a \$101 million program funded by the Housing and Economic Recovery Act of 2008 (HERA.) The Neighborhood Stabilization Program provides funds to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline in value of neighboring homes.
- Controls over the Department's process for contracting for services were enhanced by improving the procedures used for scoring and recommending contract awards.
- TDHCA enhanced its monitoring procedures for the Weatherization Assistance Program to help ensure that \$327 million in Recovery Act funds were spent according to program objectives. In addition, the processes used to prevent, detect and identify fraud, waste or abuse were formalized and strengthened. This resulted in increased training for both the Department's program staff and its subrecipients in fraud, waste and abuse prevention and detection.
- TDHCA improved its draw processes and draw checklists used for the Tax Credit Exchange Program to help ensure that payments were only made for costs which were already incurred and that the expenses were adequately documented.

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, meeting all federal obligation and expenditure deadlines and managing an enlarged pool of local providers. The Department also engaged in more comprehensive training and technical assistance activities, so to ensure that new and existing providers of TDHCA funding would be able to successfully provide assistance to needy households. A final result of Recovery Act, as its activities come to a close, is 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.

## 3. Implementation of CDBG Disaster Recovery Funding

As an administrator of federal disaster recovery funding in the wake of Hurricanes Ike and Dolly, the Department became more adept at providing education and outreach around issues of fair housing choice.

### *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 2012 Report of Customer Service, 77.8 percent of respondents agreed or strongly agreed with the statement that they were satisfied with their experience with TDHCA. Regarding staff, 85.9 percent of respondents agreed or strongly agreed that TDHCA staff are courteous and 82.1 percent agreed or strongly agreed that TDHCA Staff members demonstrated a willingness to assist. However, 15.1 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 13.9 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."

To increase the Department's outreach to existing and potential customers, TDHCA implemented a new social media initiative in November 2011. Through TDHCA's Twitter account: [www.Twitter.com/TDHCA](http://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 by the Department in 2011 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 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 has begun a project to assess each program area's current data collection methods and create a standardized data collection method for capturing the housing need of these populations.

#### C. Key Obstacles

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

**On-going Legacy Issues:** The Department is currently experiencing a confluence of a number of "legacy" issues that are simultaneously reaching critical stages. These issues include the ICP vs. TDHCA et al. litigation, the creation of the State of Texas Plan for Fair Housing Choice: Analysis of Impediments (AI), the ramp-down of several Recovery Act programs, the fast approaching federal deadlines for the ARRA-WAP and NSP programs, and significant monitoring and compliance issues which have arisen with local recipients of TDHCA funding, including Community Action Agencies and multifamily developments. These on-going tasks are each complex and significant in and of themselves and prove taxing on a limited staff at a time of great organizational change.

**Fiscal:** The largest obstacle TDHCA faces is the limited amount of financial resources available for affordable housing. Even with all of its resources, TDHCA can serve only about 3.8 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.

To add to the fiscal obstacles, the economic downturn starting in 2008 has led to a decrease of the annual TDHCA financial sources. Housing tax credits were severely devalued as tax credits ceased to be in high demand; reduced earnings by businesses that would have bought tax credits resulted in less need for a reduction in their taxes and less need for tax credits. From 2008 to 2009 tax credits went from \$.80 cents on the dollar to \$.70 cents on the dollar. In addition, there was significantly less demand for bonds. In SFY 2010, no multifamily bonds were issued, whereas the prior fiscal year \$42,690,000 in multifamily bonds were issued.

To address the crisis with the devaluation of Housing Tax Credits, the federal government has created two new programs: Housing Tax Credit Exchange and Housing Tax Credit Assistance Program. In addition, 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. These new programs resulted in approximately \$1.1 billion in additional funds for three years starting in 2009. However, a majority of these funds will most likely not address need that existed before the economic downturn; much of the need addressed will most likely be need created by the economic downturn, such as the housing tax credit exchange devaluation, falling property values as a result of excessive foreclosures and increased dangers of homelessness as households' incomes decrease.

**Lack of Organizational Capacity:** Service providers may also lack organizational capacity. Because of the remote nature of and smaller communities in rural areas, many of these 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 a matching funds, staff members (if any) to put together an application and oversee an application is funding is obtained.

**Local Opposition to Affordable Housing:** Public opposition acts as a barrier to affordable housing, especially in regards to low-income multifamily development. During every

application cycle for affordable multifamily housing, several communities submit letters to the Department stating their opposition to the proposed developments. 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.

**Water Service for Colonias:** Another obstacle applies to colonias projects. 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 projects for months.

**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.

**Technological:** Since TDHCA was created in 1991 through the early 2000s, its program data has tended to be stored and accessed in a number of separate databases. These separate data sources have been an obstacle to effective agency operations. TDHCA has managed to consolidate much of this data into a single source, the Central Database. This has allowed for processes associated with community affairs and housing contract management, draw requests, and compliance reporting to be automated. Because financial data and some loan data exist in other systems (PeopleSoft Financials and Mitas), TDHCA is currently working on a data warehousing solution to integrate some Central Database, Mitas, and PeopleSoft data for reporting purposes. Additionally, in early FY2012, the Department launched the new Manufactured Housing System, which replaced the Manufactured Housing Division's legacy system with a web-based system that addresses all major MHD responsibilities.

D. Opportunities

*Organizational Training and Employee Development*

In February 2012, TDHCA participated in an Organizational Excellence Survey sponsored by the University of Texas. The survey helps TDHCA leadership by providing information about work force issues that impact the quality of service ultimately delivered its customers. 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 2012 and in many cases continuing into the FY 2013-2017 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Provide citizens 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:
  - Agency Scorecard Data Warehouse
  - Compliance Monitoring and Tracking System Enhancements
  - Help for Texans/2-1-1 Texas Data Integration
  - HR System Migration to Centralized Accounting and Payroll/Personnel System
  - Housing Contract System - Environmental Reviews Module
  - Manufactured Housing System Phase 2 - Expand Texas.gov Payment Options for Customers
  - 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 new 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.

*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 information on its affordable housing and community affairs programs available to their constituents and the impact these programs have on their districts. The Department services 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 with federal, state, regional, and local organizations, TDHCA strives to develop and maintain partnerships with a wide variety of groups. Additionally, given TDHCA's current efforts to update the State of Texas Plan for Fair Housing Choice Analysis of Impediments (AI), the Department continues to seek collaborative partnerships with state, regional, and local organizations to provide education, training, and outreach around issues of affirmatively furthering fair housing choice.

*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, HTF, HOME) in the form of multifamily developments and single family homeownership initiatives.

*Coordination with State Agencies*

Below is a listing of state agencies 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. Finally, TDHCA and TDA are working together to administer the Community Development Block Grant Disaster Recovery funding for Hurricanes Rita and Katrina and Hurricanes Dolly and Ike.

- 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—a council comprised of six member state agencies.
- 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 and DADS have also recently partnered on two different applications for federal funding through CMS. 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 manages the bank account for the TDHCA Texas Statewide Homebuyer Education Program, collaborates with TDHCA to administer the National Foreclosure Mitigation Counseling program, and is a Neighborhood Stabilization Program provider.
- 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 81<sup>st</sup> 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 seven State agency representative members. The Executive Director of the Texas Department of Housing and Community Affairs serves as the Council Chair.
- Texas General Land Office (GLO): TDHCA partners with GLO to transition the administration of CDBG Disaster Recovery programs and continues to provide information technology support services for these programs.
- 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.
- Local Utility Companies: TDHCA has partnerships with financial commitments between the Weatherization Assistance Program and El Paso Electric to provide energy conservation measures to very low and extremely low income utility customers.
- NeighborWorks America. TDHCA continues to contract with NeighborWorks America to facilitate the Texas Statewide Homebuyer Education Program training. The program also collaborates with several other partners including TSAHC, JP Morgan Chase, Fannie Mae, the Texas Home of Your Own Coalition, and Texas C-BAR to implement the trainings.
- Texas Association of Realtors: The Department since 2004 has worked with the Texas Association of Realtors and Fannie Mae 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 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 March of 2012, 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 370. 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 313 employees who were invited to take the survey, 234 responded. The response rate of the survey for TDHCA was 75 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 28. Survey of Organizational Excellence: 2010 and 2012 Comparison**

		Higher Scoring Constructs		Moderate Scoring Constructs		Lower Scoring Constructs	
		2012 SURVEY RESULTS		2010 SURVEY RESULTS			
CONS_NO	CONSTRUCT NAME	SCORES 2012		CONSTRUCT NAME	SCORES 2010	POINTS DEVIATED	
1	Supervision	390		Supervision	411	-21	
2	Team	387		Team	402	-15	
3	Quality	373		Quality	387	-14	
4	Pay	271		Pay	310	-39	
5	Benefits	387		Benefits	391	-4	
6	Physical Environment	372		Physical Environment	379	-7	
7	Strategic	398		Strategic	414	-16	
8	Diversity	361		Diversity	376	-15	
9	Information Systems	369		Information Systems	374	-5	
10	Internal Communication	346		Internal Communication	360	-14	
11	External Communication	375		External Communication	394	-19	
12	Employee Engagement	382		Employee Engagement	397	-15	
13	Employee Development	377		Employee Development	401	-24	
14	Job Satisfaction	381		Job Satisfaction	382	+1	

*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: 398)**

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: 390)**

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: 387)**

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: 271)**

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: 346)**

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: 361)**

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.

*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.

**Table 29. Climate Analysis: 2010 and 2012 Comparison**

2012 SURVEY RESULTS			2010 SURVEY RESULTS		
CONS_NO	CONSTRUCT NAME	SCORES 2012	CONSTRUCT NAME	SCORES 2010	POINTS DEVIATED
	CLIMATE ANALYSIS		CLIMATE ANALYSIS		
15	Climate/Atmosphere	390	Climate/Atmosphere	396	-6
16	Climate/Ethics	387	Climate/Ethics	386	-1
17	Climate/Fairness	345	Climate/Fairness	348	-3
18	Climate/Feedback	339	Climate/Feedback	360	-21
19	Climate/Management	365	Climate/Management	358	+7

*Strategies for Improvement*

The Department will continue to capitalize on the information derived from the 2012 Survey of Employee Engagement to improve in areas of concern as noted below.

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.

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 continue to have internal communications with staff through agency wide staff meetings and internal communication methods and will promote an environment that encourages employees to 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 2012-2013 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 eligible housing activities and develop/preserve 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 federal mortgage loans, through the department's Single Family Mortgage Revenue Bond (MRB) Program and Mortgage Credit Certificate 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

#### 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 Certificate Program

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 housing in rural areas of the state.

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 state housing loans and grants through the Housing Trust Fund for very low and low income households.

Efficiency 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 LI, VLI, and low income households by providing information and technical 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 Housing Resource Center

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.

Promote and enhance homeownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of LI, VLI, and ELI along the Texas-Mexico border.

Strategy 1.

Assist colonias, border communities, and non-profits through Department programs, Border Field Offices, and Colonia Self-Help Centers.

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 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.

## Goals, Objectives, Strategies and Measures

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### 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.

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

## *Goals, Objectives, Strategies and Measures*

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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.

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**

The following template is provided for the completion of the Technology Resources Planning section.

<b>1. Initiative Name:</b> Name of the technology initiative.	
Provide citizens access to information and services through the TDHCA website and social media.	
<b>2. Initiative Description:</b> Brief description of the technology initiative.	
This initiative 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.	
<b>3. Associated Project(s):</b> 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.	
<b>Name</b>	<b>Status</b>
No associated ITD projects.	
<b>4. Agency Objective(s):</b> Identify the agency objective(s) that the technology initiative supports.	
<ul style="list-style-type: none"> <li>• Goal/Objective 2-1 – Provide Information and Assistance - Provide Information and Assistance for Housing and Community Services</li> <li>• Goal/Objective 5-1 – Regulate Manufactured Housing Industry - Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other</li> </ul>	
<b>5. Statewide Technology Priority(ies):</b> Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> <li>• P1 – Cloud</li> <li>• P2 – Data Management</li> <li>• P3 – Data Sharing</li> <li>• P4 – Infrastructure</li> <li>• P5 – Legacy Applications</li> </ul>	<ul style="list-style-type: none"> <li>• P6 – Mobility</li> <li>• P7 – Network</li> <li>• P8 – Open Data</li> <li>• P9 – Security and Privacy</li> <li>• P10 – Social Media</li> </ul>
This initiative aligns with the following statewide technology priorities:	
<ul style="list-style-type: none"> <li>• P2 – Data Management</li> <li>• P3 – Data Sharing</li> <li>• P8 – Open Data</li> <li>• P10 – Social Media</li> </ul>	
<b>6. Guiding Principles:</b> As applicable, describe how the technology initiative will address the following statewide technology guiding principles:	
<ul style="list-style-type: none"> <li>• Connect – expanding citizen access to services</li> <li>• Innovate – leveraging technology services and solutions across agencies</li> <li>• Trust – providing a clear and transparent accounting of government services and data</li> <li>• Deliver – promoting a connected and agile workforce</li> </ul>	
<ul style="list-style-type: none"> <li>• Connect and Trust – The website is the primary agency communication tool for providing citizens information about agency programs and services. At TDHCA, posting up-to-date, accessible information to the website is a collaborative effort in which all agency divisions invest significant amounts of time and resources. In FY 2011, TDHCA began using social media technologies,</li> </ul>	

<p><b>1. Initiative Name:</b> Name of the technology initiative.</p>
<p>including Facebook and Twitter. Through the use of social media, TDHCA has added another method (in addition to the website and agency email list) of communicating with citizens.</p>
<p><b>7. Anticipated Benefit(s):</b> Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:</p> <ul style="list-style-type: none"> <li>• Operational efficiencies (time, cost, productivity)</li> <li>• Citizen/customer satisfaction (service delivery quality, cycle time)</li> <li>• Security improvements</li> <li>• Foundation for future operational improvements</li> <li>• Compliance (required by State/Federal laws or regulations)</li> </ul>
<p>TDHCA expects to gain the following benefits through this initiative:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Increased customer knowledge of program rules and funding availability, which helps TDHCA move funding from TDHCA through subrecipients to citizens. Increased customer knowledge of program rules assists compliance objectives.</li> </ul>
<p><b>8. Capabilities or Barriers:</b> 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.</p> <p>The major barrier associated with this initiative is limited staffing resources compared to the volume of information maintained on the website.</p>

<p><b>1. Initiative Name:</b> Name of the technology initiative.</p>
<p>Enhance and maintain TDHCA’s Central Database systems, the Manufactured Housing System, and enterprise resource planning (ERP) systems.</p>
<p><b>2. Initiative Description:</b> Brief description of the technology initiative.</p>
<p>This initiative consists of software development projects and operational activities that TDHCA will carry out 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"> <li>• Agency Scorecard Data Warehouse (in progress)</li> <li>• Compliance Monitoring and Tracking System Enhancements (in progress)</li> <li>• Help for Texans/2-1-1 Texas Data Integration (in progress)</li> <li>• HR System Migration to Centralized Accounting and Payroll/Personnel System (evaluating)</li> <li>• Housing Contract System - Environmental Reviews Module (in progress)</li> </ul>

## Technology Resource Planning

<p><b>1. Initiative Name:</b> Name of the technology initiative.</p> <ul style="list-style-type: none"> <li>• Manufactured Housing System Phase 2 - Expand Texas.gov Payment Options for Customers (in progress)</li> <li>• Mitas Accounting and Loan Administration System - Periodic Version Upgrades (ongoing)</li> </ul> <p>None of the above are IT capital budget projects and therefore will not be included in TDHCA's Information Technology Detail.</p>			
<p><b>3. Associated Project(s):</b> 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>			
<b>Name</b>	<b>Status</b>		
No associated ITD projects.			
<p><b>4. Agency Objective(s):</b> Identify the agency objective(s) that the technology initiative supports.</p> <ul style="list-style-type: none"> <li>• Goal/Objective 1-1 – Increase Availability of Safe/Decent/Affordable Housing - Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</li> <li>• Goal/Objective 2-1 – Provide Information and Assistance - Provide Information and Assistance for Housing and Community Services</li> <li>• Goal/Objective 3-1 – Improve Poor/Homeless Living Conditions &amp; Reduce VLI Energy Costs - Ease Hardships for 16% of Homeless &amp; Very Low Income Persons Each Year</li> <li>• Goal/Objective 4-1 – Ensure Compliance with Program Mandates - Monitor Developments &amp; Subrecipient Contracts for Compliance</li> <li>• Goal/Objective 5-1 – Regulate Manufactured Housing Industry - Operate a Regulatory System To Ensure Responsive SOL/Licensing/Other</li> </ul>			
<p><b>5. Statewide Technology Priority(ies):</b> Identify the statewide technology priority or priorities the technology initiative aligns with, if any.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• P1 – Cloud</li> <li>• P2 – Data Management</li> <li>• P3 – Data Sharing</li> <li>• P4 – Infrastructure</li> <li>• P5 – Legacy Applications</li> </ul> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> <li>• P6 – Mobility</li> <li>• P7 – Network</li> <li>• P8 – Open Data</li> <li>• P9 – Security and Privacy</li> <li>• P10 – Social Media</li> </ul> </td> </tr> </table>		<ul style="list-style-type: none"> <li>• P1 – Cloud</li> <li>• P2 – Data Management</li> <li>• P3 – Data Sharing</li> <li>• P4 – Infrastructure</li> <li>• P5 – Legacy Applications</li> </ul>	<ul style="list-style-type: none"> <li>• P6 – Mobility</li> <li>• P7 – Network</li> <li>• P8 – Open Data</li> <li>• P9 – Security and Privacy</li> <li>• P10 – Social Media</li> </ul>
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<p>This initiative aligns with the following statewide technology priorities:</p> <ul style="list-style-type: none"> <li>• P2 – Data Management</li> <li>• P3 – Data Sharing</li> <li>• P4 – Infrastructure</li> <li>• P5 – Legacy Applications</li> <li>• P8 – Open Data</li> <li>• P9 – Security and Privacy</li> </ul>			
<p><b>6. Guiding Principles:</b> As applicable, describe how the technology initiative will address the following statewide technology guiding principles:</p> <ul style="list-style-type: none"> <li>• Connect – expanding citizen access to services</li> <li>• Innovate – leveraging technology services and solutions across agencies</li> <li>• Trust – providing a clear and transparent accounting of government services and data</li> <li>• Deliver – promoting a connected and agile workforce</li> </ul>			

<p><b>1. Initiative Name:</b> Name of the technology initiative.</p>
<ul style="list-style-type: none"> <li>• Connect – Through projects in this initiative TDHCA will a) interface TDHCA Help for Texas data with the Health and Human Services Commission’s 2-1-1 Texas to expand citizen/customer access to housing and community services provider information, b) enhance Central Database systems with new features such as the Environmental Reviews Module to expand customer access to program data, and c) provide Manufactured Housing Division customers the ability to submit required forms and associated fees online.</li>   <li>• Innovate – TDHCA and HHSC are leveraging 2-1-1 Texas to increase access to housing and community services provider information. The General Land Office leverages TDHCA’s Housing Contract System in the administration of Community Development Block Grant Disaster Recovery funding.</li> </ul>
<p><b>7. Anticipated Benefit(s):</b> Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:</p> <ul style="list-style-type: none"> <li>• Operational efficiencies (time, cost, productivity)</li> <li>• Citizen/customer satisfaction (service delivery quality, cycle time)</li> <li>• Security improvements</li> <li>• Foundation for future operational improvements</li> <li>• Compliance (required by State/Federal laws or regulations)</li> </ul>
<p>TDHCA expects to gain the following benefits through this initiative:</p> <ul style="list-style-type: none"> <li>• Increased operational efficiencies through the Agency Scorecard Data Warehouse, Compliance Monitoring and Tracking System Enhancements, HR System Migration to Centralized Accounting and Payroll/Personnel System, Housing Contract System - Environmental Reviews Module, and Manufactured Housing System Phase 2 - Expand Texas.gov Payment Options for Customers projects.</li>   <li>• Increased citizen/customer satisfaction through the Agency Scorecard Data Warehouse, Compliance Monitoring and Tracking System Enhancements, Help for Texans/2-1-1 Texas Data Integration, Housing Contract System - Environmental Reviews Module, and Manufactured Housing System Phase 2 - Expand Texas.gov Payment Options for Customers projects.</li> </ul>
<p><b>8. Capabilities or Barriers:</b> 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 and operational activities, limited budgets, and the complexity of projects and systems.</p>

## Technology Resource Planning

<b>1. Initiative Name:</b> Name of the technology initiative.	
Increase the reliability, performance, and security of the agency's network.	
<b>2. Initiative Description:</b> Brief description of the technology initiative.	
This initiative consists of infrastructure projects and activities that TDHCA will carry out to ensure that agency systems and data are highly available to citizens and employees, perform at a highly responsive level, and are secured from unintended access.	
<b>3. Associated Project(s):</b> 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.	
<b>Name</b>	<b>Status</b>
No associated ITD projects.	
<b>4. Agency Objective(s):</b> Identify the agency objective(s) that the technology initiative supports.	
This initiative indirectly supports all agency objectives.	
<b>5. Statewide Technology Priority(ies):</b> Identify the statewide technology priority or priorities the technology initiative aligns with, if any.	
<ul style="list-style-type: none"> <li>• P1 – Cloud</li> <li>• P2 – Data Management</li> <li>• P3 – Data Sharing</li> <li>• P4 – Infrastructure</li> <li>• P5 – Legacy Applications</li> </ul>	<ul style="list-style-type: none"> <li>• P6 – Mobility</li> <li>• P7 – Network</li> <li>• P8 – Open Data</li> <li>• P9 – Security and Privacy</li> <li>• P10 – Social Media</li> </ul>
This initiative aligns with the following statewide technology priorities:	
<ul style="list-style-type: none"> <li>• P2 – Data Management</li> <li>• P4 – Infrastructure</li> <li>• P7 – Network</li> <li>• P9 – Security and Privacy</li> </ul>	
<b>6. Guiding Principles:</b> As applicable, describe how the technology initiative will address the following statewide technology guiding principles:	
<ul style="list-style-type: none"> <li>• Connect – expanding citizen access to services</li> <li>• Innovate – leveraging technology services and solutions across agencies</li> <li>• Trust – providing a clear and transparent accounting of government services and data</li> <li>• Deliver – promoting a connected and agile workforce</li> </ul>	
<ul style="list-style-type: none"> <li>• Connect – This initiative will expand citizen access through a focus on high availability for systems used to present information to agency subrecipients, Manufactured Housing Division customers, and the public in general.</li> <li>• Innovate – TDHCA shares a small data center with the Texas Treasury Safekeeping Trust Company.</li> <li>• Deliver – Through this initiative TDHCA will continue to ensure that employees have secure remote access to information systems and data needed to fulfill job responsibilities when away from the office.</li> </ul>	

<p><b>1. Initiative Name:</b> Name of the technology initiative.</p>
<p><b>7. Anticipated Benefit(s):</b> Identify the benefits that are expected to be gained through the technology initiative. Types of benefits include:</p> <ul style="list-style-type: none"> <li>• Operational efficiencies (time, cost, productivity)</li> <li>• Citizen/customer satisfaction (service delivery quality, cycle time)</li> <li>• Security improvements</li> <li>• Foundation for future operational improvements</li> <li>• Compliance (required by State/Federal laws or regulations)</li> </ul>
<p>TDHCA expects to gain the following benefits through this initiative:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Security improvements, through an increased focus on policies, patch management, and vulnerability analysis.</li> </ul>
<p><b>8. Capabilities or Barriers:</b> 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 newly acquired server hardware, existing security software and hardware, and talented and knowledgeable technology staff.</p> <p>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.</p>

## **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. data collection,
4. analysis and policy development,
5. legal and executive review,
6. public comment acceptance and response,
7. board review and approval (if appropriate), and
8. 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 staff is consulted for their expertise and to request any required supporting data. A round table discussion with members of the public 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. After the draft policy has been developed, a black-lined rule or plan is drafted to communicate it to all stakeholders. The draft is then reviewed by legal and executive staff, and is also approved by the TDHCA Board. Any outstanding issues are 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.

## Appendix A: Description of TDHCA's Planning Process

While quantifying the housing needs of Texas is vital to the TDHCA planning process, it is also essential to reconcile the data with local needs to establish regional priorities. Therefore the next phase of planning revolves around dialogue with public officials, consumers and interested parties. All data and resulting conclusions are made available to the public followed by public comment periods and public hearings.

In addition to the many special topic hearings and round tables held each year, TDHCA holds a set of consolidated public hearings annually (Consolidated Hearings) to cover all aspects of the Department's services and the provision of those services. The Consolidated Hearings are held throughout the state in cities selected to reach approximately half of the regions in Texas. The hearings ensure that TDHCA customers have direct contact with agency staff. The discussions at the public hearings focus on the state's affordable housing and community service needs, Department program rules, and Department policies as outlined in the *State of Texas Low Income Housing Plan and Annual Report* and the *State of Texas Consolidated Plan*.

TDHCA strongly encourages public involvement in the Department's policy development process. In addition to 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. General Department policies are outlined in the *State of Texas Low Income Housing Plan*. 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 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 policy 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 customers 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 the public the opportunity to address program policies.

## Appendix A: Description of TDHCA's Planning Process

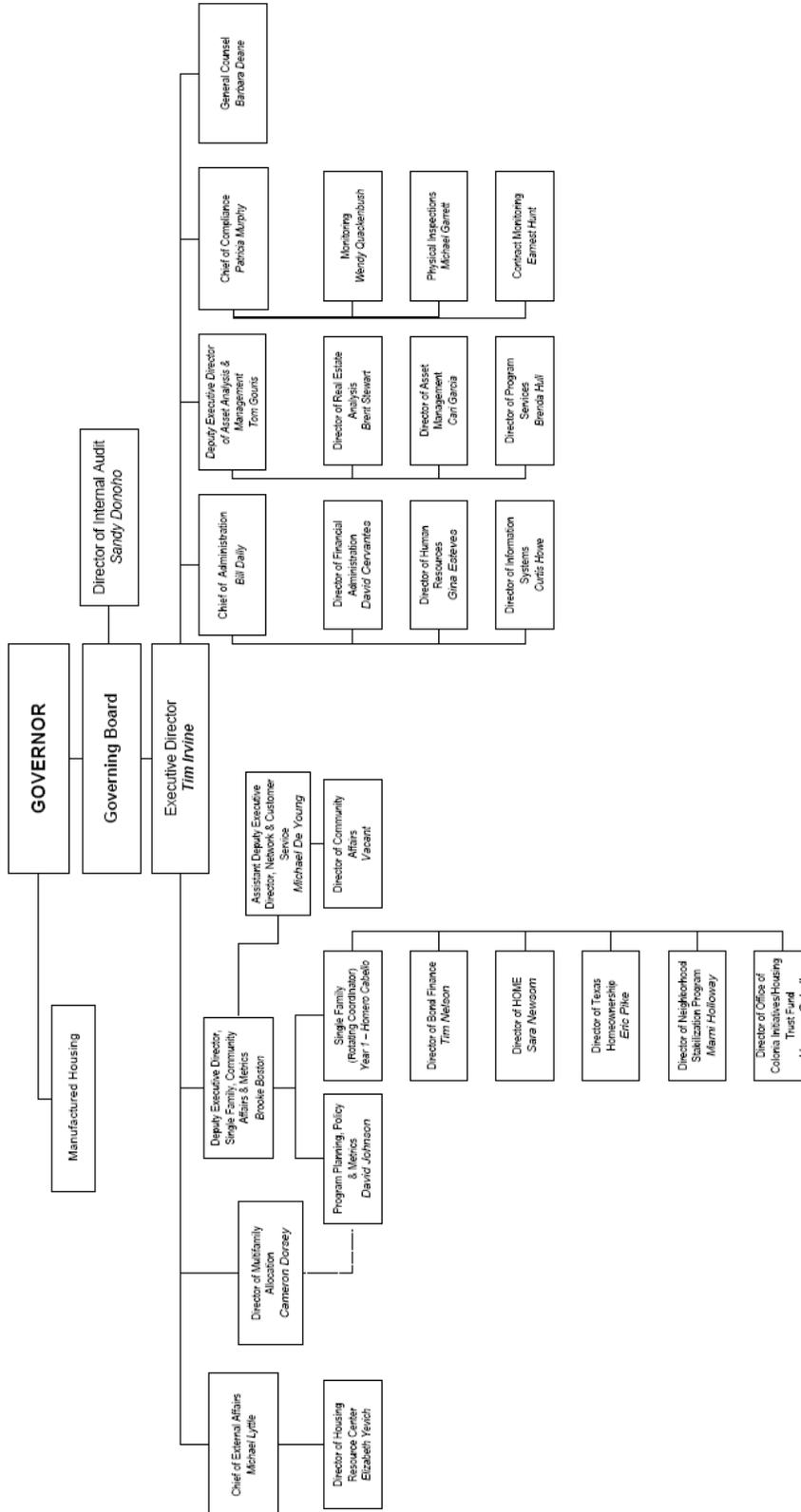
Once the document or rule is approved and in place, TDHCA uses performance measurement to review its effectiveness. The performance measurements are reported to the Legislative Budget Board and in planning documents, such as the State Low Income Housing Plan and Annual Report. Strategies, which are ways 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 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**

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS**



4/27/2012

## APPENDIX C. FIVE-YEAR PROJECTIONS FOR OUTCOMES

**Table 1. Five-Year Projections for Outcomes\***

\*Key Outcome Measures are shown in bold.

1 Increase Availability of Safe/Decent/Affordable Housing	2012	2013	2014	2015	2016	2017
<b>1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing</b>						
<b>% of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	0.44%	0.46%	0.46%	0.46%	0.46%	0.46%
<b>% of Households/Individuals of Very Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	0.30%	0.31%	0.31%	0.31%	0.31%	0.31%
<b>% of Households/Individuals of Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	0.73%	0.80%	0.80%	0.80%	0.80%	0.80%
<b>% of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance</b>	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%
% of Multi-family Rental Units Benefiting Very Low, Low and Moderate Income Households	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>2 Provide Information and Technical Assistance</b>						
<b>1 Provide Info &amp; Technical Assistance for Housing and Community Services</b>						
% of Short Term and Long Term Information and Technical Assistance Requests Fulfilled Within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>3 Improve Poor/Homeless Living Conditions &amp; Reduce VLI Energy Costs</b>						
<b>1 Ease Hardships for 16% of Homeless &amp; Very Low Income Persons Each Year</b>						
<b>% of Persons in Poverty that Received Homeless and Poverty-related Assistance</b>	15.34%	15.57%	15.57%	15.57%	15.57%	15.57%
% of Emergency Shelters Assisted	5.28%	8.81%	8.81%	8.81%	8.81%	8.81%
% of Persons Assisted that Achieve Incomes above Poverty Level	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
<b>2 Reduce Cost of Home Energy for 6% of Very Low Income Households</b>						
<b>% of Very Low Income Households Receiving Energy Assistance</b>	5.21%	4.82%	4.82%	4.82%	4.82%	4.82%
<b>4 Ensure Compliance with Program Mandates</b>						
<b>1 Monitor Developments and Subrecipient Contracts for Compliance</b>						
% of Properties Monitored Annually	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Properties Monitored by the PMC Division that Are in Material Non-compliance	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Effective: 4/27/12

*Appendix C. Five Year Projections for Outcomes*

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<b>5 Regulate Manufactured Housing Industry</b>	2012	2013	2014	2015	2016	2017
<b>1 Operate a Regulatory System Ensure Responsive SOL/Licensing/Other</b>						
% of Applications Processed within Established Time Frames	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Consumer Complaint Inspections Conducted within 30 Days of Request</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>% of Complaints Resulting in Disciplinary Action</b>	12.00%	20.00 %	20.00 %	20.00 %	20.00 %	20.00 %
% of Documented Complaints Resolved within Six Months	80.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Recidivism Rate for those Receiving Disciplinary Action	26.00%	20.00%	20.00%	20.00%	20.00%	20.00%

## **APPENDIX D. LIST OF 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 2012 for utilization by the Department during SFY 2014-2015 biennium.

### **OUTCOME MEASURE DEFINITIONS**

#### **1.1.1 Outcome**

**Definition:** The percentage of households/individuals of very low, low, and moderate income that need housing and subsequently receive housing or housing related assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the Housing Tax Credit program, the First Time Homebuyer program, the Multifamily Bond program and other housing funds.

**Data Limitations:** The Department contracts with local entities to administer its various housing programs. The intake, eligibility review, and actual service is provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

**Data Source:** The number of households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percentage of households assisted is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of Texans who need affordable housing.

**Purpose:** This measure addresses the extent to which services are provided by all housing programs and calculates the level of service compared to the need. This measure is important because it identifies the total population in need and of that population identifies how many households/individuals the housing programs were able to serve.

#### **1.1.2 Outcome**

**Definition:** The percentage of very low income households receiving housing assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the Housing Tax Credit program, the First Time Homebuyer program, the Multifamily Bond program and other housing funds..

**Data Limitations:** The Department contracts with local entities to administer its various housing programs. The intake, eligibility review, and actual service are provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

**Data Source:** The number of very low income households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percentage of households of very low income served with housing or housing related assistance is based on: (numerator) an actual count of

households/individuals using TDHCA's housing programs and (denominator) the most recent census data of very low income Texans who need affordable housing.

Purpose: The measure addresses the extent to which services are provided by all housing programs for very low income households and calculates the level of service provided to the very low income population.

#### 1.1.3 Outcome

Definition: The percentage of low income households receiving housing assistance represents services provided by the Housing Trust program, the HOME program, the Section 8 program, the Housing Tax Credit program, the First Time Homebuyer program, the Multifamily Bond program and other housing funds.

Data Limitations: The Department contracts with local entities to administer its various housing programs. The intake, eligibility review, and actual service are provided at the local level. The reporting of households served is provided by the contracted entity. Reported performance is considered reliable.

Data Source: The number of low income households served is maintained by each housing program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

Methodology: The percentage of low income households served with housing or housing related assistance is based on: (numerator) an actual count of households/individuals using TDHCA's housing programs and (denominator) the most recent census data of low income Texans who need affordable housing.

Purpose: The measure addresses the extent to which services are provided by all housing programs for low income households and calculates the level of service provided to the low income population. This measure is important because it identifies, of the number of low income, how many low income households/individuals the housing programs were able to serve.

#### 1.1.4 Outcome

Definition: The percentage of moderate income households receiving housing assistance represents services provided by the First Time Homebuyer program and other housing funds.

Data Limitations: The Department contracts with a Master Servicer to maintain data of households served. The intake, eligibility review and actual service is provided by the participating lender. The reporting of households served is also provided by the Master Servicer. Reported performance is considered reliable.

Data Source: The number of moderate income households served is maintained by the Single Family Bond program and reported quarterly. Data is provided by the Master Servicer, entered by staff and maintained in the agency's computer system.

Methodology: The percent of households of moderate income served with housing or housing related assistance is based on: (numerator) an actual count of moderate income households/individuals using TDHCA's housing programs and (denominator) the most recent census data of moderate income Texans who need affordable housing.

Purpose: The measure addresses the extent to which services are provided by the Single Family Bond program, which is the only housing program serving the moderate income

## *Appendix D: List of Measure Definitions*

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population. This measure is important because it identifies, of the number of moderate income, how many moderate income households/individuals the Single Family Bond program was able to serve.

### 1.1.5 Outcome

**Definition:** Under the multifamily bond programs, developers/borrowers can designate either 20% of the units in each property at 50% area median family income or 40% of the units at 60% area median family income. It is not possible to determine on a projection basis the overall percentage of units within these categories that will be financed in a given year.

**Data Limitations:** The number of units available for very low and low income households is reported by the project developer. Performance depends on the allocation of volume cap by state lottery conducted by the Texas Bond Review Board.

**Data Source:** The number of very low and low income households served is maintained by the Multifamily Bond program and reported quarterly. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** To calculate the percentage of units financed at the end of the year for any category, divide the number of total units within each category by the number of total units financed.

**Purpose:** The measure addresses the number of units in a development that have been designated for very low and low income families. This measure is important because it measures how effectively the Multifamily Bond program has been in providing rental units to very low and low income households/individuals.

### 2.1.1 Outcome

**Definition:** This measure tracks the percentage of information and technical assistance requests completed within established time frames by the Center for Housing Research, Planning, and Communications.

**Data Limitations:** No limitations

**Data Source:** The receipt and response to requests is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The percent of requests completed on time will be based on (numerator) total requests completed by the deadline established and (denominator) the total amount of requests completed.

**Purpose:** To ensure that the Department is responding to consumer information and technical assistance requests in a timely manner.

### 3.1.1 Outcome

**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.

**Data Limitations:** No limitations of data.

**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 requirement as allowed under federal guidelines.

**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 (at or below 125% of poverty) 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.

**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.

### 3.1.2 Outcome

**Definition:** The percent of emergency shelters assisted is based on the number of shelters/service providers assisted through ESGP funds during the fiscal year. Each project funded through ESGP subrecipients is counted as a shelter assisted.

**Data Limitations:** No limitations of data.

**Data Source:** The total number of shelters is determined by counting the number of shelters/services providers included in the ESGP mailing list maintained by the Community Services section. The Department counts each project funded through ESGP subrecipients as a shelter assisted. The Department tracks this information from contract records.

**Methodology:** The percent of emergency shelters assisted is based on the number of shelters/service providers assisted through ESGP funds during the fiscal year divided by the number of homeless shelters/service providers that exist in Texas.

**Purpose:** The measure identifies the percent of all homeless shelters/service providers in Texas that receive assistance in a fiscal year. This measure is important because it indicates how effective the program has been in providing assistance to emergency shelters in the State.

### 3.1.3 Outcome

**Definition:** The percent of persons assisted in the CSBG program that achieve incomes above 125% of poverty is the number of persons assisted that achieve incomes above 125% of poverty, and maintain that income level for a minimum of 90 days, divided by the total number of persons at or below 125% of poverty in Texas.

**Data Limitations:** No limitations.

**Data Source:** The number of persons achieving incomes above poverty is based on monthly reports submitted by subrecipients. The data is entered on the Department's database and maintained by the Department. The most recent census data information available is utilized to determine the total population at or above 125% of poverty in Texas.

**Methodology:** The percentage of very low income persons assisted by the CSBG programs (persons at or below 125% of poverty) maintaining that level of income for a minimum of 90 days divided by the total number of persons at or below 125% of poverty in Texas using the most recent census data available. Information on the number of persons assisted is submitted to the Department by subrecipients.

## *Appendix D: List of Measure Definitions*

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Purpose: CSBG Subrecipients are required to track the number of persons assisted that achieve incomes above 125% of poverty as a result of efforts by the subrecipients.

### 3.2.1 Outcome

Definition: This measure reflects the percentage of very low income households receiving energy assistance represents all Energy Assistance programs. Information on the number of households assisted is submitted to the Department by subrecipients. A household may be assisted by more than one Energy Assistance program activity depending on need.

Data Limitations: No limitations of data.

Data Source: The percent of income-eligible households that received energy assistance through all Energy Assistance programs is based on monthly data reported by subrecipients. The income eligible population is based on the most recent census data available, including projections.

Methodology: The data is entered in an automated system and maintained by the Department. The percent of very low income households receiving energy assistance is calculated by dividing the number of very low income households receiving CEAP or WAP assistance by the most current census data representing the number of households meeting current program income requirements. Number may reflect households receiving both energy assistance and weatherization assistance; in these instances households are counted separately for each program.

Purpose: The measure identifies the percent of the very low income population assisted by Energy Assistance programs. This measure indicates how effectively the Department has provided energy related services to the target population and the impact of the programs statewide.

### 4.1.1 Outcome

Definition: Measure represents the percentage of Housing Tax Credit (HTC), Affordable Housing Disposition, HOME, Tax-Exempt Bond, Housing Trust Fund, and other affordable housing rental projects monitored annually through on-site, in-depth, or desk reviews of tenant files. Onsite reviews also include a property and unit inspection.

Data Limitations: No limitations of data.

Data Source: Projects are monitored through on-site, in-depth, or desk reviews. Data is gathered from Departmental databases.

Methodology: The percent is derived by dividing the actual number of rental projects monitored by the total number of rental projects required to be monitored in the TDHCA Compliance portfolio.

Purpose: The Compliance section was formed to address long term compliance responsibilities of the various housing programs administered by TDHCA. The measure is important because it identifies the percent of projects monitored. Each program dictates the frequency and type of monitoring.

### 4.1.2 Outcome

Definition: Measure represents the percentage of Housing Tax Credit (HTC), Affordable Housing Disposition, HOME, Tax-Exempt Bond, Housing Trust Fund, and other affordable

housing rental developments monitored that are determined to be in material non-compliance. Material non-compliance is identified through on-site monitoring reviews and in-depth desk reviews.

Data Limitations: No limitations.

Data Source: Information is tracked in Departmental databases.

Methodology: The percent is derived by dividing the total number of rental developments in material non-compliance by the number of rental developments monitored.

Purpose: This measure will report the developments that are in "material non-compliance" status.

#### 5.1.1 Outcome

Definition: The percentage of Statement of Ownership & Location (SOL) and License applications processed within established time frames as opposed to those that are not.

Data Limitations: No limitations of data.

Data Source: Both the Statement of Ownership & Location and Licensing functional areas of the Manufactured Housing Division review a random selection of 25 or more applications (per month) within a reporting period.

Methodology: To obtain the percentage, divide the number of applications that are processed within the required time frame by the total number reviewed by random selection. The percentage is attained by combining the results of the SOL and Licensing functional areas. Information is manually prepared.

Purpose: Applications are processed within established time frames. The time frame for SOL applications is 15 working days; the time frame for Licensing applications is 7 working days. The importance is to measure the ability of the agency to process applications in a timely manner.

#### 5.1.2 Outcome

Definition: The percentage of consumer complaint inspections conducted within 30 days is based on the number of consumer and industry requested inspections completed within 30 calendar days from the date that an inspection is requested.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Exodus Database.

Methodology: To obtain the percentage, divide the total number of inspections conducted within the required 30 calendar days by the total number of required inspections conducted within the reporting period.

Purpose: Consumer complaints must be addressed as required by the Act. The importance is to measure the ability of the agency to conduct consumer complaint inspections in a timely manner and to comply with the requirements set forth in the Act.

#### 5.1.3 Outcome

Definition: The percentage of complaints that result in disciplinary action, including agreed orders, reprimands, warnings, suspensions, probation, revocation, restitution and/or penalties on which the board or executive director has acted when violations cannot be resolved informally.

## *Appendix D: List of Measure Definitions*

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Data Limitations: No limitations of data.

Data Source: Information is maintained in the Exodus Database.

Methodology: To obtain the percentage, divide the number of closed complaints with a disciplinary action by the total number of jurisdictional complaints closed.

Purpose: Efforts are made to informally resolve complaints. Violations of manufactured housing standards that cannot be resolved result in disciplinary actions. It is important that the consumers and the manufactured housing industry have an expectation that the agency will ensure fair and effective enforcement of the Act.

### 5.1.4 Outcome

Definition: The percentage of complaints resolved within a period of 6 months (183 days) or less from the date of receipt as opposed to complaints which take longer than six months to resolve.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Exodus Database.

Methodology: The number of jurisdictional complaints resolved within a period of six months (183 days) or less from the date of receipt divided by the total number of jurisdictional complaints resolved.

Purpose: Of the number of complaints resolved, the measure identifies those complaints that have been resolved within six months. It is important to ensure the timely enforcement of the Act, which is an agency goal.

### 5.1.5 Outcome

Definition: The recidivism rate for those receiving disciplinary action is the percentage of offenders who were repeat offenders during the most recent three-year period. A repeat offender is an individual or license holder with two or more disciplinary actions taken by the executive director or board within the current and preceding two fiscal years.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Exodus Database.

Methodology: To obtain the percentage, calculate the number of individuals or license holders against whom two or more disciplinary actions were taken by the executive director or board within the current and preceding two fiscal years divided by the total number of individuals or license holders receiving disciplinary actions within the current and preceding two fiscal years.

Purpose: The measure is intended to show how effectively the agency enforces its regulatory requirements and prohibitions. It is important that the agency enforce its act and rules strictly enough to ensure that consumers are protected from unsafe, incompetent and unethical practices by the license holder.

## **OUTCOME, EFFICIENCY, AND EXPLANATORY MEASURE DEFINITIONS**

### 1.1.1.1 Efficiency

Definition: A measure that tracks the average First Time Homebuyer Program loan amount without down payment assistance.

Data Limitations: No limitations

**Data Source:** The number and amounts of the loans are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The total amount of the loans will be summed and divided by the corresponding number of households.

**Purpose:** This measure identifies the costs and efficiency of loans without down payment assistance made through the First Time Homebuyer Program.

#### 1.1.1.2 Efficiency

**Definition:** A measure that tracks the average First Time Homebuyer loan with down payment assistance.

**Data Limitations:** No limitations

**Data Source:** The number and amounts of the loans are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The total dollar amount of loans will be summed and divided by the corresponding number of loans.

**Purpose:** This measure identifies the costs and efficiency of loans with down payment assistance made through the First Time Homebuyer Program.

#### 1.1.1.3 Efficiency

**Definition:** A measure that tracks the average Mortgage Credit Certificate (MCC) amount.

**Data Limitations:** There are no data limitations.

**Data Source:** The numbers and amounts of the MCCs are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The total dollar amount of the MCCs will be summed and divided by the number of MCCs.

**Purpose:** This measure identifies the cost and efficiency of MCCs.

#### 1.1.1.1 Explanatory

**Definition:** A measure that tracks the number of households receiving loans without down payment assistance through the First Time Homebuyer Program.

**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 loans without down payment assistance funded through the First Time Homebuyer Program.

**Purpose:** To track the amount households receiving loans without down payment assistance through the First Time Homebuyer Program.

#### 1.1.1.2 Explanatory

**Definition:** A measure that tracks the number of households receiving loans with down payment assistance through the First Time Homebuyer Program.

**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.

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**Methodology:** The number will be a count of loans with down payment assistance funded through the First Time Homebuyer Program. Performance is measured when loans are funded.

**Purpose:** To track the number of households receiving loans with down payment assistance through the First Time Homebuyer Program.

### 1.1.1.3 Explanatory

**Definition:** A measure that tracks the number of Mortgage Credit Certificates (MCCs).

**Data Limitations:** There are no data limitations.

**Data Source:** The number of MCCs is tracked by the Single Family Finance Production Division. Data is entered by staff and maintained in the agency's computer system.

**Methodology:** The number will be a count of the issued MCCs.

**Purpose:** This measure identifies the number of households receiving MCCs.

### 1.1.1.1 Output

**Definition:** A measure that tracks the number of households assisted with single family mortgage revenue bond funds or other alternative mortgage financing.

**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 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.

**Purpose:** To track the total number of households assisted with single family mortgage revenue bond funds or other alternative mortgage financing.

### 1.1.2.1 Efficiency

**Definition:** A measure that tracks the average amount per unit of HOME loans/grants awarded in support of single family development and redevelopment activities, including new construction infill development.

**Data Limitations:** No limitations

**Data Source:** The number and amounts of the grants and loans are tracked by the 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 or redevelopment activities utilizing HOME funds will be totaled and divided by the awarded number of units assisted through single family development or redevelopment utilizing HOME funds.

**Purpose:** This measure identifies the costs associated with new construction and other single family development and redevelopment activities utilizing HOME funds.

#### 1.1.2.2 Efficiency

Definition: A measure that tracks the average amount per household of loans/grants for rehabilitation 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/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 rehabilitation 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 housing utilizing single family HOME Homeowner Rehabilitation Assistance (HRA) funds.

Purpose: This measure identifies the costs associated with rehabilitation or reconstruction of owner-occupied housing utilizing HOME funds.

#### 1.1.2.3 Efficiency

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 modifications or rehabilitation.

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.

#### 1.1.2.4 Efficiency

Definition: A measure that tracks the average amount per household of tenant based rental assistance awarded with HOME funds.

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 tenant based rental assistance awarded with HOME funds will be summed and divided by the number of households awarded through tenant based rental assistance utilizing HOME funds.

Purpose: This measure identifies the costs associated with tenant based rental assistance utilizing HOME funds.

#### 1.1.2.5. Efficiency

Definition: A measure that tracks the average amount of loans and grants per low income unit awarded HOME multifamily funds.

## *Appendix D: List of Measure Definitions*

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**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:** This figure will be calculated by dividing the amount of HOME multifamily funds awarded by the corresponding number of restricted units to be developed, through new construction or rehabilitation.

**Purpose:** This measure identifies the loan/grant amount associated with developing housing units and measures the efficiency of utilizing HOME multifamily funds.

### 1.1.2.1 Explanatory

**Definition:** A measure that tracks the number of households awarded HOME funds provided in support of single family development and redevelopment activities, including construction, acquisition, and/or rehabilitation.

**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 number will be a count of households awarded HOME funds provided in support of single family development and redevelopment activities, including new construction, acquisition, and/or rehabilitation. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

**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.

### 1.1.2.2 Explanatory

**Definition:** A measure that tracks the number of households awarded through single family HOME funds for rehabilitation or reconstruction utilizing single family HOME Homeowner Rehabilitation Assistance (HRA) funds.

**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 number will be a count of projected households assisted through HOME funds for rehabilitation or reconstruction of owner-occupied housing. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

**Purpose:** To track the number of households awarded through HOME funds for rehabilitation or reconstruction utilizing single family Homeowner Rehabilitation Assistance (HRA) HOME funds.

### 1.1.2.3 Explanatory

**Definition:** A measure that tracks the projected number of households awarded through single family HOME funds for mortgage financing and homebuyer assistance, including mortgage financing, homebuyer assistance provided in conjunction with home modification or rehabilitation.

**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 number will be a count of households awarded through HOME funds for mortgage financing and homebuyer assistance, including households receiving home modification rehabilitation with these. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

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.

#### 1.1.2.4 Explanatory

Definition: A measure that tracks the number of households awarded HOME tenant based rental assistance.

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 awarded HOME tenant based rental assistance. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

Purpose: To track the number of households awarded with HOME tenant based rental assistance.

#### 1.1.2.5 Explanatory

Definition: A measure that tracks the actual number of single family HOME reviews conducted by HOME Division staff.

Data Limitations: No limitations

Data Source: The data is maintained in the Department's database.

Methodology: The number will be a count of actual number of single family HOME contract administration reviews, including environmental, draw, setup and amendments conducted by HOME Division staff.

Purpose: This measure identified the number of single family HOME reviews conducted by the HOME Division staff in administering a contract.

#### 1.1.2.6 Explanatory

Definition: A measure that tracks the number of technical assistance visits, e-mail messages and phone calls provided by HOME Division staff.

Data Limitations: No Limitations

Data Source: Staff track the total number of visits, emails and phone calls in the division's database.

Methodology: The number will be a count of actual technical assistance visits, e-mail messages and phone calls supported by staff to contract administrators or those seeking to apply for funding.

Purpose: This measure identifies the number of actual technical assistance visits, e-mail messages and phone calls provided by the HOME Division staff.

## *Appendix D: List of Measure Definitions*

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### 1.1.2.7 Explanatory

Definition: A measure that tracks the actual number of workshops, and trainings, webinars and online learning modules provided through the HOME Division.

Data Limitations: No limitations

Data Source: The total number of workshops, and trainings, webinars and online learning modules is tracked by department staff.

Methodology: The number will be an actual count of workshops and trainings provided through the HOME Division. This will include application, implementation, and any other workshops or trainings provided by HOME Division staff for the HOME program. The number of webinars and learning modules will reflect the number of separate single family HOME webinars and online learning modules available to the public in the year specified.

Purpose: This measure identifies the number of workshops and trainings provided through the HOME Division staff for the purposes of administering a HOME single family contract.

### 1.1.2.8 Explanatory

Definition: A measure that tracks the average amount of loans and grants per low income unit awarded HOME multifamily funds.

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: This figure will be calculated by dividing the amount of HOME multifamily funds awarded by the corresponding number of restricted units to be developed, through new construction or rehabilitation.

Purpose: This measure identifies the loan/grant amount associated with developing housing units and measures the efficiency of utilizing HOME multifamily funds.

### 1.1.2.1 Output

Definition: A measure that tracks the number of households awarded through single family 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: The number will be a count of households assisted through single family HOME funds. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

Purpose: To track the amount of households awarded through single family HOME funds.

### 1.1.2.3. Output

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.

Purpose: To track the amount of multifamily units assisted utilizing HOME funds.

#### 1.1.3.1 Efficiency

Definition: A measure that tracks the average amount per unit of loans/grants for 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 or at time of award depending on the specific type of assistance.

Purpose: This measure identifies the costs associated with the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund.

#### 1.1.3.2 Efficiency

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.

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 total dollar amount of loans/grants for rehabilitation utilizing the Housing Trust Fund will be summed and divided by the number of non-Bootstrap single households assisted utilizing the Housing Trust Fund. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

Purpose: This measure identifies the costs associated with the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund.

#### 1.1.3.1 Explanatory

Definition: A measure that tracks the number of households assisted through the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund.

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 the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

Purpose: To track the number of households assisted through the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund.

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### 1.1.3.2 Explanatory

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.

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 the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

Purpose: To track the number of households assisted through the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund.

### 1.1.3.3. Explanatory

Definition: A measure that tracks the estimated impact of HTF Single Family activities on local employment.

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: Impact to local employment is calculated using the economic impact model provided by the Texas Comptroller of Public Accounts, the National Association of Home Builders' local impact model, or other appropriate model.

Purpose: This measure identifies the estimated economic impact of HTF Single Family activities on local employment.

### 1.1.3.4. Explanatory

Definition: A measure that tracks the estimated impact of HTF Multifamily activities on local employment.

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: Impact to local employment is calculated using the economic impact model provided by the Texas Comptroller of Public Accounts, the National Association of Home Builders' local impact model, or other appropriate model.

Purpose: This measure identifies the direct economic impact of HTF Multifamily activities on local employment.

### 1.1.3.1 Output

Definition: A measure that tracks the number of single family households assisted through the HTF program.

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 single family HTF funds. Performance is measured when loans are funded or at time of award depending on the specific type of assistance.

Purpose: To track the amount of households assisted through single family HTF funds.

#### 1.1.4.1 Efficiency

Definition: The average cost per household served represents an average of TDHCA administrative expenditures.

Data Limitations: No limitations

Data Source: Expenditures are tracked through the Department's financial automated system.

Methodology: The average cost per household served is the sum of TDHCA administrative expenditures divided by the total number of active contracts as of September 1 plus new contracts added over the course of the year.

Purpose: The measure identifies the efficiency in costs to provide Section 8 services to a very low income household.

#### 1.1.4.1 Output

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 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. 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.

#### 1.1.4.2. Output

Definition: The number of very low income persons with disabilities transitioning from institutions into community based housing that participate in the Project Access Program.

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 with Project Access tenant based rental assistance. The performance figure reported for the first quarter represents the number of households receiving Project Access assistance as of September 1. Subsequent quarters report only new contracts executed for the reporting period.

Purpose: To track the amount of persons with disabilities transitioning from institutions into community based housing through the Project Access Program.

#### 1.1.5.1 Efficiency

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: Federal regulations establish the amount and value of tax credits available.

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**Data Source:** The projected number of low income units and amount of credits 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 sum of total new construction tax credits awarded by the number of restricted units to be newly constructed. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized due to problems with the transaction.

**Purpose:** This measure identifies the subsidy associated with developing affordable housing units and measures the efficiency of allocating tax credits.

### **1.1.5.2 Efficiency**

**Definition:** A measure that tracks the average total development costs per unit of new construction utilizing the Housing Tax Credit program.

**Data Limitations:** Information is based on preliminary estimates by the applicants.

**Data Source:** The projected 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.

**Methodology:** This figure will be calculated by dividing the sum of total new construction development costs by the number of restricted units to be newly constructed. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized due to problems with the transaction.

**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.

### **1.1.5.3 Efficiency**

**Definition:** A measure that tracks the projected average amount of credits per rehabilitated and acquired low income unit utilizing Housing Tax Credits.

**Data Limitations:** Federal regulations establish the amount and value of tax credits available.

**Data Source:** The projected number of low income units and amount of credits for rehabilitation and acquisition 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 sum of total annual rehabilitation tax credits awarded by the number of restricted units to be rehabilitated. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to

accurately reflect any awards that will not actually be utilized due to problems with the transaction.

Purpose: This measure identifies the subsidy associated with rehabilitating and acquiring affordable housing and measures the efficiency of allocating tax credits.

#### 1.1.5.4 Efficiency

Definition: A measure that tracks the average total development costs per rehabilitated and acquired unit utilizing Housing Tax Credits.

Data Limitations: Information is based on preliminary estimates by the applicants.

Data Source: The total development costs and the projected total number of units in the development are 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 sum of total rehabilitation development costs by the number of restricted units to be rehabilitated. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized due to problems with the transaction.

Purpose: This measure identifies the total development costs associated with rehabilitating and acquiring affordable housing.

#### 1.1.5.1 Explanatory

Definition: A measure that tracks the projected number of low income new construction units assisted through the Housing Tax Credit program.

Data Limitations: Federal regulations establish the amount of tax credits available.

Data Source: The projected number of units is tracked by the 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 to be newly constructed as proposed in awarded applications. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized due to problems with the transaction.

Purpose: To track the number of new construction units assisted through the Housing Tax Credit program.

#### 1.1.5.2 Explanatory

Definition: A measure that tracks the projected number of low income rehabilitation and acquisition units assisted through the Housing Tax Credit program.

Data Limitations: Federal regulations establish the amount of tax credits available.

Data Source: The projected number of units is tracked by the division. Data is entered by staff and maintained in the agency's computer system.

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**Methodology:** This figure will be calculated as the sum of all units to be rehabilitated as proposed in awarded applications. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized due to problems with the transaction.

**Purpose:** To track the number of rehabilitation and acquisition units assisted through the Housing Tax Credit program.

### 1.1.5.3. Explanatory

**Definition:** A measure that tracks the estimated impact of Housing Tax Credit Development activities on local employment.

**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:** Impact to local employment is calculated using the economic impact model provided by the Texas Comptroller of Public Accounts, the National Association of Home Builders' local impact model, or other appropriate model. This may include separate models for Elderly and Non-Elderly Housing Tax Credit Developments based upon development characteristics.

**Purpose:** This measure identifies the estimated economic impact of Housing Tax Credit Development activities on local employment.

### 1.1.5.1 Output

**Definition:** A measure that tracks the projected 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 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 to be newly constructed or rehabilitated as proposed in awarded applications. This calculation will include both 9% and 4% Housing Tax Credit awards. 9% credit activity will be considered at the time the Board approves the award. 4% credit activity will be considered at the time the bond transaction closes. At the close of the fiscal year, this data will be updated to accurately reflect any awards that will not actually be utilized due to problems with the transaction.

**Purpose:** To track the total amount of multifamily units assisted utilizing the Housing Tax Credit program.

### 1.1.6.1 Efficiency

**Definition:** A measure that tracks the projected average amount of bonds per low income unit of Mortgage Revenue Bond (MRB) new multifamily construction.

**Data Limitations:** No limitations

**Data Source:** The projected 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 awarded by the number of units to be 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.

#### 1.1.6.2 Efficiency

**Definition:** A measure that tracks the projected average total development costs per unit of Mortgage Revenue Bond (MRB) new multifamily construction.

**Data Limitations:** Information is based on preliminary estimates by the applicants.

**Data Source:** The projected 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.

**Methodology:** This figure will be calculated by dividing the sum of total development costs estimated in applications by the number of units to be newly constructed.

**Purpose:** This measure identifies the costs associated with developing affordable housing units.

#### 1.1.6.3 Efficiency

**Definition:** A measure that tracks the projected average bond amount per low income unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.

**Data Limitations:** No limitations

**Data Source:** The projected 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.

**Methodology:** This figure will be calculated by dividing the total value of mortgage revenue bonds awarded by the number of units to be rehabilitated.

**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.

#### 1.1.6.4 Efficiency

**Definition:** A measure that tracks the projected average total development costs per unit of multifamily Mortgage Revenue Bond (MRB) rehabilitation and acquisition.

**Data Limitations:** Information is based on preliminary estimates from the applicants.

**Data Source:** The projected total number of units in the development and amount of total development costs 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 sum of total development costs estimated in applications by the number of units to be rehabilitated.

**Purpose:** This measure identifies the total development costs amount associated with rehabilitating and acquiring affordable housing units.

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### 1.1.6.1 Explanatory

Definition: A measure that tracks the projected number of households assisted through new construction activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the 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 to be newly constructed as proposed in awarded applications.

Purpose: To track the number of households assisted through new construction units assisted utilizing multifamily MRB program.

### 1.1.6.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through rehabilitation and acquisition activities utilizing the multifamily Mortgage Revenue Bond (MRB) program.

Data Limitations: No limitations

Data Source: The projected number of households is tracked by the 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 to be rehabilitated as proposed in awarded applications.

Purpose: To track the number of households assisted through rehabilitation and acquisition activities utilizing the multifamily MRB program.

### 1.1.6.1 Output

Definition: A measure that tracks the projected number of low income units financed through the multifamily division utilizing mortgage revenue bond funds.

Data Limitations: No limitations

Data Source: The number of units is tracked by the division for each separate program. 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 to be newly constructed or rehabilitated as proposed in awarded applications.

Purpose: To track the total amount of low income multifamily units assisted utilizing mortgage revenue bond funds.

### 2.1.1.1 Output

Definition: A measure tracking the number of information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.

Data Limitations: No limitations

Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number of requests received is a total of the requests entered into the division database.

Purpose: To track the consumer information and technical assistance requests received and fulfilled.

#### 2.1.1.2 Output

Definition: A measure tracking the number of short term (completed by phone) information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.

Data Limitations: No limitations

Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number of short term requests received is a total of the short term requests entered into the division database.

Purpose: To track the short term consumer information and technical assistance requests received.

#### 2.1.1.3 Output

Definition: A measure tracking the number of long term (completed by email or mail) information and technical assistance requests completed by the Center for Housing Research, Planning, and Communications.

Data Limitations: No limitations

Data Source: The requests are tracked by the division. Data is entered by staff and maintained in the agency's computer system.

Methodology: The number of long term requests received is a total of the long term requests entered into the division database.

Purpose: To track the long term consumer information and technical assistance requests received.

#### 2.2.1.1 Explanatory

Definition: The total number of Colonia residents benefiting from Colonia Self-Help Centers' tool libraries.

Data Source: Actual assistance provided as reflected on the most recent quarterly report received from Colonia Self-Help Center administrators.

Methodology: The Self Help Centers will report quarterly on the number of times a tool was checked out by a Colonia resident. This data will be maintained in the Department's records.

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 benefitting from tool libraries.

#### 2.2.1.2 Explanatory

Definition: The number of Colonia residents benefiting technology access or attending computer classes through the Colonia Self-Help Centers.

Data Source: Actual assistance provided as reflected on the most recent quarterly report received from Colonia Self-Help Center administrators.

Methodology: The Self Help Centers will report quarterly on the number of internet access and computer classes conducted and Colonia residents attending. This data will be maintained in the Department's records.

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Purpose: This measure is important because it identifies the effectiveness of the Colonia Self Help Centers in providing technology access and knowledge to Colonia residents by identifying the number of Colonia residents assisted.

### 2.2.1.3 Explanatory

Definition: The number of Colonia residents benefiting from construction, financial literacy, homeownership, and other classes through the Colonia Self-Help Centers.

Data Source: Actual assistance provided as reflected on the most recent quarterly report received from Colonia Self-Help Center administrators.

Methodology: The Colonia Self Help Centers will report quarterly on the number of construction, financial literacy, homeownership and other classes exclusive of computer classes, exclusive of computer classes, and Colonia resident attending. This data will be maintained in the Department's records.

Purpose: This measure is important because it identifies the effectiveness of the Self Help Centers in providing construction, homeownership, and other classes to Colonia residents.

### 2.2.1.4 Explanatory

Definition: The number of Colonia residents benefitting from home repair, rehabilitation, reconstruction, or new construction through the Colonia Self-Help Centers.

Data Source: Actual assistance provided as reflected on the most recent quarterly report received from Colonia Self-Help Center administrators.

Methodology: The Colonia Self Help Centers will report quarterly on the number of residents benefiting from home repair, rehabilitation, reconstruction, and new construction. Residents benefiting from activities will be based on family size of households receiving assistance. The home repair participants may also utilize the tool lending library and construction classes. This data will be maintained in the Department's records.

Purpose: This measure is important because it identifies the effectiveness of the Colonia Self Help Centers in providing home repair, reconstruction, or new construction assistance to Colonia households.

### 2.2.1.5 Explanatory

Definition: The number of Colonia residents benefiting from Colonia Self-Help Center assistance provided on a less regular basis, such as surveying and platting, infrastructure construction access, utility connections, capital access for mortgages, and contract-for-deed conversions.

Data Source: Actual assistance provided as reflected on the most recent quarterly report received from Colonia Self-Help Center administrators.

Methodology: The Self Help Centers will report quarterly on the number of residents benefiting from all assistance categories not captured in other measures exclusive of area-wide public service activities. Residents benefitting from activities will be based on family size of households receiving assistance. This data will be maintained in the Department's records.

Purpose: This measure is important because it identifies the effectiveness of the Colonia Self Help Centers in providing forms of assistance needed on a less frequent basis than

direct assistance captured in other measures, such as surveying and platting, housing finance, infrastructure construction access, capital access for mortgages, and contract-for-deed conversions.

#### 2.2.1.1 Output

**Definition:** The number of technical assistance visits is based on actual on-site technical assistance visits, telephone calls and written and electronic correspondence conducted by the field office staff. Technical assistance visits includes: meeting with local governments (cities & counties) staff and nonprofits providing agency information on programs and services more specifically providing detailed technical assistance in implementing and managing Office of Colonia Initiatives and other Department programs; follow-up on contract compliance measures with the Bootstrap Loan Program and Colonia Self-Help Centers; and general interview sessions with individuals to provide referral services to other office and agencies available to address issues of concern.

**Data Limitations:** No limitations.

**Data Source:** Actual technical assistance contacts and visits are reported by staff.

**Methodology:** On-site visits, e-mails and telephone calls are manually tracked by staff and maintained in the Department's database.

**Purpose:** The purpose of the measure is to identify the level technical assistance provided to nonprofit organizations and units of local government. This measure is important because it identifies the effectiveness of the program and compliance with legislative mandates.

#### 2.2.1.2 Output

**Definition:** The number of Colonia residents receiving direct assistance annually through the Colonia Self-Help Centers. This includes the following types of assistance: housing rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction, housing finance, credit and debt counseling, infrastructure construction access, capital access for mortgages, and other activities which provide direct assistance and/or benefit to Colonia residents. This measure excludes all area wide Public Service Projects funded through the program.

**Data Source:** Actual assistance provided as reflected on the most recent quarterly report received from Colonia Self-Help Center administrators

**Methodology:** The Self Help Center administrators will provide a quarterly report to the Department on the number of Colonia residents benefiting under each assistance category. Residents benefiting will be based on the family size of each household served. The Department will calculate total Colonia residents benefiting from direct assistance by adding assistance provided under all categories exclusive of area-wide Public Service This data will be maintained in the Department's records.

**Purpose:** This measure is important because it identifies the effectiveness of the program in providing assistance to Colonia residents with a wide array of services.

#### 2.2.1.3 Output

**Definition:** The number of persons and nonprofit or other organizations attending training/lectures, calling and/or receiving written or electronic information and the number of

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publications distributed promoting homeownership opportunities along the Texas-Mexico border through the Office of Colonia Initiatives.

Data Source: Actual persons receiving services.

Methodology: Information is manually tracked by staff.

Purpose: The Office of Colonia Initiatives is responsible for implementing the Texas Bootstrap Loan Program and Colonia Self-Help Center Program and provides technical assistance through Border Field Offices. The Office of Colonia Initiatives is also responsible for the promotion of the Colonia Contract for Deed Conversion Program and the Colonia Model Subdivision Program to individuals and nonprofits.

### 3.1.1.1 Efficiency

Definition: The average agency administrative cost per person assisted represents personnel costs, operating costs, capital expenditures and indirect expenditures as identified in the LAR. The Department's fiscal section calculates expenditures related to personnel, operations, capital items, and indirect costs.

Data Limitations: A possible limitation could be limitations on obtaining expenditure data for the reported period.

Data Source: The total number of persons served is gathered from the subrecipients' monthly performance reports.

Methodology: The efficiency measure is determined by dividing the total administrative expenditure of Community Service funds by the total number of clients served in Community Service programs.

Purpose: The purpose of the measure shows the efficiency in costs to administer the program.

### 3.1.1.1 Explanatory

Definition: Figure represents the estimated number of emergency shelters in Texas.

Data Limitations: There is no accurate way to count the actual number of emergency shelters in Texas.

Data Source: The estimated number of emergency shelters is based on the total number of entities on the ESGP mailing list less those entities that do not represent shelters.

Methodology: Number is estimated.

Purpose: The purpose of the measure is to identify the number of emergency shelters available to assist homeless individuals.

### 3.1.1.2 Explanatory

Definition: Figure represents the most recent census data.

Data Limitations: Information is collected every ten years.

Data Source: Information is obtained from the most recent census data.

Methodology: Number is actual.

Purpose: The purpose of the measure identifies the number of persons at or below 125% of poverty (4,172,890) and identifies the number of persons in need.

### 3.1.1.3 Explanatory

Definition: Measure relates to the number of shelters assisted through ESGP funds.

Data Limitations: No limitations on data.

Data Source: The Department tracks information from contract records. Assistance to a shelter is reported only once a year during the quarter the contract is initiated.

Methodology: Performance reported is the actual number. The Department counts each project funded through ESGP contractor as a shelter assisted.

Purpose: The purpose of this measure is to identify the number of shelters the program is able to assist.

### 3.1.1.1 Output

Definition: This measure tracks the number of persons assisted through homeless and poverty related programs.

Data Limitations: A possible limitation could be subrecipients failing to submit required reports on a timely basis.

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.

Methodology: Performance reported is actual number.

Purpose: The purpose of the measure is to identify the number of assisted through the Community Services Block Grant Program in order to gauge impact of that program.

### 3.1.1.2 Output

Definition: Measure relates to the number of persons assisted through the Community Services Block Grant Program (CSBG) that achieve incomes above 125% of poverty level for a minimum of 90 days.

Data Limitations: A possible limitation could be subrecipients failing to submit required reports on a timely basis.

Data Source: The number of persons achieving incomes above 125% of poverty is reported in the subrecipients' monthly performance reports. Subrecipients are required to track the number of persons assisted that achieve incomes above the poverty level 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.

Methodology: Performance reported is actual number.

Purpose: The purpose of the measure is to identify the number of persons the CSBG program has helped to achieve incomes above the poverty level.

### 3.1.1.3 Output

Definition: This measure tracks the number of persons assisted through the Community Services Block Grant Program.

Data Limitations: Data could be limited if subrecipients fail to submit required reports on a timely basis.

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**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.

**Methodology:** Performance reported is actual number.

**Purpose:** The purpose of the measure is to identify the number of persons at or below 125% of poverty assisted through the Community Services Block Grant Program in order to gauge impact of that program.

### 3.1.1.4 Output

**Definition:** This measure tracks the number of persons assisted through the Emergency Solutions Grant Program.

**Data Limitations:** A possible limitation could be subrecipients failing to submit required reports on a timely basis.

**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.

**Methodology:** Performance reported is actual number.

**Purpose:** The purpose of the measure is to gauge the impact of the program in serving the needs of homeless persons and persons at-risk of homelessness.

### 3.1.1.5. Output

**Definition:** This measure tracks the number of persons assisted through the Homeless and Housing Services Program.

**Data Limitations:** A possible limitation could be subrecipients failing to submit required reports on a timely basis.

**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.

**Methodology:** Performance reported is the actual number.

**Purpose:** The purpose of the measure is to gauge the impact of the program in serving the needs of homeless persons and persons at-risk of homelessness.

### 3.2.1.1 Efficiency

**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 administrative expenditures report from TDHCA Budget and Accounting section.

**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.

**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 administrative expenditures as reported by TDHCA Budget and Accounting Section.

**Methodology:** Calculations are based on the total administrative expenditures including indirect cost for the Energy Assistance section divided by the total number of households served.

**Purpose:** The measure identifies the average administrative cost to provide service to a household.

### 3.2.1.2 Efficiency

**Definition:** The statewide average cost to weatherize a home includes the cumulative cost of labor, materials, and program support for all completed units in the state divided by the number of completed units.

**Data Limitations:** Increase or decrease in funding could create a variance in the targeted goal.

**Data Source:** Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.

**Methodology:** Calculations are based on the cumulative cost of labor, materials, and program support for all completed units in the state divided by the number of completed units.

**Purpose:** The measure identifies the average cost to perform weatherization on a home.

### 3.2.1.1 Explanatory

**Definition:** The number of very low income households income-eligible for energy assistance in Texas is determined based on the maximum eligibility limit of 125% of the Federal OMB poverty guidelines.

**Data Limitations:** No limitations.

**Data Source:** According to the publication entitled LIHEAP Home Energy Notebook for Fiscal Year 2001, issued on April 7, 2003 (via transmittal no. LIHEAP-IM-2003-7) to LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of very income-eligible households for LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of very income-eligible households for Survey (CPS) 1999-2001.

**Methodology:** Data represents an actual number.

**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.

### 3.2.1.1 Output

**Definition:** The number of households assisted through the Comprehensive Energy Assistance Program (CEAP) represents the number of unduplicated households receiving services under the program components, consisting of co-pay, the elderly/disabled, and the Household Crisis Program components. Each of these program components provides

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stand-alone services. A household may be assisted by more than one component depending on needs.

Data Limitations: Targeted performance could be impacted by changes in funding levels, the price of energy and extremes in temperature.

Data Source: Monthly expenditures and performance reports are entered by subrecipients through the Department's online reporting system.

Methodology: Number is actual.

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.

### 3.2.1.2 Output

Definition: The number of dwelling units weatherized is based on Monthly Progress Expenditure/Monthly Fund Request Reports submitted to the Department by the weatherization subrecipients.

Data Limitations: Targeted performance could be impacted by changes in funding levels.

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 an unduplicated number of weatherization units from the Department's DOE and LIHEAP Weatherization programs.

Methodology: The performance number reported represents the actual number of dwelling units weatherized.

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 weatherization services.

### 4.1.1.1 Efficiency

Definition: The average cost to monitor a rental development includes the resources needed to provide determination of program compliance and effectiveness of rental programs.

Data Limitations: No limitations.

Data Source: Expenditure data is maintained in the Department's automated information systems.

Methodology: The average cost is derived by dividing the total budgeted cost for rental development monitoring activities by the number of rental developments monitored.

Purpose: The measure identifies the average cost to monitor a rental development.

### 4.1.1.1 Explanatory

Definition: The total number of rental developments in the TDHCA compliance monitoring portfolio. This number represents the portfolio for which the Portfolio Management and Compliance division is responsible. This includes developments monitored by on-site file review, desk review, a combination of onsite and desk reviews, or other compliance

activities depending on program requirements. Program development totals vary throughout the year.

Data Limitations: No limitations.

Data Source: Program totals are maintained by the Department's databases.

Methodology: Figure represents actual number of developments in the compliance monitoring portfolio.

Purpose: The measure provides the total number of housing developments in the compliance monitoring portfolio.

#### 4.1.1.2 Explanatory

Definition: Total number of housing units in the multi and single family rental developments monitored by the Department. The total number includes both restricted and unrestricted units. Units under construction as well as units available for lease are included in the total.

Data Limitations: No limitations.

Data Source: Unit totals are maintained by the Department's databases.

Methodology: Figure represents actual number of units constructed or rehabilitated.

Purpose: The measure provides information of the total rental units monitored by the Department.

#### 4.1.1.1 Output

Definition: Measure represents the number of both onsite and desk reviews conducted under rental monitoring programs.

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.

#### 4.1.1.2 Output

Definition: Measure represents the number of desk reviews conducted under rental programs. In addition to on-site reviews, monthly, quarterly, and-or annual compliance reporting is required. 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 also include the review of Fair Housing Sponsor Reports, substantial construction certification reviews, construction inspection reviews, and other reviews.

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.

#### 4.1.1.3 Output

Definition: Measure represents the number of on-site, in-depth desk reviews (done in lieu of on-site reviews for projects with 10 or less units), and 8609 inspections conducted under

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rental programs. The reviews provide the best measure of program compliance and effectiveness of affordable housing programs. The frequency of reviews is either statutorily or agency required, therefore the number meets or exceeds the specific program requirement.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: The number reported is the actual number of reviews performed.

Purpose: The measure meets statutory and agency requirements.

### 4.1.1.4 Output

Definition: This measure reflects the number of application-related instruments processed, including Land Use Restriction Agreements and amendments.

Data Limitations: No limitations.

Data Source: The data is gathered by program from Department databases.

Methodology: Number is actual.

Purpose: The measure meets statutory and agency requirements.

### 4.1.2.1 Efficiency

Definition: The average cost to monitor a contract includes the resources needed for effective contract monitoring.

Data Limitations: No limitations.

Data Source: Expenditure data is maintained in the Department's automated information systems.

Methodology: The average cost is derived by dividing the total budgeted cost for contract monitoring administration activities by the number of contracts subject to monitoring.

Purpose: The measure identifies the average cost to monitor a contract.

### 4.1.2.1 Explanatory

Definition: The total number of Local Administrators subject to monitoring by the Compliance Division. This number represents the portfolio of contract responsibility, whether or not a contract is processed and/or monitored through desk or onsite reviews, or other contract monitoring activities depending on program requirements. Measure includes Administrators for all activities, including HOME, Housing Trust Fund, Community Services, and Energy Assistance programs, and other types of contract activity.

Data Limitations: No limitations

Data Source: Data on contracts administered is maintained in the Department's database.

Methodology: Number is actual. Local Administrators may administer more than one TDHCA contract.

Purpose: The measure meets statutory and agency requirements..

### 4.1.2.2 Explanatory

Definition: Measure represents the number of previous participation reviews.

Data Source: Data is maintained in the department's database.

Methodology: Number is actual and the data is maintained by staff in the department's database. Reports are produced quarterly.

Purpose: The measure meets statutory and agency requirements.

#### 4.1.2.1 Output

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 data bases.

Methodology: Number is actual. Local Administrators may administer more than one TDHCA contract.

Purpose: The measure meets statutory and program requirements.

#### 4.1.2.2 Output

Definition: The number of desk reviews conducted of Federal and State grant sub-recipients. Single Audits are required annually if the federally mandated expenditure threshold is exceeded as defined by OMB Circular A-133. OMB Circular A-133 defines which single audit reports must be submitted to the pass-through agency. These reports are used to measure overall and ongoing compliance with program requirements, financial accountability of Federal and State grants and the overall internal controls of the sub-recipient.

Data Limitations: No limitations.

Data Source: The data is gathered from Department data bases.

Methodology: Number is actual.

Purpose: The measure meets statutory and program requirements.

#### 5.1.1.1 Efficiency

Definition: The average cost to the Department of the processing of a Statement of Ownership and Location (SOL) application based on total funds expended and encumbered during the reporting period for the issuance of manufactured housing SOLs. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel, postage, and other costs directly related to SOLs, including document review, handling, proofing, and notification.

Data Limitations: No limitations of data.

Data Source: Information is obtained from either a management report from the Department's Financial Administration Division or USAS, the Exodus Database, and the Travel Database.

Methodology: To obtain the average, divide the total funds by the total number of SOLs issued in a reporting period.

Purpose: The measure shows the efficiency in costs to issue a SOL.

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### 5.1.1.1 Explanatory

Definition: The number of Manufactured Homes of record in Texas represents the total number of manufactured homes with an existing record in the official manufactured housing database that is maintained by the department.

Data Limitations: No limitations of data.

Data Source: Automated compilation through the Exodus Database.

Methodology: Actual number.

Purpose: The measure represents the total number of manufactured homes in Texas for which the Department has an ownership and location record.

### 5.1.1.1 Output

Definition: The total number of manufactured housing Statements of Ownership and Location (SOL) issued for which a fee is charged (includes SOLs issued as a result of changes in ownership, location, lien information, election, and use).

Data Limitations: No limitations of data.

Data Source: Data is computer generated (Department's Exodus Database) reports and accounting receipts.

Methodology: Number is actual.

Purpose: This measure identifies the total number of SOLs issued in a reporting period. It is important because it shows the workload associated with issuing SOLs.

### 5.1.1.2 Output

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, salvage rebuilder and salespersons). The number calculated includes reprints of and revisions to existing licenses.

Data Limitations: No limitations.

Data Source: Data is computer generated through the Exodus Database.

Methodology: Number is actual.

Purpose: This measure identifies the total number of licenses issued in a reporting period. It is important because it shows the workload associated with issuing licenses.

### 5.1.2.1 Efficiency

Definition: The average cost to the Department of each inspection based on the total funds expended and encumbered during the reporting period to conduct or attempt inspections, including both installation and non-routine inspections. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel; postage, and other costs directly related to the enforcement of the inspection function.

Data Limitations: No limitations.

Data Source: Data is obtained from either a management report from the Department's Financial Division or USAS, Installation Tracking System and the Travel Database.

Methodology: To obtain the average, divide the total funds expended by the total number of routine and non-routine inspections (completed and/or attempted) within the reporting period.

Purpose: The measure identifies the cost efficiency to perform or attempt an inspection.

#### 5.1.2.1 Explanatory

Definition: The total number of installation reports received within a reporting period. Installation reports are received from lenders, retailers, installers, consumers, and other sources.

Data Limitations: No limitations.

Data Source: Source: Exodus Database.

Methodology: Actual number.

Purpose: The measure provides information on the total number of installation reports received.

#### 5.1.2.2 Explanatory

Definition: The total number of installation inspections with deviations documented. An inspector may list several violations on a single installation inspection, but it only accounts for one reported deviation.

Data Limitations: No limitations.

Data Source: Source: Exodus Database.

Methodology: Actual number.

Purpose: The measure provides information on the total number of installation inspections with deviations. The importance of this measure is to ensure that homes are installed in a safe manner to prevent injury to consumers and the general public.

#### 5.1.2.1 Output

Definition: The total number of routine inspections conducted to inspect the anchoring and support systems of manufactured homes (includes reviewing installation report for completeness, inspecting stabilizing devices to confirm that the installer used approved materials, inspecting the home for proper installation, and verifying that the installer is licensed with TDHCA). Unsuccessful attempted inspections (identified as skirted, not accessible, unable to locate, or no unit at location) are not included in the number reported.

Data Limitations: No limitations on data.

Data Source: Collection of data is based on the Exodus Database.

Methodology: Number is actual.

Purpose: The measure identifies the total number of inspections performed (attempted inspections are not included) in a reporting period. It is important because it shows the workload for inspections and confirms that the Department meets the statutory requirement to inspect at least 75 percent.

#### 5.1.2.2 Output

Definition: The total number of special/complex inspections performed upon request from the public, other regulated entities, or as part of a complaint investigation. Special inspections consist of, but are not limited to the following: consumer complaints, habitability, permanent foundations, SAA, and retailer monitoring.

Data Limitations: No limitations.

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Data Source: Collection of data is based on the Inspector's Travel Voucher Database.

Methodology: The number is retrieved from the Travel Voucher Database by generating a report which lists the inspections conducted within the reporting period.

Purpose: The measure identifies the total number of inspections performed in a reporting period. It is important because it identifies inspections that result from unusual or special circumstances.

### 5.1.3.1 Efficiency

Definition: The average cost to the Department to resolve a complaint based on the total funds expended and encumbered during the reporting period for complaint processing, investigation, and resolution divided by the number of complaints resolved. Cost includes department overhead, salaries (permanent and temporary personnel), supplies, travel, postage, subpoena expenses, and other costs directly related to the agency's enforcement function.

Data Limitations: No limitations.

Data Source: Data is obtained from either a management report from the Department's Financial Administration Division or USAS and the Exodus Database.

Methodology: To obtain the average, divide the total funds expended by the total number of resolved complaints within the reporting period. Non-jurisdictional complaints (closed as DISJ) are not included in this measure.

Purpose: The measure identifies the efficiency in costs for resolving a complaint.

### 5.1.3.2 Efficiency

Definition: The average length of time to resolve a jurisdictional complaint, for jurisdictional complaints resolved during the reporting period. The number of days to reach a resolution is calculated from the initial date of receipt of a consumer complaint to the date closed.

Data Limitations: No limitations.

Data Source: Data is obtained from the Exodus Database.

Methodology: The total number of calendar days per jurisdictional complaint resolved, summed for all complaints resolved during the reporting period, that elapsed from receipt of a request for agency intervention to the date upon which final action on the complaint was taken (numerator) is, divided by the number of complaints resolved during the reporting period (denominator). The calculation excludes complaints determined to be non-jurisdictional of the agency's statutory responsibilities.

Purpose: The measure tracks the average number of days spent to resolve a complaint. The measure is important because it shows how efficient the division has been in resolving complaints.

### 5.1.3.1 Explanatory

Definition: The total number of complaints received in a reporting period that are within the agency's jurisdiction of statutory responsibility.

Data Limitations: No limitations.

Data Source: The number is retrieved from the Exodus Database.

Methodology: Actual number.

Purpose: The measure provides information on the total number of jurisdictional complaints. This measure is important to determine the division's workload.

#### 5.1.3.1 Output

Definition: The total number of complaints resolved during the reporting period upon which final action was taken by the board or the Department through informal and formal means. Non-jurisdictional complaints (closed as DISJ) are not included in this measure.

Data Limitations: No limitations.

Data Source: Data is maintained in the Exodus Database.

Methodology: Actual number.

Purpose: The measure shows the workload associated with resolving complaints. The measure is important because it also identifies consumer problems.

## **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.

#### 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 freed up to improve processes and efficiencies, collaborative with other agencies, and of the utmost integrity.
- Operations that are continually assessed and improved based on principles of enterprise wide risk management, adherence to documented operating procedures, transparency, 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
- Collaboration
- Respect
- Simplicity
- 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.

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 federal mortgage loans, 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 affordable housing in rural areas of the state through partnerships with the private sector.

Strategy 3. Provide state housing loans and grants through the HTF for very low and low income households.

Strategy 4. Provide federal rental assistance through Section 8 certificates and 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.

Goal 2. Promote improved housing conditions for extremely LI, VLI, and low income households by providing information and technical assistance.

Objective 1. Provide information and technical 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.

Objective 2. Promote and enhance homeownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of LI, VLI, and ELI along the Texas-Mexico border.

Strategy 1. Assist colonias, border communities, and nonprofits serving these populations.

Goal 3. Improve living conditions for the poor and homeless and reduce cost of home energy for very low income 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.

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 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 Statement of Ownership and Location and license applications, inspection reports, and complaints

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 TexasOnline.

### Core Business Functions

TDHCA business functions can be broadly grouped into three categories: providing housing and community services assistance, 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, 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);
- 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. 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, rebuilding, installations, broker, or sales; records and releases on tax and mortgage liens; installation inspections; 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.

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 April 1, 2012, TDHCA had a total headcount of 308 employees. This number includes 291 regular full-time employees and 17 temporary full-time employees. The following tables profile the agency's workforce. TDHCA's workforce is comprised of 38.3 percent males and 61.6 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, 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	38.3%
Female	190	61.6%

Source: Uniform Statewide Payroll System

#### Age

	Number of Employees	Percent of Employees
Under 30	18	5.8%
30-39	76	24.7%
40-49	105	34.1%
50 – 59	89	28.8%
60 and over	20	6.4%

Source: Uniform Statewide Payroll System

**Agency Tenure**

	Number of Employees	Percent of Employees
0-5 years	145	47%
6-10 years	59	19.2%
11-15 years	54	17.5%
16-20 years	42	13.6%
21-25 years	6	1.9%
Over 25 years	2	.06%

Source: Uniform Statewide Payroll System

**State Tenure**

	Number of Employees	Percent of Employees
0-5 years	103	33.4%
6-10 years	58	18.8%
11-15 years	43	13.9%
16-20 years	62	20.1%
21-25 years	19	6.1%
Over 25 years	23	7.4%

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 April 1, 2012) 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	7.5%	18.1%	21.1%	40.9%	37.5%
Professionals	11.1%	9.7%	40%	18.8%	69.7%	53.3%
Technicians	10.2%	13.9%	24.4%	27.1%	16.3%	53.9%
Para-Professionals	33.3%	14.1%	33.3%	49.9%	93.3%	39.1%
Administrative Support	15.3%	12.7%	15.3%	31.9%	69.2%	67.1%

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

In FY2011 the turnover rate for TDHCA was at its highest point in comparison to the previous years; however, it was still lower than the statewide turnover rate of 16.8 percent. TDHCA employed about 65 temporary employees through ARRA funds and through other funds related to Article IX funding. Many of the temporary employees found permanent positions within TDHCA; however, many employees that were nearing their temporary assignment end date left for other employment outside of TDHCA prior to their assignment end date.

According to the State Auditor's Office Turnover Report for fiscal year 2011, the statewide turnover rate for full-time and part-time classified employees at state agencies was 16.8 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 2010 the turnover rate for TDHCA was at its lowest point in comparison to the previous years. 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.

The Department's highest areas of turnover by Job Classification were for the Program Specialist, Auditor, and Administrative Assistant series for fiscal year 2011.

### Overall Turnover

Fiscal Year	TDHCA	State
2011	11.5%	16.8%
2010	5.8%	14.6%
2009	6.9%	14.4%
2008	8.4%	17.3%
2007	6.8%	17.4%

Source: State Auditor Officer (SAO) Classified Employee Turnover Report FY2011.  
Turnover rates exclude interagency transfers

### Turnover by Job Classification

Classification Job Series	Total Terminations
Program Specialist	16
Auditor	7
Administrative Assistant	3

Source: SAO E-Class data for Fiscal Year 2011. Data excludes interagency transfers

**Turnover by Length of Service**

FY	# Terms	0-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	Over 25 Years
2011	43	27	3	5	7	1	0
2010	20	11	3	4	1	1	0
2009	21	12	4	2	2	0	1
2008	24	14	2	4	2	2	0
2007	19	7	8	4	0	0	0

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
2011	43	7	9	12	9	6
2010	20	2	6	3	4	5
2009	21	2	10	0	7	2
2008	24	1	8	3	9	3
2007	19	4	6	3	4	2

Source: SAO E-Class. Data excludes interagency transfers

**Retirement Eligibility**

Data obtained from the Employees Retirement System shows projected retirements 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 314)
2013	36	11.4%
2014	12	3.8%
2015	10	3.1%
2016	7	2.2%
2017	5	1.5%
Total Projected Retirements	70	22%

*Source: Employees Retirement System*

Workforce Skills Critical to the Mission and Goals of the Agency

**Core Functions**

- Mortgage and loan management
- Environmental science
- Underwriting
- Asset Management
- Emergency Response and Management
- Contract Management
- Building Inspection
- 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 has employed one contract developer to assist in the support of PeopleSoft Financials 8.8.

#### **Bond Finance**

Bond Finance uses the following types of consultants:

- Bond Counsel – A nationally recognized law firm or firms experienced in the issuance of mortgage revenue bonds.
- Financial Advisor – Typically an investment banking firm experienced in issuance of mortgage revenue bonds.
- Master Servicer/Administrator – A financially sound bank or trust company experienced in tax compliance review and loan servicing for tax-exempt single family mortgage revenue bond 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.
- Guaranteed Investment Contract Broker – Provides reinvestment services for single family mortgage revenue bond issues, single family commercial paper issues, and/or multifamily mortgage revenue bond issues.

## **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.

### Expected Workforce Changes Driven by Factors such as Changing Missions, Goals, Strategies, Technology, Work, Workloads, and Work Processes

#### Expected Workforce Changes

- The Information Systems Division anticipates challenges in managing risks associated with potential ISD employee turnover. The rate of systems change associated with new programs has been especially high in FY 2011, leaving less time for cross training, documentation, and contingency planning. This combined with a legacy application development environment that houses critical applications such as the HR System, but has an extremely limited pool of qualified programmers, makes planning for turnover an important management priority.
- The Compliance Division has seen significant changes within the last two years to the utility allowance regulations for the housing tax credit program. These changes new require the Department to review the allowance on an annual basis for certain methodologies and for every methodology, review if the owner wants to switch, which could result in the need for additional staff.
- The Human Resources Division anticipates additional requests for technical compensation support, general support, and information distribution due to the increase of temporary staff and employment opportunities.

### 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 Neighborhood Stabilization Program has a current and future need for additional skills in the management of longer-term subrecipient contracts.
- 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:

- The Housing Resource Center anticipates the addition of one staff person to conduct housing outreach and education activities for persons with disabilities in accordance with the CMS grant award received for this purpose.
- The Bond Finance Division anticipates the possible addition of one staff person to handle specialized data analysis.
- The Compliance & Asset Oversight Division anticipates the need for more staff if the volume of utility allowance reviews for the housing tax credit program continues or increases.
- The Real Estate Analysis Division anticipates an increase in the number of employees needed to underwrite an expanding pipeline of multifamily transactions as a result of stimulus funding; these transactions are expected to continue to increase over the next few years.

Anticipated Decreases:

- The Financial Administration Division anticipates a decrease in temporary positions currently supporting the ongoing efforts related to the Recovery Act.
- As the Recovery Act funding for the Weatherization Assistance Program, Homelessness Prevention & Rapid Re-housing Program, and Community Services Block Grant program ends, the current staff within the Energy Assistance Division and Community Services Division have been and continue to be reduced.
- Upon the completion of federal reporting on the Recovery Act in February 2013, the staff of the Recovery Act Accountability & Oversight Office will decrease to zero.
- As the Neighborhood Stabilization Program (NSP) Round 1 Grant Agreement expires in March 2013, and the NSP Round 3 program requires full expenditure before March 2014, NSP anticipates possible reduction in staff upon expenditure of NSP Round 3 funds.

Anticipated Use of Consultants

- Based on projected growth in applications and data supporting the mission of the agency, the Information Systems Division anticipates a need to maintain the continued use of one consultant for PeopleSoft support and, depending on Central Database expansion for new programs, one consultant to augment Java software development efforts.
- The Homeownership Division anticipates the continued use of a large number of consultants utilized in conjunction with the structuring and transactions that fund the Texas First Time Homebuyer and Texas Mortgage Credit Programs.
- The Bond Finance Division anticipates the continued use of a number of consultants, including advisors to provide us with financial advice, non-financial advisors to help us market our structured transactions, legal advisors to assist in the documentation of our structured transactions, and service providers to assist us in meeting our tax compliance requirements.
- The Compliance & Asset Oversight Division anticipates the continued use of outside contractors for Uniform Physical Condition Standards Inspections.
- The Legal Services Division anticipates the use of an outside administrative law judge in addition to possible increases in the use of outside counsel.
- The Housing Resource Center anticipates the use of one or more consultants for extensive external research or research used for reports, such as an inventory of government funded housing and analyses for the Housing & Health Services Coordination Council and the Texas Interagency Council for the Homeless.

## **GAP ANALYSIS**

***Anticipated surplus or shortage of employees/ skills:***

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.

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 person for the job.**

**Goal:** To attract and retain a competent well-trained workforce.

**Rationale:** Over 11 percent of TDHCA's workforce is projected to be eligible to retire by the end of FY 2013. In addition, shortage of certain workers in the labor market will make filling some positions difficult. As experienced TDHCA employees retire or as employees otherwise leave, TDHCA must be ready to either fill these vacancies with existing staff or aggressively recruit from the outside.

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 of 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.
- Create training and development plans for employees to assume higher level positions as vacancies occur.
- Establish recruitment resources that market specific to the housing industry, attend career fairs at colleges and universities, 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.
- 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.
- Continue the Department's summer internship program and encourage management to recruit individuals that are interested in public service with hands on experience with the Department's programs and to serve as a good source of potential employees when vacancies occur.
- Continue to market TDHCA's compensation package to ensure that applicants and candidates are informed about state benefits.
- Encourage employees to pursue professional certification(s) in their areas of employment.
- Continue to conduct the Organizational Excellence Survey to determine trends in employee satisfaction and address areas or trends that could be affecting employee turnover

## Appendix E: Workforce Plan

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- Continue to provide staff with flex hours, compressed workweek schedules, telecommuting and other avenues to balance work and family needs.
- Continue to provide staff with a relaxed dress code.
- Develop a formal Employee Recognition and Awards Program.
- Determine positions with high turnover rates and implement more aggressive recruitment and retention strategies for these positions.
- 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: Employees with skills needed to work with and manage others in a diverse environment.**

Goal: To employ staff who can function in a diverse work environment.

Rationale: 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:

- Offer speakers and training on a variety of topics to promote a work environment that is inclusive and continues to develop a strong diverse workforce.
- Conduct team building retreats.
- 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.
- Continue to provide the opportunity for staff to participate on committees such as the Events Planning Committee, Wellness Committee and as other committees are formed.

**Gap: Managers with the skills needed to lead, communicate effectively, resolve conflict, mentor, and develop staff.**

Goal: To recruit and develop employees with strong management skills and lead their staff in a time of a change and challenges.

Rationale: The Department has had an increase in funding which has created the need for temporary staff and an increased workload of all staff in a fast-paced environment. Managers need to be able to lead their staff during this time of changes and challenges.

Action Steps:

- Continue to send employees in team lead, project management, and management positions to the Governor's Center for Management Development and provide information on trainings for leadership and management workshops.
- Identify critical skills needed for key management positions and provide training opportunities, rotational/cross functional training.
- Encourage management to mentor employee with the potential and desire for leadership roles.

## **APPENDIX F. SURVEY OF ORGANIZATIONAL EXCELLENCE** **RESULTS AND UTILIZATION PLANS**

### *Employees' Attitudes and Possibilities for Change*

In March of 2012, 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 370. 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 313 employees who were invited to take the survey, 234 responded. The response rate of the survey for TDHCA was 75 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 1. Survey of Organizational Excellence: 2010 and 2012 Comparison**

		2012 SURVEY RESULTS		2010 SURVEY RESULTS		
CONS_NO	CONSTRUCT NAME	SCORES 2012		CONSTRUCT NAME	SCORES 2010	POINTS DEVIATED
1	Supervision	390		Supervision	411	-21
2	Team	387		Team	402	-15
3	Quality	373		Quality	387	-14
4	Pay	271		Pay	310	-39
5	Benefits	387		Benefits	391	-4
6	Physical Environment	372		Physical Environment	379	-7
7	Strategic	398		Strategic	414	-16
8	Diversity	361		Diversity	376	-15
9	Information Systems	369		Information Systems	374	-5
10	Internal Communication	346		Internal Communication	360	-14
11	External Communication	375		External Communication	394	-19
12	Employee Engagement	382		Employee Engagement	397	-15
13	Employee Development	377		Employee Development	401	-24
14	Job Satisfaction	381		Job Satisfaction	382	+1

**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: 398)**

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: 390)**

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: 387):***

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: 271)***

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: 346)***

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: 361)***

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 2. Climate Analysis: 2010 and 2012 Comparison**

Higher Scoring Constructs					
Moderate Scoring Constructs					
Lower Scoring Constructs					
<b>2012 SURVEY RESULTS</b>			<b>2010 SURVEY RESULTS</b>		
CONS_NO	CONSTRUCT NAME	SCORES 2012	CONSTRUCT NAME	SCORES 2010	POINTS DEVIATED
	<b>CLIMATE ANALYSIS</b>		<b>CLIMATE ANALYSIS</b>		
15	Climate/Atmosphere	390	Climate/Atmosphere	396	-6
16	Climate/Ethics	387	Climate/Ethics	386	-1
17	Climate/Fairness	345	Climate/Fairness	348	-3
18	Climate/Feedback	339	Climate/Feedback	360	-21
19	Climate/Management	365	Climate/Management	358	+7

**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 2012 Survey of Employee Engagement to improve in areas of concern as noted below.

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.

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 continue to have internal communications with staff through agency wide staff meetings and internal communication methods and will promote an environment that encourages employees to 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 and women 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 strives to award procurement and subcontracting opportunities to minority and women 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 contractors with reference list with 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 2010	TDHCA Performance 2011	TDHCA Goals for 2012
Heavy Construction	N/A	N/A	N/A
Building Construction	0%	N/A	N/A
Special Trades Contracts	0%	0%	N/A
Professional Services Contracts	18.2%	34.8%	23.6%
Other Services Contracts	19.5%	12.9%	24.6%
Commodities Contracts	82.4%	64.2%	21.0%
Grand Total HUB Participation	55.5%	44.0%	

**Table 2. TDHCA Performance – Fiscal Year 2010**

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	11.9%
Building Construction	26,554.00	0.0	0%	26.1%
Special Trades Contracts	2,237.00	0.0	0%	57.2%
Professional Services Contracts	320,347.00	58,600.00	18.2%	20.0%
Other Services Contracts	3,813,713.00	745,477.00	19.5%	33.0%
Commodities Contracts	663,408.00	546,778.00	82.4%	12.6%
Grand Total Expenditures	4,826,261.00	1,350,856.00	27.9%	

**Table 3. TDHCA Performance – Fiscal Year 2011**

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	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trades Contracts	1,974.00	0.0	0%	57.2%
Professional Services Contracts	220,779.00	76,934.00	34.8%	20.0%
Other Services Contracts	4,452,787.00	542,600.00	12.9%	33.0%
Commodities Contracts	463,523.00	297,851.00	64.2%	12.6%
Grand Total Expenditures	5,139,065.00	917,385.00	17.8%	

**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 strives to exceed the previous year's goals for procurement from HUB and subcontracting of HUB vendors.

## **APPENDIX H. LIST OF ABBREVIATIONS**

<b>Acronym/Abbreviation</b>	<b>Description</b>
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

<b>HBAR</b>	Homebuyer Assistance with Rehabilitation Program
<b>HERA</b>	Housing and Economic Recovery Act of 2008
<b>HFA</b>	Housing Finance Authority
<b>HOME</b>	HOME Investment Partnerships Program
<b>HOPWA</b>	Housing Opportunities for Persons with AIDS
<b>HQS</b>	Housing Quality Standards
<b>HRC</b>	Housing Resource Center
<b>HTF</b>	Housing Trust Fund
<b>HUB</b>	Historically Underutilized Business.
<b>HUD</b>	U.S. Department of Housing and Urban Development
<b>IDIS</b>	HUD's Integrated Disbursement and Information System
<b>IS</b>	Information Systems
<b>LAN</b>	Local Area Network
<b>LAR</b>	Legislative Appropriation Request
<b>LBB</b>	Legislative Budget Board
<b>LI</b>	Low Income
<b>LIHEAP</b>	Low Income Home Energy Assistance Program
<b>LIHTC</b>	Low Income Housing Tax Credit (Federal)
<b>LURA</b>	Land Use Restriction Agreement
<b>MCC</b>	Mortgage Credit Certificate
<b>MFB</b>	Multifamily Bond
<b>MI</b>	Moderate Income
<b>MOU</b>	Memorandum of Understanding
<b>MRB</b>	Mortgage Revenue Bond
<b>MSA</b>	Metropolitan Statistical Area
<b>NIMBY</b>	Not In My Backyard
<b>NOFA</b>	Notice of Funding Availability
<b>NOHP</b>	Nonprofit Owner-Builder Housing Program
<b>NSP</b>	Neighborhood Stabilization Program
<b>OCI</b>	Office of Colonia Initiatives
<b>PHA</b>	Public Housing Agency
<b>PIAC</b>	Promoting Independence Advisory Committee
<b>PITI</b>	Principal, Interest, Taxes, and Insurance
<b>PJ</b>	Participating Jurisdiction
<b>PY</b>	Program Year
<b>QAP</b>	Qualified Allocation Plan
<b>RAF</b>	Regional Allocation Forecast
<b>RFP</b>	Request For Proposals
<b>RFQ</b>	Request for Qualifications
<b>RHD</b>	Rental Housing Development
<b>Section 8 Program</b>	Statewide Housing Assistance Payments Program
<b>SFY</b>	State Fiscal Year
<b>SHC</b>	Colonia Self-Help Centers
<b>SLIHP</b>	State Low Income Housing Plan and Annual Report
<b>SOA</b>	State Auditor's Office
<b>SOL</b>	Statement of Ownership and Location
<b>SOP</b>	Standard Operating Procedure
<b>TANF</b>	Temporary Assistance for Needy Families
<b>TCAP</b>	Texas Credit Assistance Program
<b>TDA</b>	Texas Department of Agriculture
<b>TDHCA</b>	Texas Department of Housing and Community Affairs
<b>TFPTF</b>	Texas Foreclosure Prevention Task Force

## *Appendix H: List of Abbreviations*

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<b>THN</b>	Texas Homeless Network
<b>TML</b>	Texas Municipal League
<b>TSAHC</b>	Texas State Affordable Housing Corporation
<b>TSDC</b>	Texas State Data Center
<b>TSEHP</b>	Texas Statewide Homebuyer Education Programs
<b>VL</b>	Very Low Income
<b>WAN</b>	Wide Area Network
<b>WAP</b>	Weatherization Assistance Program