

AGENCY STRATEGIC PLAN

FOR THE FISCAL YEARS 2011–15 PERIOD

BY

The Texas Department of Housing and Community Affairs

Board Chair
Mr. C. Kent Conine

Term
9/14/1997 – 1/31/2013

Home Town
Dallas, Texas

Date of Submission
July 2, 2010

SIGNED:



Michael Gerber, TDHCA Executive Director

APPROVED:



C. Kent Conine, TDHCA Board Chair

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

TABLE OF CONTENTS

INTRODUCTION1

STATEWIDE VISION, MISSION, AND PHILOSOPHY2

 THE VISION FOR TEXAS STATE GOVERNMENT2

 THE MISSION OF TEXAS STATE GOVERNMENT3

 THE PHILOSOPHY OF TEXAS STATE GOVERNMENT3

RELEVANT STATEWIDE GOALS AND BENCHMARKS.....4

 EDUCATION - PUBLIC SCHOOLS4

 EDUCATION – HIGHER EDUCATION5

 HEALTH AND HUMAN SERVICES.....6

 ECONOMIC DEVELOPMENT8

 REGULATORY9

 GENERAL GOVERNMENT11

TDHCA MISSION14

TDHCA PHILOSOPHY14

 CUSTOMERS.....14

 OPERATIONS.....14

 STAFF14

EXTERNAL/INTERNAL ASSESSMENT.....15

 I. OVERVIEW OF AGENCY SCOPE AND FUNCTIONS15

 II. ORGANIZATIONAL ASPECTS24

 III. FISCAL ASPECTS40

 IV. SERVICE POPULATION DEMOGRAPHICS52

 V. TECHNOLOGICAL DEVELOPMENTS.....62

 VI. ECONOMIC VARIABLES AND COMPETITIVE BUSINESS PRACTICES66

 VII. IMPACT OF FEDERAL STATUTES/ REGULATIONS.....73

 X. OTHER LEGAL ISSUES78

 IX. SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT.....81

TDHCA GOALS, OBJECTIVES, AND STRATEGIES AND THE ASSOCIATED OUTCOME, EFFICIENCY, EXPLANATORY, AND OUTPUT MEASURES104

APPENDIX A. DESCRIPTION OF TDHCA’S PLANNING PROCESS117

APPENDIX B. CURRENT ORGANIZATIONAL CHART120

APPENDIX C. FIVE-YEAR PROJECTIONS FOR OUTCOMES.....121

APPENDIX D. LIST OF MEASURE DEFINITIONS123

 OUTCOME MEASURE DEFINITIONS123

 OUTCOME, EFFICIENCY, AND EXPLANATORY MEASURE DEFINITIONS130

APPENDIX E. WORKFORCE PLAN158

 INTRODUCTION158

 AGENCY OVERVIEW158

 CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)162

 FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS).....166

 GAP ANALYSIS170

 STRATEGY DEVELOPMENT170

APPENDIX F. SURVEY OF ORGANIZATIONAL EXCELLENCE RESULTS AND UTILIZATION PLANS174

APPENDIX G. HISTORICALLY UNDERUTILIZED BUSINESS PLAN177

GOAL.....	177
OBJECTIVE.....	177
STRATEGY	177
OUTPUT MEASURES.....	178
EXTERNAL/INTERNAL ASSESSMENT	178
APPENDIX H. LIST OF ABBREVIATIONS.....	180

INTRODUCTION

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

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

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

CONCEPTUAL FRAMEWORK

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

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

The Texas Department of Housing and Community Affairs (TDHCA or Department) Strategic Plan for Fiscal Years 2011–2015 (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.

¹ Governor’s Office of Budget, Planning and Policy, Legislative Budget Board. (2010, March). Instructions for preparing and submitting agency strategic plans fiscal years 2011-2015. Retrieved from http://www.lbb.state.tx.us/Strategic_Plans/StrategicPlansInstructions_forFY_2011-2015.pdf.

STATEWIDE VISION, MISSION, AND PHILOSOPHY

THE VISION FOR TEXAS STATE GOVERNMENT

“Fellow Public Servants:

Since the last exercise in strategic planning began in March 2008, much has changed in the national economic picture. States across the nation have struggled with severe budget shortfalls and the national economy has yet to rebound as many hoped and predicted. Texas, however, has weathered the economic downturn better than other states and been recognized as an example for other states to follow.

Our position relative to other states 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 important reserves in our state’s “Rainy Day Fund,” cut taxes on small businesses, and emphasized a stable and predictable regulatory climate in an effort to show that the Lone Star State is a great place to build a business and raise a family.

Over the last year, families across this state and nation have tightened their belts in response to the economic challenges. Government should be no exception. As we begin this next round in our strategic planning process, we must critically reexamine 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 set clear priorities that will help maintain our position as a national leader now and in the future by:

Ensuring the economic competitiveness of our state by adhering to principles of fiscal discipline, setting clear budget priorities, living within our means, and limiting the growth of government;

Investing in critical water, energy, and transportation infrastructure needs to meet the demands of our rapidly growing state;

Ensuring excellence and accountability in public schools and institutions of higher education as we invest in the future of this state and ensure Texans are prepared to compete in the global marketplace;

Defending Texans by safeguarding our neighborhoods and protecting our international border; and

Increasing transparency and efficiency at all levels of government to guard against waste, fraud, and abuse, ensuring that Texas taxpayers keep more of their hard-earned money to keep our economy and our families strong.

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

RICK PERRY

Governor of Texas²

² Ibid.

THE MISSION OF TEXAS STATE GOVERNMENT

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

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

THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

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

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

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

³ Ibid.

⁴ Ibid.

RELEVANT STATEWIDE GOALS AND BENCHMARKS

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

EDUCATION - PUBLIC SCHOOLS

Priority Goal

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

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

Benchmarks

- High school graduation rate
- 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 graduation rate of children. Considering that “three or more early life residential moves can reduce a child’s odds of graduating high school by nearly 20 percent compared to their nonmoving peers,”⁵ 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.
- 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

⁵ Partnership for America’s Economic Success. (2008). The hidden costs of the housing crisis: the long-term impact of housing affordability and quality on young children’s odds of success. Retrieved from http://www.partnershipforsuccess.org/docs/research_report_200807_housing.pdf.

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 Shelter Grants Program, Homelessness Prevention and Rapid Re-housing 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 2009, the average unemployment for all workers was 7.9 percent, but the average unemployment for people with a bachelor's degree was 5.2 percent and a professional degree was 2.3 percent. Similarly, the average weekly earnings for all workers was \$774, but the average for people with a bachelor's degree was \$1,025 and a professional degree was \$1,529.⁶ TDHCA supports students of higher education by providing affordable housing to allow them to finish their programs.

TDHCA addresses the goals and benchmarks in the following ways:

- 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 Shelter Grants Program, Homelessness Prevention and Rapid Re-housing Program, Homeless Housing and Services Program, and Tenant-Based Rental Assistance can provide case management which may include a recommendation for the individual to start or continue an appropriate educational program.

⁶ Bureau of Labor Statistics. (2010, May). Education pays. Retrieved from http://www.bls.gov/emp/ep_chart_001.htm.

Relevant Statewide Goals and Benchmarks

- 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 2005 to 2007 American Community Survey estimates 23.4 percent of people with disabilities were below the poverty level in Texas during that time period. 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 a Home Free Barrier Removal and Rehabilitation 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, Homelessness Prevention and Rapid Re-housing 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.
- Battered women who 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.⁷ In 2008, there were 193,505, a 3.6 percent increase from 2006, reported family violence incidents in Texas.⁸ Through TDHCA's community services programs, many victims of domestic violence are able to access shelter and supportive services that help them become self sufficient.
- 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."⁹ Homeless persons with substance abuse problems may require supportive services. Through Community Affairs' programs, such as the Emergency Shelter 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 Sabine Pass Restoration Program allows homeowners with a disability or elderly households the opportunity to apply for an additional \$15,000 in assistance for accessibility-related costs associated with elevating the dwelling. The Department's energy assistance and weatherization programs, give preference to the elderly as well as other special needs and priority populations. HOME's Homeowner Rehabilitation activity provides funds for the repair and rehabilitation of homes owned by very low-income households and many of the assisted households are elderly. Finally, the

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

⁸ http://www.tcfv.org/wp-content/uploads/2007/10/tcfv_stats2008.pdf

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

Relevant Statewide Goals and Benchmarks

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;
- promoting a favorable business climate; 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 2009,¹⁰ 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 serve.¹¹ 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

¹⁰ 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.

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

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 2009 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 2009

Activity	Funds	Households*
Rental New Construction	\$132,084,399.00	7,327
Rental Rehabilitation	\$30,637,002.00	2,213
Owner Financing & Down Pmt.	\$106,989,379.00	1,596
Owner Rehabilitated Asst	\$29,325,695.00	452
Total	\$301,974,495.00	11,588

*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

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 and Asset Oversight (CAO) Division and the Program Services Division, in coordination with the Department’s programs, ensure that compliance with federal and state programs is achieved. CAO focuses on maintaining required long-term affordability standards, justifying tenant income certification records. CAO 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 newly-created 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, Dallas/Ft. Worth, Houston, San Antonio, Lubbock, Tyler, Waco, and has remote locations in Edinburg, Henrietta, and Beaumont (for inspection of 100% of installations in coastal counties), 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 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,

Relevant Statewide Goals and Benchmarks

internal and external audits, and the 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, 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 Contractor 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 1st Half FY2010 (9/1/2009-2/28/2010), the public Web site received the following activity (averaged monthly):
 - General Web pages:
 - 54,499 visitors
 - 96,612 visits
 - 298,798 page views
 - Help for Texans, Consumer Assistance area
 - 5,527 visitors
 - 7,576 visits
 - 39,750 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, the agency began projects to expand Central Database systems so that contracts for Recovery Act programs, Hurricanes Ike and Dolly Disaster Recovery funding, the Neighborhood Stabilization Program, and the Homeless Housing and Services Program could be managed in these systems. Most projects were completed by November 2009, and as of April 2010 all these programs are managed using Central Database systems.
- TDHCA program personnel currently administer 447 active contracts for community affairs programs and 349 contracts for housing programs. Over 2,900 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 3,200 accounts in place for property owners and managers who submit online status reports on 1,753 active properties with over 200,000 units through CMTS.

- 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 help Texans achieve an improved quality of life through the development of better communities.

TDHCA PHILOSOPHY

TDHCA values serving its customers with quality services, achieving a high standard of operations and developing the skills of its workforce.

CUSTOMERS

- **Advocacy:** The Department will actively encourage, support, and promote an improved quality of life for extremely low-, very low-, low-, and moderate-income Texans.
- **Service:** The Department will be responsive to every constituent request and provide every customer with prompt, courteous service.
- **Partnership:** The Department will foster an atmosphere that is conducive to encouraging and forming public and private partnerships that are responsive to the needs of extremely low-, very low-, low-, and moderate-income Texans.
- **Equity:** The Department will establish processes for the public's full participation in programs and the fair allocation of resources.
- **Respect:** The Department believes in the worth of all persons and their need for decent, safe, and affordable housing.

OPERATIONS

- **Integrity:** The Department will conduct business openly, free of bias, and according to the highest ethical and professional standards.
- **Accountability:** The Department will be answerable and responsive to the Texas Legislature, external customers/consumers, and its various funding sources.
- **Efficiency:** The work of the Department will be accomplished in the most direct, cost-effective manner.
- **Leveraging:** Each program will encourage the public and private sector to contribute additional resources that maximize the economic impact of and expand the level of assistance provided by state and federal dollars.

STAFF

- **Quality:** Each employee will strive for excellence in the work performed.
- **Creativity:** Department staff will continually seek innovative methods for performing work in their respective fields.
- **Respect:** The Department recognizes that its employees are the critical element in accomplishing its mission and goals. Therefore, it pledges to support their continued professional development and provide opportunities for reward based on their performance. In doing so, it also pledges to promote a collaborative and positive work environment for all employees.

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, 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 approximately doubled the Housing Trust Fund money, to approximately \$21,927,750 over the biennium, resulting in TDHCA making the Housing Trust Fund a separate division.
- Hurricanes Rita and Katrina in 2005 and Hurricanes Dolly and Ike in 2009 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. TDHCA's Disaster Recovery Division primarily oversees the housing recovery funds of these awards.
- The Housing and Economic Recovery Act of 2008 and the American Recovery and Reinvestment Act 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. Furthermore, additional funding was made available to existing programs, such as the Community Services Block Grant and Weatherization Assistance Programs.
- In a recent effort to improve efficiency and effectiveness, the Department implemented a significant 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. TDHCA's programs continue to evolve in response to statutory changes, federal program changes, and public participation.

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 the 80 percent 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 Community Development Block Grant Disaster Recovery Programs, eligible households can have incomes up to 150 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);
- Foreclosure relief (foreclosure prevention counseling and stabilization of neighborhoods with excessive foreclosures);
- Energy assistance (utility payments or home weatherization activities); and Assistance for homeless persons 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 awarded 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.

- Almost all housing development, rehabilitation, and rental assistance funding is awarded through formal request for proposals and notices of funding availability.
- 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 a network of community-based organizations who receive their funding on an annual, ongoing basis.

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

TDHCA's 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/assist_main.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	(A) Poverty Prevention	Community Services Block Grant and Community Services Block Grant (Recovery Act)	Funds local community action agencies to provide essential services and poverty programs	<200% poverty
		Comprehensive Energy Assistance	Funds local agencies to offer energy education, financial assistance and Heating, Ventilating and Air Conditioning (HVAC) replacement	<200% poverty
	(B) Homelessness Prevention	Emergency Shelter Grant Program	Funds entities to provide shelter and related services to the homeless	<50% AMFI (Homeless)
		Homelessness Prevention and Rapid Re-Housing Program (Recovery Act)	Funds qualifying entities to provide homelessness prevention assistance and rapidly re-house persons who are 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 and Multifamily Development	(A) 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
		TX Veterans Housing Assistance Program – Rental Assistance (Housing Trust Fund)	Provides rental subsidies for Veterans for a maximum of two years	<80% AMFI
	(B) 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
		Rural Housing Expansion Program (Housing Trust Fund)	Awards eligible applicants for enhancing capacity and preserving rural affordable housing	<80% AMFI
		Tax Credit Assistance Program (Home Program) (Recovery Act)	Allows HOME fund awards to housing tax credit developments affected by the tax credit devaluation	<60% AMFI
		Texas Tax Credit Exchange Program (Recovery Act)	Allows developments affected by the housing tax credit devaluation to return their credits and potentially receive a cash grant in its place	<60% AMFI

Continuum	Program/Activities	Description	Eligible Households	
(3) Homebuyer Education, Assistance and Single-Family Development	(A) Homebuyer Education	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)
	(B) Homebuyer Assistance	90-Day Down Payment Assistance (Recovery Act) and Mortgage Advantage Program (Recovery Act)	Provides 5 percent of the first lien mortgage amount up to a maximum of \$6,000 or \$7,000 for down payment and/or closing costs at 0 percent interest for 90 or 120 days, depending on program	<115% AMFI
		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
		TX Veterans Housing Assistance Program – Homeownership Assistance (Housing Trust Fund)	Funds eligible applicants to provide low-income veterans up to \$35,000 for down payment assistance, closing costs, and accessibility modifications	<80% AMFI
	(C) Single-family Development	Community Housing Development Organization Set-aside (HOME Program)	These organizations can apply for loans to assist in the acquisition, rehabilitation, or new construction of single-family housing	<80% AMFI
		Rural Housing Expansion Program (Housing Trust Fund)	Awards eligible applicants for enhancing capacity and preserving rural affordable housing	<80% AMFI
Texas Bootstrap Loan Program		Funds entities to offer owner-builder loans programs	<60% AMFI	
(4) Rehabilitation and Weatherization	(A) Rehabilitation	Home Free Barrier Removal and Rehabilitation Program (Housing Trust Fund)	Grants for entities to provide home modifications needed for accessibility for persons with disabilities	<80% AMFI
		Homeownership Assistance Program - Homeowner Rehabilitation (Housing Trust Fund)	Provides loans to homeowners for innovative homeownership initiatives, including barrier removal	<80% AMFI
		Homeowner Rehabilitation (HOME Program)	Loans and grants for entities to provide home repair assistance	<80% AMFI
	(B) Weatherization	Weatherization Assistance Program and Weatherization Assistance Program (Recovery Act)	Funds local agencies to provide minor home repairs to increase energy efficiency	<200% poverty

External/Internal Assessment

Continuum		Program/Activities	Description	Eligible Households
(5) Foreclosure Relief	(A) Foreclosure Prevention	National Foreclosure Mitigation Counseling	Fund Foreclosure Counselors to assist households avoid foreclosure	None required
	(B) Post-Foreclosure Mitigation	Neighborhood Stabilization Program	Purchase foreclosed properties to demolish or create affordable housing and stabilize existing neighborhoods	<120% AMFI
(6) Disaster Recovery and Relief		Community Development Block Grant – Hurricanes Dolly and Ike	Funds for disaster relief, long-term recovery and restoration of infrastructure, housing and economic revitalization	50% of the funds used for <80% AMFI
		Community Services Block Grant – Emergency Disaster Relief	Provide persons with emergency shelter, food, clothing, and other essentials, such as appliances and hygiene items	<200% Poverty
		Community Development Block Grant Program – Round One	Targeted disaster recovery funding to provide home repair assistance and preserve affordable rental housing	<80% AMFI
		Community Development Block Grant – Round Two	Targeted disaster recovery funding to provide home repair assistance, preserve affordable rental housing, provide infrastructure repairs and provide community services for areas with evacuees	<80-150% AMFI
		Disaster Recovery Homeowner Repair (Housing Trust Fund)	Assists households who are lacking only a small portion of funds to fulfill their full cost of construction	<80% AMFI
		Disaster Relief Homeowner Rehabilitation Assistance (HOME Program)	Deobligated HOME funds may be used in non-Participating Jurisdictions to assist with home repair, rehabilitation and reconstruction of homes affected by a disaster	<80% AMFI
		Housing Tax Credit – Disaster Relief	Tax credits to develop or preserve affordable rental housing for the Gulf Coast Opportunity Zone and counties affected by Hurricane Ike	<60% AMFI
		Texas First Time Homebuyer – Targeted Funds	Assist those affected by natural disasters by improving existing residential housing through self-help construction	<60% 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 Board meetings, TDHCA is seen as a financial and administrative resource that helps provide essential services and affordable housing opportunities to low-income 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 and publications, and by directing inquiries to appropriate service providers.

TDHCA is perceived as an organization that focuses on providing affordable housing assistance to very low-income and low-income persons and families. The basic structures of 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. Those developments that are able to use funds from another affordable housing program, such as the HOME program or Housing Trust Fund, are often able to serve households with even lower incomes.

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.

Because the development of any type of housing involves partnerships between the community, developers, and government, the Board and TDHCA staff go to great lengths to encourage developers to communicate and work with neighborhood groups to ensure their voice is heard throughout the process. TDHCA takes seriously its obligation to evaluate community input on funding decisions, including 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 before and during each Board meeting. Public opposition is balanced with the goal of ensuring that low-income Texans have opportunities to live in desirable parts of their community with access to the area's employment, educational, health, and social amenities.

II. ORGANIZATIONAL ASPECTS

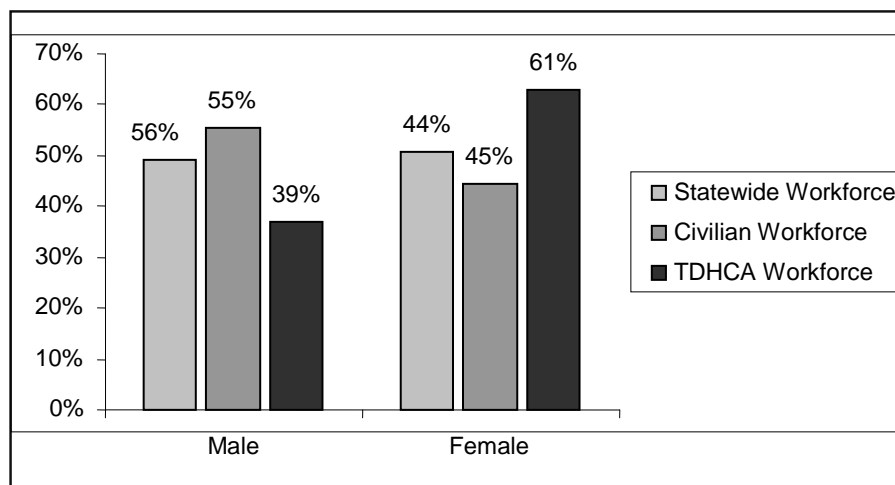
A. Size and Composition of Workforce

As of May 1, 2010, TDHCA had a total headcount of 339 employees. The agency is authorized to have 314 total full-time equivalents (cap FTEs). Additionally, TDHCA was appropriated funds for the Community Development Block Grant (CDBG) disaster recovery program as part of the disaster relief efforts after Hurricane Rita, Katrina, and Ike and also received American Recovery and Reinvestment Act (Recovery Act). As part of the CDBG and Recovery Act funding, the agency has had to hire additional temporary staff in accordance with Article IX, General Appropriations Act. The Department has budgeted for 65 full-time temporary FTEs. As of May 1, 2010, 39 out of the 65 temporary FTEs have been hired to assist with the CDBG and Recovery Act programs; these positions will count for Equal Employment Opportunity (EEO) reporting purposes only and do not count against the agency's FTE cap. These temporary FTEs will be part of TDHCA for at least the next biennium or until federal disaster funds and Recovery Act funds are expended.

Workforce by Gender

The following charts profile TDHCA's workforce and include both full-time and part-time regular and temporary employees. The TDHCA workforce is comprised of 39 percent males and 61 percent females. As shown in the figure below, the TDHCA workforce has a higher representation of female workers than the state workforce population.

Figure 1. Workforce Gender Comparisons



Workforce by Age

As of May 1, 2010, 58 percent of TDHCA's current workforce is over the age of 40. This indicates that the workforce has a high level of overall work experience. TDHCA continues to be successful in the recruitment and retention of employees in this age group. The average age of TDHCA employees is 44.

Employee Tenure

Approximately 36 percent of TDHCA employees have less than 5 years of TDHCA or state service, 21 percent with 6-10 years of TDHCA or state service, 18 percent with 11-15 years of TDHCA or state service, and 25 percent with more than 15 years of TDHCA or state service. The average number of years of service for Department employees is 15 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 3. Employee Age

Age Group	Population	Percentage
Under 30	34	10%
30-39	89	26%
40-49	114	34%
50 – 59	79	23%
60 and over	23	7%
Total	339	

As of May 1, 2010

Table 4. Employee Tenure

Tenure Range	# of Employees	% of Total
<1 year	41	12%
1 – 5	80	24%
6 – 10	70	21%
11 – 15	61	18%
16 – 20	41	12%
21 – 25	22	6%
26 – 30	15	4%
30 +	9	3%
Totals	339	100%

As of May 1, 2010

TDHCA’s Workforce and the Statewide Civilian Workforce

The tables and charts that follow compare the percentage of African American, Hispanic, and Female TDHCA employees (as of April 30, 2010) 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.

However, there are areas where TDHCA’s Equal Employment Opportunity (EEO) employment percentages are less than the state’s percentages:

- Females, Hispanics, and African Americans in the Technical category are under-represented. Many of the positions at the Department are categorized under the professional and para-professional category based on the definition of the EEO categories. The Department has very few positions that fit the definition of the Technician category, making diversity in this category more challenging.
- Hispanics and African Americans in the Administrator/Official category are also under-represented.

TDHCA specifically targets recruitment resources 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.

Table 5. Comparison of TDHCA EEO and Statewide Employment Statistics

Job Categories*	% African American		% Hispanic		% Females	
	TDHCA	State	TDHCA	State	TDHCA	State
Officials/Administrators	-	9%	21%	23.7%	42%	38.8%
Professionals	14%	11.7%	34%	19.9%	69%	54.5%
Technicians	8.33%	17%	25%	27%	18.75%	55.6%
Para-Professionals	20%	12.8%	47%	44.8%	87%	39.7%
Administrative Support	25%	13.2%	25%	31.9%	75%	66.2%

Source: TDHCA EEO Report, (April 30, 2010) and Bureau of Labor Statistics, Geographic Profile, 2007 for the state of Texas.

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.

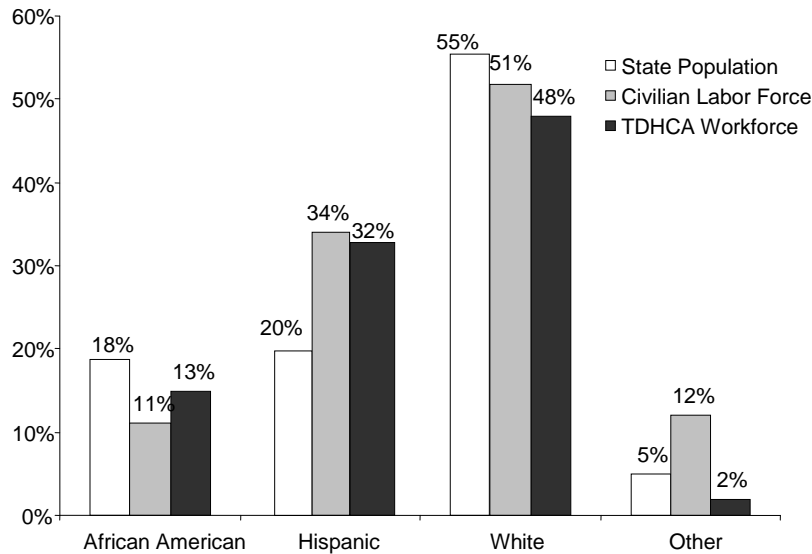
Q – Para-professionals: persons performing some of the duties of professionals in a supportive role.

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

Table 6. TDHCA Workforce by Ethnicity and Gender

Job Categories	African American		Hispanic		White		Other		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A - Administrators and Officials	-	-	3	2	11	8	-	-	14	10
P - Professionals	7	26	26	54	38	72	3	11	74	163
T - Technician	4	-	9	3	26	6	-	-	39	9
Q - Para-professionals	1	2	1	6	-	5	-	-	2	13
C - Administrative Support	1	3	0	4	3	5	-	-	4	12
Total by Race/Ethnicity & Gender	13	31	39	69	78	96	3	11	133	207
Percent of Total by Race/Ethnicity & Gender (%)	4%	10%	11%	20%	23%	28%	0.9%	3%	39%	61%
Total by Race/Ethnicity	44		108		174		14		340	
Percent of Total by Race/Ethnicity	13%		32%		51%		4%			

Figure 2. Comparison of TDHCA Workforce by Race/Ethnicity to State Population and Civilian Workforce



Source: Uniform Statewide Payroll System (2010 data); and SAO Turnover Report for Fiscal Year 2009

Agency Turnover

Percent of Workforce Eligible to Retire

Of the current 339 employees, there are 19 employees or 6 percent who are currently eligible to retire under the “Rule of Eighty”. Thirteen of these employees are from the Manufactured Housing Division. Within the next biennium there will be 13 additional employees eligible to retire under the “Rule of Eighty”. This will be a total of 10 percent of all employees eligible for retirement.

It should be noted that TDHCA currently has 8 return-to-work retirees. 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

Projected Employee Turnover Rate over the Next Five Years

In FY2009 the turnover rate for TDHCA was at its lowest point in comparison to the previous turnover rates. As shown by the table below, TDHCA’s turnover rates have historically been under the state turnover rates and have fluctuated.

Table 7. Historical Employee Turnover Rate

Entity	FY2005	FY2006	FY2007	FY2008	FY2009
Statewide Turnover	16.9%	15.8%	17.4%	17.3%	14.4%
TDHCA Turnover	12.9%	10.4%	6.8%	8.4%	6.9%

Source: SAO Classified Employee Turnover Report FY2009. Turnover rates exclude interagency transfers.

B. Organizational Structure and Process

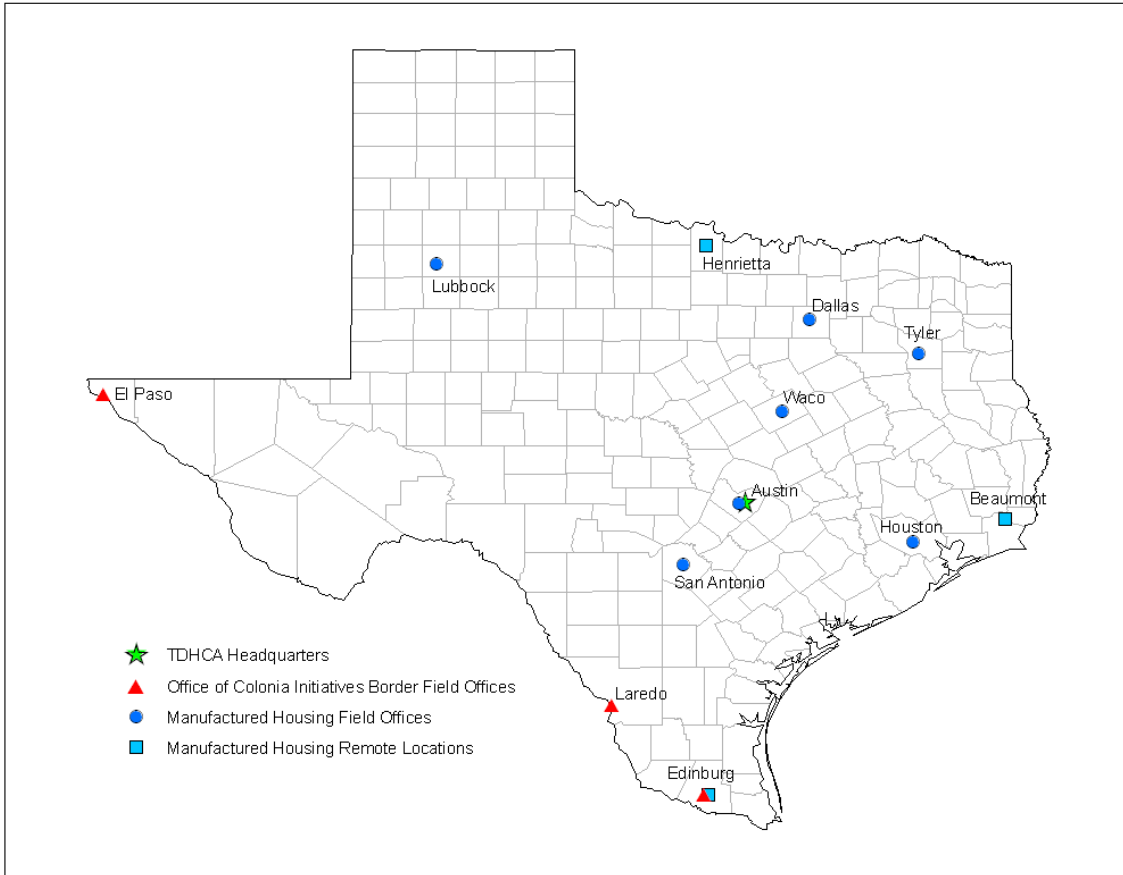
TDHCA is organized under seven divisions that report to the Executive Director: Administration, Community-Based Programs, Housing Programs, Legal Services, Compliance and Asset Oversight, Emergency Housing and Disaster Recovery, and Public Affairs. Within the Community-Based Programs Division, activities are organized under the following categories: Community Affairs, Housing Trust Fund, Office of Recovery Act Accountability and Oversight, and Housing Resource Center. Within the Administration Division, activities are organized under the following categories: Bond Finance, Financial Administration, Information Systems, Texas Homeownership, and Human Resources. Within the Housing Programs Division activities are organized under the following categories: Office of Colonia Initiatives, Neighborhood Stabilization Program, Multifamily Finance Production, Real Estate Analysis, HOME Program, Neighborhood Stabilization Program, and Program Services. The following programs are in the Compliance and Oversight Division: Portfolio Management, Compliance Monitoring, and Physical Inspections. Emergency Housing and Disaster Recovery administers Disaster Recovery in response to natural disasters. The Internal Audit Division reports directly to the Board. 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 11th Street, Austin, TX 78701. Because of the additional staff to manage the American Recovery and Reinvestment Act of 2009 and Disaster Recovery Funds, an additional office has been added at the Twin Towers Office Center, 1106 Clayton Lane, Suite 270W, Austin, Texas 78723. The Office of Colonia Initiatives has Border Field Offices located in Edinburg, El Paso, and Laredo. The Manufactured Housing Division has field offices located throughout the state in Austin, Dallas/Ft. Worth, Houston, San Antonio, Lubbock, Tyler, Waco, and has remote locations in Edinburg, Henrietta, and Beaumont (for inspections of 100% of installations in coastal counties), as well as offers professional license renewals through Texas Online.

Figure 3. TDHCA Locations



D. Location of Service Populations and Regions

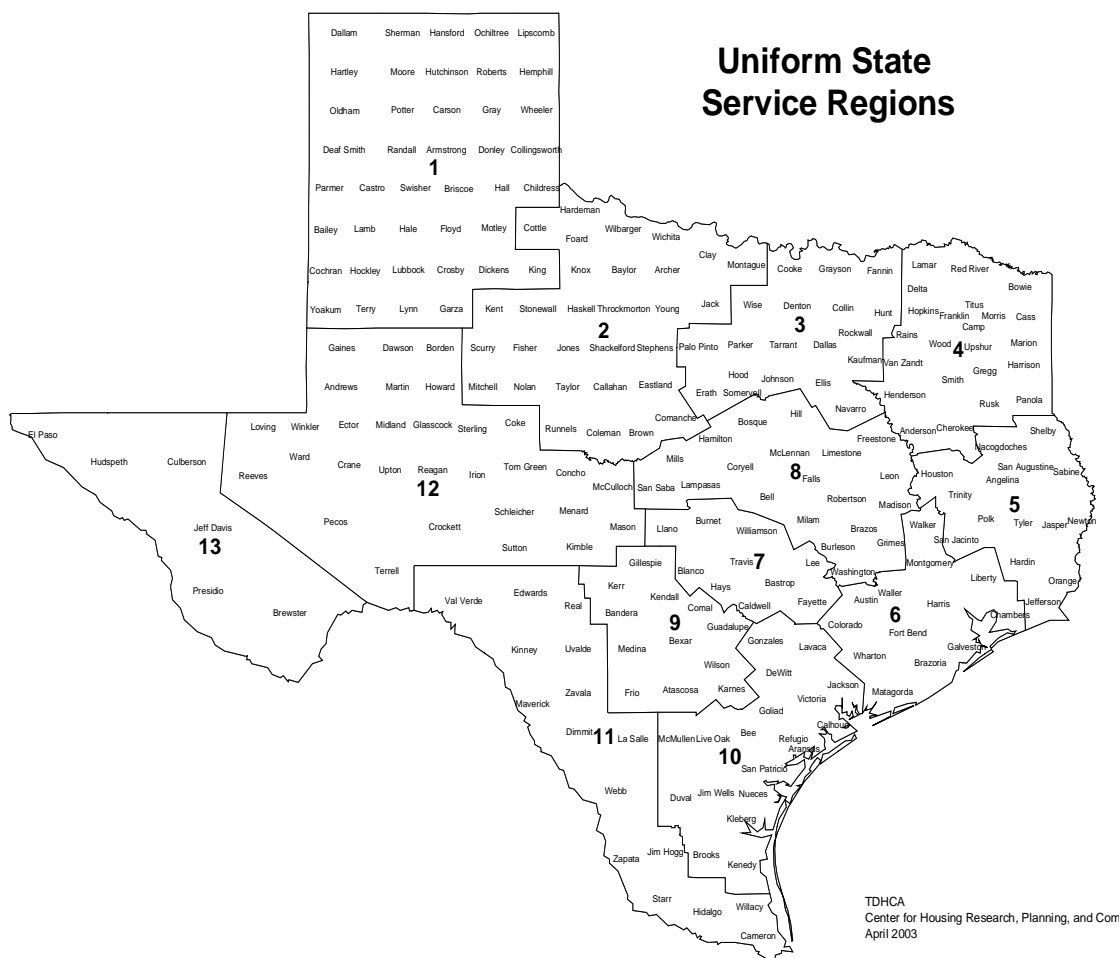
TDHCA is committed to equitably and effectively serving citizens in all areas of the state. For its general planning and reporting purposes, a 13 region geographic configuration of the state’s 254 counties is used. These state service regions, which were developed by the Texas Comptroller of Public Accounts, 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 Grant Program and Homelessness-Prevention and Rapid Rehousing Program are funded based on awards made through applications to Notice of Funding Availability. These awards are competitive and regionally allocated.

Figure 4. 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

As the migration of population and industries continues to urban and suburban areas, 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. To address the income disparity and reduced access to housing and community services resources (e.g., larger communities and regions have greater access to bonds, a large tax base, and investment capital) in less-populous areas, TDHCA gives focused 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 TDRA 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.
- The Housing Trust Fund’s Rural Housing Expansion Program provides funding to develop affordable housing in rural Texas as well as build capacity. The funds would have two components for each recipient: (1) a capacity and technical assistance component designed as a grant that includes intensive technical assistance provision and (2) a direct housing delivery component provided as a no-interest loan. This model, generated from significant public input and discussion, provides rural communities the capacity they need, while also ensuring money to create affordable housing in their communities.
- TDHCA created the Rural Housing Workgroup to provide a forum where knowledgeable and involved stakeholders can share insights with TDHCA management and staff as they develop 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.

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.

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 2010 fiscal year, the RAF uses the following 2000 US Census data to calculate this regional need distribution. (To update the figures, the percentage population change from Households by Income, Size, Tenure and Age [HISTA] data was applied to the 2000 data. HISTA data is a four-way cross tabulation of household data built by a demographic data provider and made available for purchase from Ribbon Demographics.)

- 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 sources 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 2010 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.

2010 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.

2010 Community Service Block Grant (CSBG) Allocation Formula

Allocations to the 47 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.

2010 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. The NOFA will have a specified RAF period to ensure compliance with Chapter 2306. Under the 2009 HOME Investment Partnership Program rules, threshold criteria incentivizes income targeting, uses the Affordable Housing Needs Score (AHNS) 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 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.

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.
- 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.
- Community Development Block Grant funds are distributed to regional planning organizations, cities, counties or nonprofit organizations in areas that have been affected by state- or federally-declared national disasters. The distribution of funds to the regions is based on damage estimates and need. Distribution and administration of funds within the regions allows regional decision-making and control at the local level.
- 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 human resource strengths and weaknesses in the areas of training, experience, compensation/benefits, turnover rates, impact of early retirements, succession planning, strength of policy, etc.

Human Resources Strengths

- The Department's turnover for fiscal year 2009 (6.9%) excluding interagency transfers was at its lowest point in comparison to the previous fiscal years and in comparison to the fiscal year 2009 state turnover rate of 14.4%. The low turnover rate indicates that staff is committed to its clients and to the Department in carrying out its mission and goals. Employee turnover can be both negative and positive. 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 for any organization.

- The Department acquired 65 additional temporary FTE's through Recovery Act and CDBG disaster recovery funds. The Department held a job fair in August of 2009 and a Hiring Event in April of 2010 to recruit individuals for these positions. To date, the Department has hired 39 out of the 65 positions, which indicates the Department is committed to the recruitment of staff in order to serve the needs of the citizens of the State of Texas.
- The Department is committed to providing staff with opportunities to attend continuing education courses, training workshops and conferences, and on-site training to enhance their educational background and skills and to keep professional certifications active. According to the 2010 Employee Engagement Survey, 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.
- The Department's workforce has a depth of institutional knowledge of the programs. 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.
- The Department has a highly diverse workforce which creates an environment of higher employee morale, increases creativity, and leads to a higher retention of 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 average staff tenure for the Department is 15 years. The Department has employees with in-depth institutional knowledge and highly skilled technical staff in the areas of housing finance and federal programs.

Human Resources Weaknesses

- The Department needs to establish a training curriculum for current and new management staff to ensure skills critical to the management of staff.
- The Department needs to develop a program for succession planning to ensure that institutional knowledge is sustained as employees leave the agency either through attrition or retirement.
- The Department has developed a pilot performance management system and has been testing this system for the last six months and has gained very useful feedback from staff and management. The Department will focus on implementing this system within the next 12 months to provide objective means of staff performance.
- The Department needs to develop a transition plan as funding for CDBG Disaster Recovery and Recovery Act come to an end and temporary positions associated with this funding will no longer be needed and Department staff contracts.

External/Internal Assessment

- The Manufactured Housing Division has a projected retirement of at least 13 employees currently. Should this staff decide to retire the Division does not have a plan on how to recruit and fill these positions immediately.

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.

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 Employee Engagement Survey conducted by the University of Texas to address the strengths and weaknesses of the Department as perceived by Department Staff.

The Department has developed an Employee Wellness Program to promote an increase in the health, fitness, awareness, and productivity of Department employees. The program allows Department employees the opportunity to exercise during work hours.

The Department's Events Planning Committee continues to provide activities to build employee morale and recognize employee achievements.

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 six Manufactured Housing (MH) regional offices, two Office of Colonia Initiatives (OCI) regional offices, and one shared MH/OCI regional office 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, Mitas Automated Accounting and Loan Administration software, HAPPY Section 8 software, and custom enterprise business applications, including contract systems for community affairs and housing programs and the Compliance Monitoring and Tracking System. In FY 2009 and 2010, TDHCA completed a major IT project to expand custom enterprise

business applications to accommodate American Recovery and Reinvestment Act (Recovery Act) programs and funds.

- 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.

Technological capital asset weaknesses include:

Current use of an end-of-life legacy system for the Manufactured Housing Division (MHD). TDHCA is continuing work on the FY 2008-2009 Manufactured Housing System Upgrade capital budget project. When deployed, the new system will address weaknesses with the legacy system. TDHCA plans to launch the new system in July 2010.

The system will support all major MHD business functions, including titling, installation and tracking, tax lien processing, licensing, and consumer complaint activities. Key Manufactured Housing System Upgrade goals are to:

- rebuild the system on a platform and with a design that resolves current difficulties in maintaining the system,
- Web-enable services such as submitting titling applications, tax liens, and notices of installations, and
- expand the use of Texas Online beyond manufactured housing license renewals to include providing customers the ability to pay for new licenses and pay titling fees online.

Needs and Prioritization

Throughout the FY 2011-2015 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Continued and frequently extensive enhancement projects for the Department's custom systems.
- Monthly upgrades of the Mitas Automated Accounting and Loan Servicing systems.
- Frequent upgrades of the HAPPY Housing Pro Section 8 System.
- Web site enhancements to provide customers easier access to information.
- Participation in the statewide ERP project, dependent on Comptroller's Office timelines.
- Continued technical support for Department employees and external customers, including supporting the expanded use of Internet technologies, such as webinars, to communicate with customers.
- IT security and disaster preparedness.

G. Agency Use of Historically Underutilized Businesses

It is TDHCA's policy to demonstrate a good faith effort to provide procurement and contracting opportunities for all minority-owned and women-owned businesses. TDHCA understands and recognizes the challenges that occur during the bid process for these businesses. Therefore, it is committed to the recruitment and promotion of Historically

Underutilized Businesses (HUBs) in all procurement processes. 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 continues to achieve the state goals for procurement awards to HUBs and subcontracting of HUB vendors through staff education on procurement policy rules and procedures, and through aggressively recruiting and assisting HUB businesses. TDHCA also participates in vendor forums during the fiscal year, both exhibiting and co-hosting forums.

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, Disaster Recovery 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, Community Development Block Grant (CDBG) Disaster Recovery Programs, Tax Credit Assistance Programs and the second requirement was needed for the Weatherization Assistance Program, CDBG Disaster Recovery Programs, 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 81st Legislature providing additional funding for the Housing Trust Fund. The Housing Trust Fund was separated from the HOME Division and an independent Housing Trust Fund Division was created.

New programs were added to several divisions since 2008. The HOME Division now administers 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) in FY 2009 and now administers the National Foreclosure Mitigation Counseling Program. The Housing Tax Credit Division administers the Tax Credit Exchange Program (Recovery Act). Community Affairs administers the Community Service Block Grants (Recovery Act), Weatherization Assistance Program (Recovery Act), Homelessness Prevention and Rapid Re-Housing Program (Recovery Act), and the Homeless and Housing Services Program funded through General Revenue. The Housing Trust Fund added the Affordable Housing Match Program, the Home Free Barrier Removal and Rehabilitation Program, and the Rural Housing Expansion Program. The Emergency Housing and Disaster Recovery Division added programs to recover from Hurricanes Ike and Dolly.

I. Use and Anticipated Use of Consultants and Contractors

To effectively achieve its mission, TDHCA will continue to use consultants and contract workers in areas where their unique skills and experience represent the most effective use of the State's resources. Three divisions that expect the greatest ongoing use of consultants are Compliance and Asset Oversight, Information Systems, and Bond Finance.

Compliance and Asset Oversight

The American Recovery and Reinvestment Act requires State Housing Finance Agencies to perform asset management for properties funded through the Tax Credit Exchange Program and the Tax Credit Assistance Program. At this time, the Department is evaluating whether it will outsource this new function.

In addition, since March of 2005, the Compliance and Asset Oversight 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 nationally recognized 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 historical funding levels by goal. Goal A: Affordable Housing includes appropriated and non-appropriated resources as below described. The non-appropriated HTC's, single family, and multifamily non-appropriated amounts are estimates in fiscal years 2010–2011.

Table 8. Appropriated Funds

	2006	2007	2008	2009	2010	2011
Goal A: Affordable Housing	\$60,085,072	\$56,500,789	\$51,740,565	\$51,772,518	\$59,133,378	\$59,141,692
Goal B: Info. & Tech. Assist. (Post 79th Leg.)	\$1,354,939	\$1,357,663	\$1,447,412	\$1,450,647	\$1,247,358	\$1,202,882
Goal C: Poor and Homeless	\$83,059,961	\$83,002,846	\$84,766,853	\$84,762,697	\$95,187,172	\$95,183,042
Goal D: Ensure Compliance	\$4,240,709	\$4,278,876	\$4,006,867	\$3,983,682	\$4,722,265	\$4,712,924
Goal E: Manufactured Housing	\$3,840,814	\$3,840,815	\$4,473,928	\$4,630,222	\$4,730,317	\$4,936,897
Goal F: Indirect Administration	\$6,389,609	\$6,317,595	\$6,171,621	\$6,216,236	\$6,163,224	\$6,153,321
Total Appropriated Funds	\$158,971,104	\$155,298,584	\$152,607,246	\$152,816,002	\$171,705,064	\$171,848,761

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

Table 9. Non-Appropriated Funding for Goal A, Affordable Housing

	2006	2007	2008	2009	2010	2011
HTCs (4% and 9%)	\$54,306,491	\$81,362,544	\$52,702,583	\$92,283,012	\$69,472,067	\$56,000,000
Multifamily Bond Funds	\$111,130,000	\$193,282,000	\$56,025,000	\$42,690,000	\$0	\$45,000,000
HOME	\$50,322,043	\$30,346,683	\$40,836,161	\$65,337,949	\$50,000,000	\$43,000,000
Housing Trust Fund	\$4,349,361	\$5,599,361	\$8,482,100	\$11,519,555	\$10,608,267	\$11,244,817
Section 8	\$5,801,688	\$9,032,468	\$5,884,569	\$5,291,931	\$5,469,793	\$5,469,793
Single-Family Bond Funds	\$320,625,000	\$275,200,000	\$157,060,000	\$102,605,000	\$300,000,000	\$320,000,000
Total Non-Appropriated Funds	\$546,534,583	\$594,823,056	\$320,990,413	\$319,727,447	\$435,550,127	\$480,714,610

Table 10. Total, All Funds

	2006	2007	2008	2009	2010	2011
Total Funding Amount	\$705,505,687	\$750,121,640	\$473,597,659	\$472,543,449	\$607,255,191	\$652,563,371

B. Method of Finance

The methods of finance for appropriated funds since the fiscal year (FY) 06–07 biennium are shown below.

Table 11. Methods of Finance

	2006	2007	2008	2009	2010	2011
Federal Funds	\$135,505,609	\$135,387,385	\$128,733,144	\$128,697,779	\$132,646,833	\$132,676,861
Appropriated Receipts	\$15,460,458	\$15,418,498	\$16,586,560	\$16,787,596	\$16,346,832	\$16,506,657
General Revenue (GR)	\$7,109,007	\$3,596,671	\$7,219,287	\$7,262,372	\$22,643,144	\$22,596,988
Earned Federal Funds	\$813,030	\$813,030	\$-	\$-	\$-	\$-
Interagency Contracts	\$83,000	\$83,000	\$68,255	\$68,255	\$68,255	\$68,255
Total Appropriated Funds	\$158,971,104	\$155,298,584	\$152,607,246	\$152,816,002	\$171,705,064	\$171,848,761

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

Federal Funds: These funds are the Department's primary appropriated funding source. Federal funds make up 77 percent of the total funds appropriated to the Department in the 2010–2011 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 and Anticipated Federal Activities,” Page 61. HUD and DHHS are TDHCA’s largest federal grantor agencies.

Appropriated Receipts: These funds represent approximately 10 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 13 percent of total funds appropriated to the Department. The HTF programs and the Homeless Housing and Services Program are the primary programs receiving GR funds and are the only affordable housing programs funded by State funds.

Earned Federal Funds: As of the 2010-2011 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, currently supports Goal B: Colonia Service Centers and originates from TDRA.

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 2008, the most recent year with comparable data, the State of Texas appropriated approximately \$5.3 million to provide for the HTF. Using the 2008 U.S. Census Bureau’s state population estimate of 23,845,989, Texas’ per capita spending on affordable housing is \$0.22. Table 12 provides comparisons of state-appropriated housing funds from the other five largest states in the nation.

Table 12. Comparison of State Per Capita (Sorted by State Funding Level)

<i>State</i>	<i>2008 Population</i>	<i>2008 State Funding</i>	<i>Per Capita Spending</i>
California	36,418,499	\$85,441,798	\$2.35
New York	19,428,881	\$174,200,000	\$8.96
Florida	18,089,889	\$390,400,000	\$21.58
Illinois	12,829,014	\$87,202,000	\$6.79
Pennsylvania	12,440,621	\$33,000,000	\$2.01
Texas	23,845,989	\$5,393,036	\$0.22

Sources: US Census Bureau; *Factbook: 2008 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 2009-2010 Bill Pattern (Article VII, 3-7, General Appropriations Act, 80th 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 13. Key Performance Target Levels

	2010	2011
A. Goal: AFFORDABLE HOUSING		
<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>	0.75%	0.74%
<i>% of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	0.27%	0.27%
<i>% of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	2.42%	2.41%
<i>% of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance</i>	0.15%	0.15%
A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY		
<i>Output (Volume):</i>		
<i># of Households Assisted with Single Family Mortgage Revenue Bond Funds</i>	2,000	2,000

External/Internal Assessment

<i>A.1.2. Strategy: HOME PROGRAM - SINGLE FAMILY</i>		
<i>Output (Volume):</i>		
<i># of Households Assisted with Single Family HOME Funds</i>	952	952
<i>A.1.3. Strategy: HTF – SINGLE FAMILY</i>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Single Family HTF Program</i>	344	344
<i>A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE</i>		
<i>Output (Volume):</i>		
<i># of Households Assisted through Statewide Housing Assistance Payments Program</i>	1,100	1,100
<i>A.1.5. Strategy: FEDERAL TAX CREDITS</i>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the HTC Program</i>	10,928	10,874
<i>A.1.6. Strategy: HOME PROGRAM – MULTIFAMILY</i>		
<i>Output (Volume):</i>		
<i># of Households Assisted with Multifamily HOME Funds</i>	262	262
<i>A.1.8. Strategy: MRB PROGRAM-MULTIFAMILY</i>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Multifamily MRB Program</i>	1,627	1,611
<i>B. Goal: INFORMATION & TECHNICAL ASSISTANCE</i>		
<i>B.1.1. Strategy: HOUSING RESOURCE CENTER</i>		
<i>Output (Volume):</i>		
<i># of Information and Technical Assistance Requests Completed</i>	5,000	5,000
<i>B.2.1. Strategy: COLONIA SERVICE CENTERS</i>		
<i>Output (Volume):</i>		
<i># of On-site Technical Assistance Visits Conducted Annually from the Field Offices</i>	900	900

C. Goal: POOR AND HOMELESS PROGRAMS	2010	2011
<i>Outcome (Results/Impact):</i>		
<i>% of Persons in Poverty That Received Homeless and Poverty-related Assistance</i>	12.35%	12.35%
<i>% of Very Low Income Households Receiving Energy Assistance</i>	5.28%	3.81%
<i>C.1.1. Strategy: POVERTY-RELATED FUNDS</i>		
<i>Output (Volume):</i>		
<i># of Persons Assisted through Homeless and Poverty-related Funds</i>	531,498	531,498
<i># of Persons Assisted That Achieve Incomes above Poverty Level</i>	2,800	2,800
<i>C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS</i>		
<i>Output (Volume):</i>		
<i># of Households Assisted through the Comprehensive Energy Assistance Program</i>	66,050	48,152
<i># of Dwelling Units Weatherized by the Department</i>	3,809	2,257
<i>D. Goal: ENSURE COMPLIANCE</i>		
<i>D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS</i>		
<i>Output (Volume):</i>		
<i>Total # of Onsite Reviews Conducted</i>	864	959

<i>D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS</i>		
<i>Output (Volume):</i>		
<i>Total # of Monitoring Reviews Conducted</i>	258	248
<i>E. Goal: MANUFACTURED HOUSING</i>		
<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>	12%	12%
<i>E.1.1. Strategy: TITLING AND LICENSING</i>		
<i>Output (Volume):</i>		
<i># of Manufactured Housing Statements of Ownership and Location Issued</i>	80,000	80,000
<i>E.1.2. Strategy: INSPECTIONS</i>		
<i>Output (Volume):</i>		
<i>Explanatory:</i>		
<i># of Installation Reports Received</i>	13,000	13,000
<i>E.1.3. Strategy: ENFORCEMENT</i>		
<i>Output (Volume):</i>		
<i># of Complaints Resolved</i>	850	850
<i>Efficiencies:</i>		
<i>Average Time for Complaint Resolution (Days)</i>	180	180
<i>Explanatory:</i>		
<i># of Jurisdictional Complaints Received</i>	750	750

“Rider 2: Capital Budget.

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

Table 14. Capital Budget, Total

<i>Item</i>	<i>2010</i>	<i>2011</i>
Acquisition of Information Resource Technologies		
<i>(1) Purchase of Information Technologies-Scheduled Replacement of Items</i>	\$326,160	\$335,760
Total, Capital Budget	\$326,160	\$335,760

Table 15. Method of Financing (Capital Budget)

Community Affairs Federal Fund No. 127	\$91,340	\$121,368
Appropriated Receipts	\$234,820	\$214,392
Total, Method of Financing	\$326,160	\$335,760

“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 \$1,017,313 for fiscal year 2010 and \$1,096,786 for fiscal year 2011. 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: Bond Refinancing.

The department shall transfer any funds acquired through refinancing of bonds to the Housing Trust Fund. The first \$3,000,000 each fiscal year in savings from the refinancing of any bonds shall be used to fund mortgage loans under the Bootstrap Self-Help Housing Loan Program.”

“Rider 8: 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 9: 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 \$1,000,000 each year.”

“Rider 10: 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 \$1,000,000 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. Out of funds appropriated above in Strategy A.1.7, Housing Trust Fund - Multifamily, 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.

c. 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.

d. 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.

e. Notwithstanding limitations on appropriation transfers contained in the General Provisions of this Act, the Department of Housing and Community Affairs is hereby authorized to direct agency resources and transfer such amounts appropriated above, in excess of \$3,000,000 set aside for the Owner-Builder (Bootstrap) Loan Program established under Government Code, Chapter 2306, between Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily. Prior to the agency making any transfers between these two strategies, they shall notify the Legislative Budget Board, and the Office of the Governor on the amounts being transferred and the reason for transferring funds between strategies.

f. Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily, all funds above those retained for administrative purposes in fiscal year 2010 and fiscal year 2011 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.

g. At the end of each fiscal year, any unexpended administrative balances appropriated under Strategy A.1.3, Housing Trust Funds - Single Family and A.1.7, Housing Trust Fund - Multifamily shall be transferred to the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306.”

“Rider 11: 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 12: 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) neither the Legislative Budget Board nor the Governor issue a written disapproval not later than 10 business days within receipt of the finding of fact and the written plan.

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 13: 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 2010-11 biennium. No General Revenue is appropriated for the payment of these claims.”

“Rider 14: 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 15: 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 16: 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 2010 and January 15th of 2011.”

“Rider 17: Capacity Building Performance Measures.

Out of funds appropriated above in Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily, the agency shall develop or contract to develop a performance measure assessment tool for any organization receiving awards for the purpose of capacity building. The assessment tool must prioritize housing unit production as a key measure along with other benchmarks including board capacity, human resources, fundraising, grants, households served, and financial administration. Prior to any transfers pursuant to Rider 10, Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company, the agency shall use funds necessary from appropriations in Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily for these purposes.”

“Rider 18: Homeless Housing and Services.

Out of funds appropriated above in Strategy C.1.1, Poverty-Related Funds, \$10,000,000 in each fiscal year in General Revenue is hereby appropriated to the Department of Housing and Community Affairs (TDHCA) for the purposes of assisting regional urban areas in providing services to homeless individuals and families, including services such as case management, and housing placement and retention. Pursuant to Government Code, Section 2306.053, funding for this program shall be awarded by TDHCA through a competitive matching grant process whereby the eight largest cities may seek additional funding for this purpose. The agency shall distribute these funds to the eight largest cities with populations larger than 285,500 persons per the latest U.S. Census figures.”

“Rider 19: Financial Assistance for Local Initiatives Regarding the Homeless.

It is the intent of the Legislature that the Department of Housing and Community Affairs:

- (1) use funds appropriated to the department under this Act to provide financial assistance to political subdivisions, housing finance corporations, for-profit corporations, and nonprofit organizations to support local initiatives regarding homeless individuals and families; and

(2) seek any federal funding available for the purpose of providing financial assistance described by subdivision (1).”

“Rider 20: Travel Expenditures.

Out of the funds appropriated to the Department of Housing and Community Affairs authorized for out-of-state travel. This limitation shall not apply to out-of-state travel associated with federal programs if the cost of such travel is paid for or reimbursed by the federal government.”

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

In FY 2009, TDHCA served or committed to serve 143,660 households¹². This is 3.8 percent of the State’s 3,757,285 households in need.¹³ 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 2010 projection is \$13,944 for an OCI field office in Edinburg, and \$23,892.24 for Manufactured Housing field office leases in Houston, Lubbock and Tyler. The Manufactured Housing Division also leases postage meters for their field offices for \$4,512 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 2012-2013 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 2012-2013 Legislative Appropriations Request in August 2010.

¹² “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.

¹³ “Households in need” includes households with cost burdened, 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.¹⁴ 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.

Overall Population Growth

Historically, Texas has been one of the fastest growing states in the nation. According to US Census data, the Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.

For 2000, the US Census reported that 20,851,820 individuals lived in Texas, second only to California in terms of total state population. According to 2010 estimates compiled by the US Census, Texas's population had grown by 18.2 percent since April 2000 to 24,648,888 people in 2010, again exceeding the national growth rate of 9.7 percent for the same period.

For the 2011-2015 Strategic Plan period, both sources estimate that the Texas population will increase by at least 1.4 percent each year. The US Census projects a 5.86 percent growth rate from 2011 to 2015, while the TSDC 0.5 migration scenario projects a 5.59 percent growth rate.

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

Table 16. Texas Population Projections: 10-Year Period 2010-2020

Year	US Census Projection	Annual Change: Persons	Annual Change: Percent	TSDC 0.5 Projection	Annual Change: Persons	Annual Change: Percent
2010	24,648,888			24,330,646		
2011	25,026,846	377,958	1.51%	24,692,181	361,535	1.46%
2012	25,409,783	382,937	1.51%	25,056,041	363,860	1.45%
2013	25,797,428	387,645	1.50%	25,421,596	365,555	1.44%
2014	26,189,495	392,067	1.50%	25,788,871	367,275	1.42%
2015	26,585,801	396,306	1.49%	26,156,723	367,852	1.41%
2016	26,986,249	400,448	1.48%	26,525,342	368,619	1.39%
2017	27,391,070	404,821	1.48%	26,894,510	369,168	1.37%
2018	27,800,543	409,473	1.47%	27,264,173	369,663	1.36%
2019	28,215,015	414,472	1.47%	27,634,725	370,552	1.34%
2020	28,634,896	419,881	1.47%	28,005,740	371,015	1.32%
2011-2015		1,558,955	5.86%		1,464,542	5.60%

Sources: US Census¹⁵, TSDC¹⁶

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.¹⁷

These population projections have a major effect on the need for housing. According to the 2000 US Census, Texas had a 90.6 percent housing occupancy rate. According to the 2006 to 2008 American Community Survey estimate, approximately 47.4 percent of occupied units were built on or before 1979. This means that a little less than half of the housing structures will be 30 years or older. Without the construction of new units and/or the rehabilitation of existing substandard and future substandard units, the need for decent and affordable housing will be significant.

Aging Population

According to the 2005-2007 American Community Survey estimate, 2,315,149 persons, or 9.9 percent of the total Texas population were age 65 or older during that time period.

¹⁵ 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>.

¹⁶ 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/tpepp/txpopest.php>.

¹⁷ 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/PresTab1.xls>.

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 32.2.¹⁸ Between 2005-2007, the median age was 33.1 in Texas.¹⁹ Furthermore, it is assumed that this trend will continue, with the population over 65 years old increasing 100 percent between 2010 and 2030. Comparing age groups, individuals 65 and older are projected to be the population with the highest growth. The second highest age category growth is 14 to 17 years old with only 38.9 percent growth between 2010 and 2030.²⁰

An increasingly older population leads to growth in owner-occupied housing because older households tend to have higher rates of homeownership.²¹ 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 90 percent of elderly persons expressed a desire to stay in their own homes as long as possible.²² According to the 2005-2007 American Community Survey, approximately 1,140,246 elderly households aged 65 and over owned their own homes; this makes up approximately 82 percent of the elderly population.²³ While a high percentage of the elderly own their homes, many elderly also have lower incomes than other population groups. In Texas during 2005 to 2007, the median income of householders age 65 or older was approximately \$30,777 in 2007 inflation-adjusted dollars. This was roughly \$26,883 less than the median income of householders aged 45 to 64. During that same time frame, approximately 12.4 percent of Texans 65 or older lived below the poverty level.²⁴ Furthermore, elderly homeowners may live in older homes than the majority of the population; due to their age, homes owned by the elderly are often in need of repair, weatherization, and energy assistance.

In addition, according to the 2005 to 2007 American Community Survey estimates, approximately 45 percent, or 101,916 elderly persons, aged 65 and older have a disability as defined by the US Census. Of all elderly persons, approximately 35.6 percent have a physical disability and 20.4 percent have a go-outside-home disability.²⁵ 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

¹⁸ 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 16.

¹⁹ 2005-2007 American Community Survey.

²⁰ U.S. Census (2004, March). Table B1: Total population by selected age groups. Retrieved from <http://www.census.gov/population/www/projections/projectionsagesex.html>.

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

²² Texas Department on Aging, Office of Aging Policy and Information. (2002, December). The state of our state on aging. Retrieved from http://www.dads.state.tx.us/news_info/publications/studies/SOSHHighRez.pdf. Pg 19.

²³ U.S. Census Bureau, 2005-2007 American Community Survey. (n.d.). Subject tables. Retrieved from <http://factfinder.census.gov/>

²⁴ Ibid.

²⁵ Ibid.

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 17. Texas Population by Age Group: 10-Year Period 2010-2020

Year	Age: 0-17	Annual Change: Persons	Annual Change: Percent	Age: 18-24	Annual Change: Persons	Annual Change: Percent
2010	6,785,408			2,504,460		
2011	6,889,979	104,571	1.52%	2,517,981	13,521	0.54%
2012	7,003,380	113,401	1.62%	2,528,448	10,467	0.41%
2013	7,123,330	119,950	1.68%	2,535,205	6,757	0.27%
2014	7,246,675	123,345	1.70%	2,540,266	5,061	0.20%
2015	7,376,218	129,543	1.76%	2,535,506	-4,760	-0.19%
2016	7,508,513	132,295	1.76%	2,532,069	-3,437	-0.14%
2017	7,639,597	131,084	1.72%	2,535,322	3,253	0.13%
2018	7,762,744	123,147	1.59%	2,553,765	18,443	0.72%
2019	7,866,920	104,176	1.32%	2,600,568	46,803	1.80%
2020	7,968,267	101,347	1.27%	2,658,208	57,640	2.17%
2011- 2015		486,239	6.59%		17,525	0.69%

Year	Age: 25-64	Annual Change: Persons	Annual Change: Percent	Age: 65+	Annual Change: Persons	Annual Change: Percent
2010	12,771,637			2,587,383		
2011	12,954,759	183,122	1.41%	2,664,127	76,744	2.88%
2012	13,102,550	147,791	1.13%	2,775,405	111,278	4.01%
2013	13,252,187	149,637	1.13%	2,886,706	111,301	3.86%
2014	13,406,107	153,920	1.15%	2,996,447	109,741	3.66%
2015	13,561,194	155,087	1.14%	3,112,883	116,436	3.74%
2016	13,717,895	156,701	1.14%	3,227,772	114,889	3.56%
2017	13,867,455	149,560	1.08%	3,348,696	120,924	3.61%
2018	14,006,204	138,749	0.99%	3,477,830	129,134	3.71%
2019	14,135,650	129,446	0.92%	3,611,877	134,047	3.71%
2020	14,252,607	116,957	0.82%	3,755,814	143,937	3.83%
2011- 2015		606,435	4.47%		448,756	14.42%

Source: US Census²⁶

²⁶ 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>.

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.²⁷ The 2006-2008 American Community Survey found the racial composition of the state was 71.4 percent White, 11.5 percent Black, and 16.7 percent Other. The Hispanic population is 35.9 percent and “White alone, not Hispanic or Latino” is 47.8 percent.²⁸

Future projections point to a shift from a majority White population to a majority of other racial and ethnic groups. According to TSDC projections using the 0.5 migration scenario, the “White, not Hispanic” group is expected to comprise 46.86 percent of the total Texas population in 2011, and 44.71 percent of the total population in 2015. The White population is expected to grow by only 1.07 percent from 2011 to 2015, while the Hispanic population is expected to grow by 10.47 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.²⁹ As for income, unless the wealth of non-White populations changes, the income distributions of households will shift towards lower income categories because of the rapid growth of Hispanic and Black populations, which tend to have lower incomes.³⁰ Furthermore, the growth of non-White populations, which tend to have higher rates of rentership, is projected to fuel the need for rental housing.³¹

²⁷ 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.

²⁸ 2006-2008 American Community Survey. (n.d.) SO102: Population 60 years and older in the United States. Retrieved from <http://factfinder.census.gov>.

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

³⁰ Ibid. Pg 87.

³¹ Ibid. Pg 144.

Table 18. Texas Population by Race and Ethnicity: 2010-2020

Year	Total Population	White (not Hispanic)	Percent	Hispanic	Percent	Black	Percent	Other	Percent
2010	24,330,646	11,533,976	47.41%	9,080,459	37.32%	2,754,751	11.32%	961,460	3.95%
2011	24,692,181	11,569,884	46.86%	9,344,010	37.84%	2,787,351	11.29%	990,936	4.01%
2012	25,056,041	11,604,028	46.31%	9,611,596	38.36%	2,819,628	11.25%	1,020,789	4.07%
2013	25,421,596	11,636,265	45.77%	9,882,960	38.88%	2,851,391	11.22%	1,050,980	4.13%
2014	25,788,871	11,666,595	45.24%	10,158,047	39.39%	2,882,626	11.18%	1,081,603	4.19%
2015	26,156,723	11,694,520	44.71%	10,436,546	39.90%	2,913,062	11.14%	1,112,595	4.25%
2016	26,525,342	11,720,134	44.18%	10,718,471	40.41%	2,942,757	11.09%	1,143,980	4.31%
2017	26,894,510	11,743,233	43.66%	11,003,878	40.91%	2,971,586	11.05%	1,175,813	4.37%
2018	27,264,173	11,763,724	43.15%	11,292,906	41.42%	2,999,491	11.00%	1,208,052	4.43%
2019	27,634,725	11,781,575	42.63%	11,585,918	41.93%	3,026,466	10.95%	1,240,766	4.49%
2020	28,005,740	11,796,448	42.12%	11,882,980	42.43%	3,052,417	10.90%	1,273,895	4.55%
2011-2015	1,464,542	124,636	1.07%	1,092,536	10.47%	125,711	4.32%	121,659	10.93%

Source: TSDC³²

Income

According to the American Community Survey, the median household income in Texas between 2006-2008 was \$49,078, which was less than the national median of \$52,175 (in 2008 dollars).³³ 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 \$35,246.³⁴

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 2000, 2010, and 2020 below, and demonstrate an increasing proportion of the population with incomes below \$40,000. The authors state that the median household income will actually decline by \$5,061 between 2000 and 2040 (in 2000 constant dollars) based on the 0.5 migration scenario.³⁵ This decline is attributed to the rapid increase of Hispanic and Black populations and assumes that the socioeconomic gap between these groups and Whites will not change.

³² Texas 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/tpepp/2008projections/>.

³³ 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>.

³⁴ 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>.

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

**Table 19. Household Income in Texas by Income Category:
2000, 2010, and 2020**

Income Level	2000		2010		2020	
	Households	Percent	Households	Percent	Households	Percent
\$ < 10,000	766,818	10.37%	955,412	10.83%	1,218,416	11.70%
10,000 - 14,999	490,683	6.64%	609,119	6.91%	774,050	7.43%
15,000 - 19,999	486,167	6.58%	602,598	6.83%	753,896	7.24%
20,000 - 24,999	517,230	7.00%	635,750	7.21%	779,300	7.48%
25,000 - 29,999	502,547	6.80%	613,060	6.95%	741,510	7.12%
30,000 - 34,999	493,044	6.67%	595,664	6.75%	710,347	6.82%
35,000 - 39,999	445,211	6.02%	534,047	6.06%	631,032	6.06%
40,000 - 44,999	416,276	5.63%	496,321	5.63%	580,765	5.58%
45,000 - 49,999	357,312	4.83%	424,119	4.81%	493,081	4.73%
50,000 - 59,999	636,916	8.61%	748,513	8.49%	858,280	8.24%
60,000 - 74,999	722,043	9.77%	837,711	9.50%	942,578	9.05%
75,000 - 99,999	705,480	9.54%	805,588	9.13%	888,233	8.53%
100,000 - 124,999	362,413	4.90%	412,025	4.67%	450,347	4.32%
125,000 - 149,999	173,454	2.35%	194,563	2.21%	210,353	2.02%
150,000 - 199,999	153,444	2.08%	171,121	1.94%	184,276	1.77%
200,000+	164,316	2.22%	183,108	2.08%	198,719	1.91%
Total	7,393,354	100.00%	8,818,719	100.00%	10,415,183	100.00%

Source: Center for Demographic and Socioeconomic Research and Education³⁶

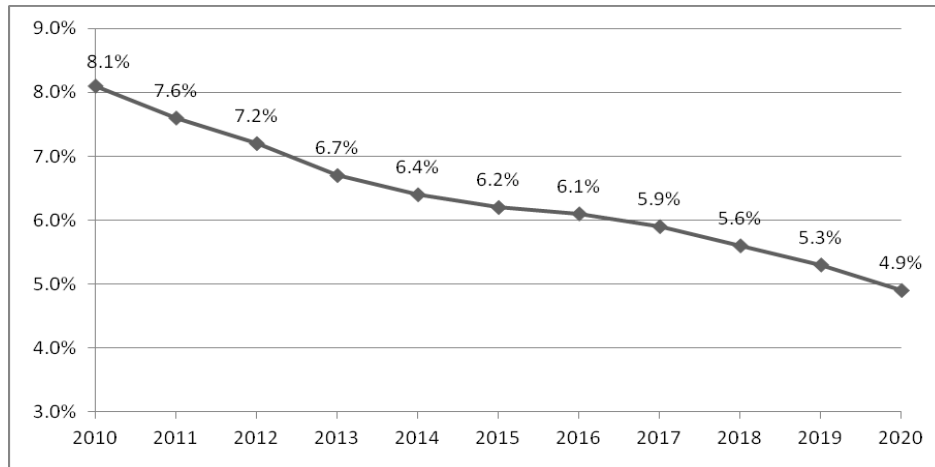
If this projection towards lower incomes does indeed occur, then the need for housing and other assistance will be great. A higher proportion of households at the lowest levels will place an even higher demand on social services, energy assistance, and rental assistance programs. In terms of homeownership, 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 2009 and 2010 due to the economic recession. The Texas Comptroller estimates that the rates will rise to 4.7 in 2011 and 7.8 in 2015.³⁷ 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 2009-2010 Economic Forecast, the unemployment rate is projected to decrease during the 2011-2015 planning period from 7.6 to 6.2 percent. However, this is because unemployment is at an all-time high since the 1930s at 8.1 percent. Unemployment affects the demand for services, including rental assistance, energy assistance, and emergency financial assistance.

³⁶ Ibid. Pg 106-107.

³⁷ Texas Office of the Comptroller. (2009-2010) 2009-2010 Economic forecast: Summary calendar years 1990 through 2039. Retrieved from <http://www.texasahead.org/economy/forecasts/fcst0910/calendarSummary.html>.

Figure 5. : Texas Unemployment Rates: 2010-2020



Source: Texas Office of the Comptroller

Poverty

The 2006-2008 American Community Survey that 16.3 percent of persons in Texas were below the poverty level, which was significantly higher than the national rate of 13.1 percent.³⁸ 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 20. Texas Families in Poverty: 2000, 2010, and 2020

Family Type	2000		2010		2020	
	Number	Percent	Number	Percent	Number	Percent
Family households	598,325	11.4%	783,058	12.3%	983,798	13.1%
Married couples	300,238	7.5%	401,877	8.4%	516,708	9.2%
With own children	207,093	10.3%	283,781	11.5%	364,502	12.7%
No own children	93,145	4.7%	118,096	5.1%	152,206	5.5%
Other families	298,087	23.7%	381,181	24.5%	467,090	24.9%
Male householders, no spouse	47,931	15.0%	63,005	15.6%	79,359	16.0%
With own children	31,134	19.8%	40,696	20.8%	50,174	21.9%
No own children	16,797	10.3%	22,309	10.6%	29,185	10.9%
Female householders, no spouse	250,156	26.7%	318,176	27.7%	387,731	28.1%
With own children	201,475	35.7%	256,149	37.0%	306,053	38.3%
No own children	48,681	13.0%	62,027	13.6%	81,678	14.0%

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

³⁸ 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 2040.³⁹

Population 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 counties⁴⁰, see Figure 5: Texas MSA Counties below.

In 2000, of the 20,851,820 people residing in the state, 86.1 percent resided in MSAs and 13.9 percent resided in non-MSAs. For year 2010, the TSDC, using its 0.5 migration scenario, projected that 86.92 percent of the population is living in MSAs compared to 13.08 percent residing in non-MSAs. This trend of MSA growth is projected to occur in the long term. In 2015, it is projected that 87.29 percent of the population will reside in the current MSA counties, and only 12.71 percent of the population will reside in non-MSA counties. For the 2011-2015 planning period, the population in MSA areas is expected to increase by 1,351,543 or 6.29 percent, whereas the population in non-MSA areas is expected to increase by only 112,999, or 3.51 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 2010 median income for Texas Metropolitan areas was \$61,000 compared to \$46,500 for non-metropolitan areas.⁴¹

³⁹Center 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.

⁴⁰ 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>.

⁴¹HUD. (2010, May). FY 2010 HUD income limits briefing materials. Retrieved from http://www.huduser.org/portal/datasets/il/il10/IncomeLimitsBriefingMaterial_FY10.pdf.

Figure 6. Texas MSA Counties

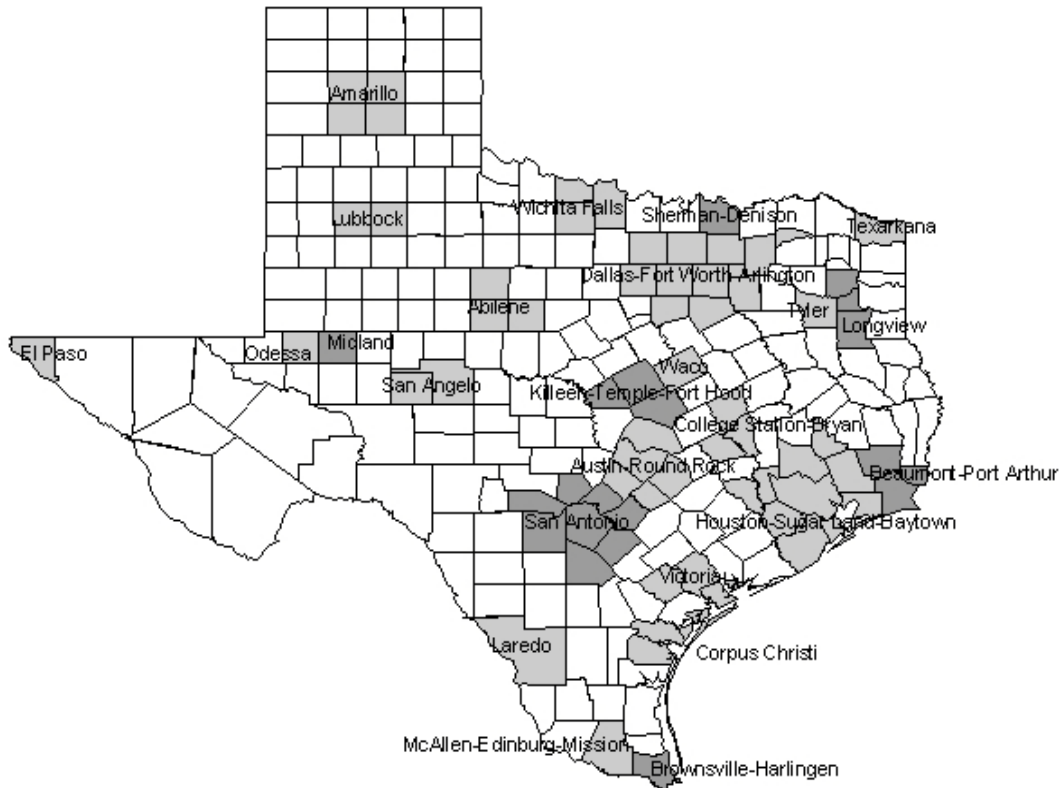


Table 21. Texas MSA and Non-MSA Population Projections: 2010-2015

MSA	2010	2011	2012	2013	2014	2015
Abilene	171,018	172,014	172,959	173,856	174,685	175,467
Amarillo	254,676	257,514	260,367	263,162	265,981	268,770
Austin-Round Rock	1,565,051	1,597,433	1,630,438	1,663,535	1,696,729	1,730,267
Beaumont-Port Arthur	405,139	407,195	409,236	411,191	413,159	415,012
Brownsville-Harlingen	415,304	423,766	432,007	440,445	449,058	457,457
College Station-Bryan	208,258	210,896	213,519	216,071	218,673	221,285
Corpus Christi	460,003	466,070	471,933	477,867	483,678	489,570
Dallas-Fort Worth-Arlington	6,197,626	6,305,846	6,416,199	6,526,826	6,639,133	6,752,624
El Paso	804,087	816,824	829,464	842,216	854,676	867,475
Houston-Sugar Land-Baytown	5,545,836	5,632,883	5,720,333	5,809,147	5,898,186	5,988,118
Killeen-Temple-Fort Hood	391,281	397,196	402,991	408,845	414,614	420,350
Laredo	263,727	271,151	278,946	286,720	294,612	302,631
Longview	207,577	209,068	210,559	212,050	213,501	214,957
Lubbock	271,221	272,873	274,399	275,849	277,278	278,566

MSA	2010	2011	2012	2013	2014	2015
McAllen-Edinburg-Mission	750,714	769,972	789,779	809,567	830,120	850,592
Midland	124,575	125,585	126,578	127,564	128,530	129,479
Odessa	132,775	134,030	135,241	136,436	137,624	138,750
San Angelo	113,236	114,029	114,785	115,503	116,186	116,852
San Antonio	1,953,572	1,977,406	2,000,714	2,024,104	2,047,285	2,069,525
Sherman-Denison	118,011	118,767	119,563	120,335	121,066	121,810
Texarkana	90,972	91,113	91,223	91,324	91,410	91,477
Tyler	188,519	190,036	191,595	193,100	194,634	196,159
Victoria	124,336	125,595	126,835	128,106	129,339	130,678
Waco	231,538	233,648	235,709	237,746	239,726	241,694
Wichita Falls	159,225	159,958	160,709	161,459	162,161	162,846

Table 22. Texas MSA and Non-MSA Population Projections Compared to Total Texas Population

	2010	2011	2012	2013	2014	2015
Total Texas Population	24,330,646	24,692,181	25,056,041	25,421,596	25,788,871	26,156,723
Total MSA Population	21,148,277	21,480,868	21,816,081	22,153,024	22,492,044	22,832,411
<i>MSA Population Percentage of Total Texas Population</i>	<i>86.92%</i>	<i>86.99%</i>	<i>87.07%</i>	<i>87.14%</i>	<i>87.22%</i>	<i>87.29%</i>
Total Non-MSA Population	3,182,369	3,211,313	3,239,960	3,268,572	3,296,827	3,324,312
<i>Non-MSA Population Percentage of Total Texas Population</i>	<i>13.08%</i>	<i>13.01%</i>	<i>12.93%</i>	<i>12.86%</i>	<i>12.78%</i>	<i>12.71%</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. In FY 2009, TDHCA redesigned its website to provide easier 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. We also created new pages designed specifically for 1) developers and builders and 2) communities and nonprofits, while keeping prior navigational elements in place so that customers familiar with the Web site would continue to find it easy to use.

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. During FY 2009 and 2010, TDHCA rapidly extended its custom applications to meet technology needs associated with the American Recovery and Reinvestment Act (Recovery Act), Disaster Recovery, and the Neighborhood Stabilization Program (NSP). In less than 12 months, the Department built primarily upon the Central Database platform to implement modules for the following programs and activities:

- Recovery Act Community Services Block Grant Program.
- Recovery Act Contracting Opportunities.
- Recovery Act Homelessness Prevention and Rapid Re-Housing Program.
- Recovery Act Housing Tax Credits Exchange Program.
- Recovery Act Tax Credits Assistance Program.
- Recovery Act Weatherization Assistance Program.
- Community Development Block Grant Disaster Recovery Program for Hurricanes Ike and Dolly.
- General Recovery Act data collection and 1512 reporting.
- Homelessness Housing and Services Program.
- Neighborhood Stabilization Program.

TDHCA's financial management systems are PeopleSoft Financials and the Mitas Automated Accounting and Loan Servicing systems. 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. The Mitas Loan Servicing system 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-per-second 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 2011-2015 time period, TDHCA's Information Systems Division will continue to focus on the Department's mission, goals, and objectives. All current and future projects involving technology will support the business of the 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 planned FY 2011 contracts for server hardware and software installed on servers are listed in the Department's Planned Procurement Schedule.

The Department leases one T-1 circuit for Internet services, nine 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.

E. Technology Initiative Alignment

"Technology Initiative Alignment" is the strategic alignment of technology initiatives with agency business needs and priorities. This alignment promotes collaboration between the agency's business and IT leaders, and promotes innovative technology solutions that enable the agency to achieve its objectives. The agency's governance structure guides the creation of technology initiatives to ensure that these initiatives align with the agency's business needs and priorities. Additionally, strategically aligning agency technology initiatives with the statewide technology objectives in the State Strategic Plan (The Texas Transformation)

drives economies of scale, increases interoperability among the state’s information systems, and promotes interagency collaboration.

Table 23. TDHCA Technology Initiative Alignment

TECHNOLOGY INITIATIVE	RELATED AGENCY OBJECTIVE	RELATED SSP STRATEGY(IES)	STATUS	ANTICIPATED BENEFIT(S)	INNOVATION, BEST PRACTICE, BENCH-MARKING
Improve security policies and practices.	All goals/objectives	2.1	Current/Ongoing	Decreases the risk of unintended access to agency information.	Benchmarking: TDHCA uses online DIR IT Security and National Institute of Standards and Technology resources.
Maintain, upgrade, secure, and enhance TDHCA's programmatic and financial systems for managing loans and grants.	Goal/Objective 1-1. Increase Availability of Safe/Decent/Affordable Housing – Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing	4.1 4.2 4.4	Current	Ensures that agency systems for managing loans and grants are in alignment with changing business processes, financial transactions are securely exchanged with the Comptroller's Office and other organizations, and program participants have the ability to report to TDHCA online. In FY 2009 and 2010, TDHCA was able to rapidly enhance these systems to address new requirements for Recovery Act, Disaster Recovery, and HERA programs.	
Maintain TDHCA Web site.	Goal/Objective 2-1. Provide Information and Assistance – Provide Information and Assistance for Housing and Community Services	3.1 3.2	Current	Provides visitors with easy access to information about agency programs and services.	

External/Internal Assessment

Maintain, upgrade, secure, and enhance the Community Affairs Contract System.	Goal/Objective 3-1. Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs – Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year	4.1 4.2 4.4	Current	Assists TDHCA's Community Affairs Division and its subrecipients in administering programs designed to provide assistance to poor and homeless populations.	
Maintain, upgrade, secure, and enhance TDHCA's monitoring systems.	Goal/Objective 4-1. Ensure Compliance with Program Mandates – Monitor Developments & Subrecipient Contracts for Compliance	4.1 4.2 4.4	Current	Reduces paper processing through online reporting by property managers; increases efficiency through an enterprise architecture in which common data elements are shared with other agency systems.	
Deploy a new Manufactured Housing System that supports all major MH business functions and provides customers with the ability to retrieve MH information and submit forms and associated payments online.	Goal/Objective 5-1. Regulate Manufactured Housing Industry – Operate a Regulatory System To Ensure Responsive SOL/Licensing/ Other	4.1 4.2 4.4	Current	Provides MH customers with increased access and flexibility; reduces data entry required by MH staff.	Best Practice: Use of Texas Online for all online payments.

VI. ECONOMIC VARIABLES AND COMPETITIVE BUSINESS PRACTICES

This section identifies key economic variables affecting the Department's activities. This discussion includes: a brief description of each variable, the extent to which each variable affects service populations; potential changes to each variable; and possible responses to address these changes.

Foreclosures

The recent nationwide increase in home foreclosures is seen as an unintended side effect of extending homeownership opportunities to higher risk households with limited incomes and wealth.⁴² According to RealtyTrac, a real estate statistics firm, one in every 730 housing units in Texas received a foreclosure notice in April 2010.⁴³ While this is a large number of Texans, Texas is faring the national foreclosure crisis better than many other states. The

⁴² Harvard University Joint Center for Housing Studies. (2008, April 30). America's rental housing: The key to a balanced national policy..

⁴³ RealtyTrac. (2010). Texas real estate trends. Retrieved from <http://www.realtytrac.com/trendcenter/default.aspx?address=TX&parsed=1&stc=tx>

Texas Mortgage Bankers Association found that 2 percent of Texas home loans were in the foreclosure process as compared to a national rate of 4.58 percent at the end of 2009.⁴⁴

Even though Texas currently has a lower-than-average foreclosure rate, the foreclosure rate is still high for Texas: the foreclosure rate from 2000 to 2007 was .6 percent or less.⁴⁵ The current housing predicament could have a variety of implications. A glut of owners losing their homes adds to the number of households competing for low-cost rentals. At the same time, increasing foreclosures threaten renters living in foreclosed properties with sudden eviction, according to a report from Harvard University's Joint Center for Housing Studies.

In response to the foreclosure crisis, TDHCA joined with NeighborWorks America in 2008, as well as representatives from local governments, the financial industry, and the non-profit sector to form the Texas Foreclosure Prevention Task Force. 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 partnered with HUD-approved housing counselors to apply for the National Foreclosure Mitigation Counseling (NFMC) Program offered through NeighborWorks America. Through three successful applications, TDHCA was awarded \$944,640 for foreclosure counseling efforts. 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. From January 1, 2009 to December 31, 2009, the NFMC Program served 1,109 households. Of those households 757 stayed in counseling long enough to reach an outcome. Only 16 of those counseled households ended in foreclosures. This is a 2.1% foreclosure rate for homeowners that were facing the prospect of foreclosure before entering counseling.

TDHCA received \$102,000,000 for the Neighborhood Stabilization Program (NSP) in FY 2009 through HUD. TDHCA partnered with the Texas Department of Rural Affairs (TDRA) to administer these funds; awards are made to local units of government and other entities with the consent of the local unit of government. The purpose of the program is to redevelop abandoned and foreclosed properties in areas that are documented to have the greatest need as a result of declining property values from excessive foreclosures. These abandoned and foreclosed properties will be redeveloped into affordable housing. Activities for foreclosed or abandoned properties through NSP include homebuyer assistance to households earning 120 percent of the Area Median Family Income, rehabilitation to bring

⁴⁴ Houston Business Journal. (2010, February 19). Texas foreclosure rate hits 2%. Retrieved from <http://houston.bizjournals.com/houston/stories/2010/02/15/daily45.html>.

⁴⁵ Federal Dallas Reserve Bank of Texas. (2008, February). Hot housing market catching cold in Texas. Retrieved from <http://www.dallasfed.org/research/swe/2008/swe0801c.cfm>.

the structure into compliance with the Texas Minimum Construction Standards, and land banking to allow foreclosed properties to be temporarily removed from the real estate market in order to allow neighborhoods experiencing property values to recovery.

NSP also upholds the Protecting Tenants at Foreclosure (PTAF) Act of 2009. To comply with PTAF, NSP requires tenants residing in foreclosed property to be properly notified and given 90 days to vacate. In addition, Uniform Relocation Act relocation benefits may apply when NSP funds are used, resulting in funding to allow the renter to find another place to live.

Finally, the 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 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.

Tightened Lending Standards

In the wake of the nationwide subprime mortgage and home foreclosure crisis, banks and other lending institutions have tightened their lending standards and terms. In a survey conducted by the Federal Reserve in January 2010, a majority of commercial banks stated that they had generally ceased tightening standards on many loan types in the fourth quarter of 2009, but have yet to unwind the considerable tightening that has occurred over the past two years. Unfortunately, through the first quarter of 2010 banks continued to tighten standards on residential real estate loans. Additionally, a majority of banks continued to report lower demand for revolving home equity lines of credit through the first quarter of 2010.⁴⁶ 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.⁴⁷

In February 2009, the Obama administration approved a first-time homebuyer tax credit as part of an economic stimulus bill that allowed first-time buyers to claim a credit worth \$8,000 on their 2008 or 2009 taxes. This credit, which was originally set to expire on November 30, 2009, was extended until April 30, 2010. In 2009 the Department launched two separate

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

⁴⁷ Texas Real Estate Center. (2010, January). Rate expectations. Retrieved from <http://recenter.tamu.edu/news/NewsRel05-0110.pdf>.

programs to help homebuyers take advantage of the federal tax incentive. The programs provided short-term loans for down payment and closing cost assistance in exchange for them filing for and receiving the federal tax credit to repay the loan. By the April 30th deadline, the Department helped 854 low to moderate income families purchase their first home, providing \$4.5 million in down payment assistance and helping create an estimated \$111.3 million worth of mortgage loans.

The Department's down payment assistance and advantageous mortgage interest rate loan programs continue to help low- and moderate-income Texans overcome obstacles to homeownership. Additionally, the Department's Texas Statewide Homebuyer Education Program certifies providers who offer homebuyer classes to prospective buyers.

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.⁴⁸ 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 significantly higher than the national average.⁴⁹ One cause of the high use may be the hot weather in Texas requiring air conditioning.

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% of federal poverty guidelines (adjusted annually).

TDHCA will continue to effectively administer its Low-Income Home Energy Assistance Program and DOE Weatherization Assistance programs to help with the needs created by rising home energy costs. 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.

Rental Submarket Characteristics

TDHCA's rental development activities are directly affected by submarket rent levels and vacancy rates as these issues affect the feasibility of all rental housing developments. Therefore, changes in the rental market directly impact what types of development are

⁴⁸ Texas Data Center. (2006). Weatherization assistance program. Retrieved from <http://www.tdhca.state.tx.us/ea/wap.htm>.

⁴⁹ 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.

feasible and where affordable units can be built. To address local concerns over concentration issues, local governments may create standards and regulations within their consolidated planning documents that limit the amount of affordable housing that may be constructed within their community and provide the local governing entity the ability to increase the quantity of affordable housing above the level approved in the plan through the passing of a resolution.

A specific example of how the Department's activities are affected by market characteristics can be found in the allocation of mortgage revenue bond funds. The Department issues tax-exempt and taxable multifamily mortgage revenue bonds to fund loans to for-profit and qualifying nonprofit 501(c)(3) organizations to finance the costs of acquiring, constructing and equipping of affordable rental housing units. As with all of the Department's rental activities, properties financed through this program are subject to income and rent restrictions for lower income tenants and persons with special needs, tenant service programs, quality and amenity threshold criteria and other requirements as determined by the Department and its governing Board. While these developments are similar to those funded by Housing Tax Credits (HTC) (and are eligible to receive tax credits along with the bonds), the bond programs and the HTC program are administered and allocated differently.

The Private Activity Bond Program is administered by the Texas Bond Review Board utilizing local and state qualified bond issuers, initially through a non-competitive lottery process. Due to the participation of other bond issuers, the Department has less control over where developments are located. Because the Department is the only HTC allocating agency for the state, developers must also apply to the Department for the HTC portion of the bond transaction. Therefore the Department attempts to assist local governing entities with submarket concentration issues as a result of the allocation of the HTC portion of the bond truncation through the use of various controls including, but not limited to, a one mile statutory limitation that restricts the new construction of affordable housing within one mile of another affordable housing development; another statutory restriction that prohibits the new construction of affordable housing in cities or counties that currently contain two times the state average of affordable housing on a per capita basis without the approval of the local governing entity.

Unlike the HTC program, the use of these funds is not financially feasible statewide without additional financial support through other funding sources. As compared to HTCs, the bonds have higher administrative costs due to the complexity of the transaction. The funding structure also requires higher rent levels in order to achieve a feasible cash flow. Because the higher rents are required, the bond transactions primarily occur in the state's four largest metropolitan areas (Dallas/Fort Worth, Austin, San Antonio, and Houston). Because the transactions are harder to structure, the desirability of sites in certain "qualified" census tracts that are designated by the Treasury to receive additional credits is increased. Again, this can add to submarket concentration concerns.

Destruction of Homes and Displacement of Populations Due to Natural Disasters

The 2008 hurricane season was the most destructive weather season in Texas state history and marked the first time that all Texas coastal counties were presidentially declared disaster areas at the same time. On July 21, 2008 Hurricane Dolly struck south Texas, the most destructive storm to hit the Rio Grande Valley in 41 years. Then, on September 13, 2008 Hurricane Ike rolled across the Gulf of Mexico, destroying forestry, farmlands, crops, housing, and infrastructure. The 2008 storms left more than \$29.4 billion in unreimbursed damages.⁵⁰

Initial damage estimates provided by FEMA as of December 2008 were the basis for an initial allocation of \$1.3 billion in Community Development Block Grant (CDBG) Supplemental funds to Texas. Of this total, \$621.4 million was designated for housing rehabilitation, reconstruction, multifamily rental restoration, and other housing-related recovery needs. HUD released funds on May 14, 2009, July 2, 2009, and July 24, 2009. Over \$562.6 million was awarded to 18 local subrecipients, while an addition \$58 million was provided to rental developments through state administered programs. Over 70% of this funding was allocated to the Houston-Galveston region. In total, this housing-related recovery effort is anticipated to serve over 6,300 households and rehabilitate or reconstruct another 2,200 rental units.

A second round of CDBG Disaster Recovery funding, in excess of \$1.7 billion, was announced in August 2009. It is anticipated that Round 2 funds will become available in early 2011. The effort to fully repair the damage caused by Hurricanes Dolly and Ike continues today.

The CDBG Disaster Recovery programs administered through TDHCA address damage caused by Hurricanes Rita, Dolly and Ike, with some programs targeted to Katrina evacuees offered through the City of Houston and Harris County.

Factors Affecting Developers

Recent turmoil in the housing and financial markets has also had a ripple effect on the developers of low-income housing. Developers utilizing the Housing Tax Credit programs and mortgage revenue bonds have encountered a contracting market for those credits, since uncertainties in the housing market and the volatility of the mortgage market have reduced investor activity. Housing developers are also experiencing an adverse shift in terms and availability on loans for land acquisition, land development, and construction, according to a report by the National Association of Homebuilders.⁵¹

Additional factors putting pressure on developers are increasing construction costs and the rising cost of utilities due to higher energy costs. Because utility costs are deducted from

⁵⁰ Office of the Governor. (2008, November 10). Texas rebounds report. Retrieved from <http://governor.state.tx.us/files/press-office/Texas-Rebounds-report.pdf>.

⁵¹ National Association of Home Builders. (2008, April 30). Credit tightening on builder loans threatens to prolong housing downturn. Retrieved from http://www.nahb.org/news_details.aspx?newsID=7060.

Housing Tax Credit program rent limits, utilities reduce the amount of rent that can be collected from each unit. Developers face a problem when utility costs rise faster than rent limits, and net rental income is reduced. Tax credit rent limits have been stagnant in many areas of the country, partly due to changes made by HUD for determining area median incomes. Rising expenses, such as construction and insurance costs, also compound this issue.

Business Practices on Competitiveness

TDHCA has several measures in place to examine the effect of its business practices on our customer's competitiveness. For example, repair and reconstruction programs require Subrecipients to receive competitive bids for construction, thus ensuring quality construction that is competitive with non-government-funded repair programs. Furthermore, to effectively leverage 2009 American Recovery and Reinvestment Act funds, the Texas Department of Housing and Community Affairs promotes competitiveness by publishing contract opportunities both directly with the TDHCA as well at the subrecipient level. These opportunities are posted on the TDHCA or the Electronic State Business Daily website thereby allowing businesses to quickly and conveniently access these opportunities. Further, TDHCA staff disperses information about these opportunities and how they can be accessed. By ensuring everyone has access to the contracting opportunities, TDHCA is promoting competition amongst those who ultimately are given Recovery Act funds.

The Department also has rules that promote competitiveness. All programs have a formal award process, as required by statute. Most programs have a competitive application process, such as the Housing Tax Credit Program and Neighborhood Stabilization Program. Moreover, the Real Estate Analysis Division performs underwriting to make sure that the proposed apartment developments using government money meet strict fiscal standards. Recently, in response to customer needs, the HOME and Housing Trust Fund Programs have utilized the option to make funds available through an open cycle application process in which, the organizations are recommended for award on a first-come, first-served basis after passing minimum threshold requirements in addition to federal and statutory requirements. Additionally, HOME and Housing Trust Fund are moving to a new funding reservation process to expedite the expenditure of funds.

However, the extent of the reporting required by federal and state legislation can create regulatory barriers toward competitiveness. More organizations may apply for the funds if there were fewer reporting requirements and if reporting took less time.

The Manufactured Housing Division (MHD) promotes fair competition by providing a way to report and stop unlicensed activities, such as installation, brokering, manufacturing, or sale of a manufactured home. Unlicensed businesses can offer services at much lower fees, which is a disadvantage to license holders and a high risk to the consumer, since unlicensed business are typically not bonded. By featuring a reporting tool on its website, the MHD enables a consumer or license holder to report illegal and unlicensed activity which receives

immediate response by the enforcement staff. This reporting process and priority handling by the Division helps create a safe and fair business environment.

VII. IMPACT OF FEDERAL STATUTES/ REGULATIONS

A. Role of Federal Involvement

Of TDHCA's program funding, 98 percent came directly from the Federal Government in FY 2009. 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 and Anticipated Impact

Community Development Block Grant Program (CDBG)

Source: US Department of Housing and Urban Development

Statute: 42 USCA § 5301 et seq.

Purpose: The primary purpose of CDBG is to develop viable communities by providing decent housing and a suitable living environment, restoration of infrastructure, and by expanding economic opportunities, principally for low and moderate income persons. While TDRA administers the state's formula allocation of CDBG funds, TDHCA, and TDRA are jointly administering CDBG funding provided for rebuilding after Hurricanes Rita and Katrina in 2005 and Hurricanes Dolly and Ike in 2008. TDRA also provides CDBG funds for the operation of seven Colonia Self-Help Centers. Round One and Round Two of funding from the federal government for recovery efforts for Hurricanes Rita and Katrina began in 2006 to make a total of approximately 502.5 million in funding. This round of funding is currently being administered by TDHCA and TDRA, with a large portion of the funds distributed through a third party project management firm, ACS State and Local Solutions. For Hurricanes Dolly and Ike, approximately \$1.3 billion was allocated to Texas for recovery efforts with TDRA as the lead agency. TDHCA will administer the housing portion of this grant.

TDHCA received about \$621 million for housing activities under the Ike/Dolly Disaster Recovery Round One. All of the funds have been obligated to 18 Subrecipients comprised of councils of governments, cities and counties. The Subrecipients are currently reaching out to those in communities in need of assistance, and providing assistance by repairing or replacing damaged housing. The CDBG disaster recovery program is a reimbursement program so funds must be spent to rehabilitate or reconstruct housing before the funds are released. Approximately \$11 million in program and administrative funds have been drawn as of June 1, 2010.

Status: Public Law 109-234 provided \$428,671,849 in CDBG disaster recovery funds to provide assistance to help restore and rebuild areas of the state most affected by Hurricanes Rita and Katrina. Approximately 68 % of the funds have been expended for housing and non-housing activities. On the housing side, assistance to rehabilitate or reconstruct over 1500 homes has been provided as of June 1, 2010.

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 2010 Health and Human Services Appropriations Act (PL 109-149) provided \$680 million for CSBG. Texas will received \$33.5 million in CSBG funds in FY 2010. A cut or loss of funding of CSBG would have a devastating impact on estimated 470,000+ low-income persons in Texas who are served annually by programs supported with CSBG funds. Due to the availability of CSBG funds in 2009, the Network in Texas was able to leverage approximately \$643 million dollars of state, local, and private funds and resources.

Community Services Block Grant (CSBG) – Recovery Act

Source: US Department of Health and Human Services

Statute: P.L. 111-5 (American Recovery and Reinvestment Act)

Purpose: The purpose of the CSBG program is to provide emergency and poverty-related programs to lower-income persons. (See above description.)

Status: Funded \$48,148,071. Program services must be rendered by September 30, 2010.

Emergency Shelter 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 operating expenses and essential services in connection with emergency shelters for the homeless, and to provide homeless prevention activities.

Status: The U.S. Department of Housing and Urban Development's Community Planning and Development Program (CPD) 2010 allocation for the Emergency Shelter Grants (ESG)

totaled \$160 million. Texas received \$11 million in ESG funds for eligible jurisdictions and, as of this writing, the Texas Department of Housing and Community Affairs received \$5.23 million.

Homebuyer Tax Credit Programs: 90-Day Down Payment Assistance Program - Recovery Act

Source: Supplemental Bond Contingency Reserve Funds

Statute: In March 2009, the Department's Board gave staff the authority to utilize up to \$5 million in Supplemental Bond Contingency Reserve Funds for down payment and closing cost assistance through the 90-Day Downpayment Assistance Program.

Purpose: The purpose of the program is to provide 5 percent of the first lien mortgage amount up to a maximum of \$7,000 for down payment and/or closing costs at 0 percent interest for 90 days.

Status: Funded \$5 million. Ended September 23, 2009 and served 756 households.

Homebuyer Tax Credit Programs: Mortgage Advantage Program – Recovery Act

Source: Mortgage Credit Certificate Program and Mortgage Revenue Bond Program

Statute: In March 2009, the Department's Board gave staff the authority to utilize up to \$2.5 million from funds within the Mortgage Credit Certificate Program and Mortgage Revenue Bond Program 70 for the Mortgage Advantage Program.

Purpose: The purpose of the program is to provide 5 percent of the first lien mortgage amount up to a maximum of \$6,000 for down payment and/or closing costs and offer 0 percent interest on the second lien for 120 days for homebuyers using the Recovery Act first-time homebuyer tax credit and the Texas First Time Homebuyer Program and/or the MCC Program.

Status: Funded \$2.5 million. Ended September 23, 2009 and served 98 households.

Homelessness Prevention and Rapid Re-Housing Program (HPRP) – Recovery Act

Source: US Department of Housing and Urban Development

Statute: P.L. 111-5 (American Recovery and Reinvestment Act)

Purpose: The purpose of the program is to enable persons who are homeless or at risk of homelessness to maintain housing.

Status: Funded \$41,472,772. All HPRP contracts were executed in October 2009. HPRP is administered through the Community Affairs Division at the Department. According to the Recovery Act, 60 percent of the HPRP funds must be expended within two years and 100 percent within three years, and the Department is on target to meet this deadline.

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 or rehabilitation of owner-

occupied housing and investment in the acquisition and/or new construction or rehabilitation of affordable multifamily housing.

Status: The FY 2010 HUD Appropriations Act (PL 111-117) provides approximately \$1.8 billion for the HOME program, an approximate one percent (1%) decline in allocation compared to FY 2009. For FY 2010, TDHCA anticipates receiving \$43,593,825 in HOME Investment Partnership Program 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 owners of 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 \$66,000,000 in Housing Tax Credits in 2010 (\$51 million in competitive credits and an unlimited ceiling that may result in \$15 million in non-competitive credits associated with tax exempt bond financing).

Housing Tax Credit Exchange Program – Recovery Act

Source: U.S. Department of the Treasury

Statute: Section 42, Internal Revenue Code, Section 2306, Tx Govt Code

Purpose: The purpose of the program is to allow developments allocated HTC's in 2007, 2008 and through September 2009 to return their tax credits. The Department can exchange the returned credits with the Treasury for cash at a rate of \$0.85 for each dollar in credit returned.

Status: Funded \$594,091,929. TDHCA submitted its application to the U.S. Treasury Department in December for the full amount of \$594,091,929 and it was accepted. TDHCA has subsequently awarded \$585,338,571 of that amount.

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 for 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, 2010 (P.L. 110-161), which provided \$5.1 billion for LIHEAP. Texas will receive approximately \$210 million in LIHEAP funding for FY 2010.

Mortgage Revenue Bond Programs (MRBs)

Source: US Treasury Department

Purpose: Under the MRB program, the Department issues mortgage revenue bonds to help lower income working families buy their first homes with low interest loans. It includes a multifamily bond program and several single family bond programs.

Status: It is projected that the MRB program will receive \$90,000,000 in 2010. 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: Consolidated Appropriations Act (Public Law 110-161); Housing and Economic Recovery Act of 2008 (Public Law 110-289); Omnibus Appropriations Act of 2009 (Public Law 111-8); Consolidated Appropriations Act of 2010 (Public Law 111-17).

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

Status: Funded \$449,960 for NFMC Round 3 and \$58,293 for Round 4. Reimburses for counseling performed between July 1, 2009 and June 30, 2010 for Round 3 and December 2009 to December 2010 for Round 4.

Neighborhood Stabilization Program (HERA)

Source: U.S. Department of Housing and Development

Statute: Housing and Economic Recovery Act of 2008

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 2009.

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 2010 DOE award to the State of Texas is \$4,294,261. The Department estimates the proposed funding for FY 2011 to be level funding at approximately \$4.3 million. The WAP also receives approximately 15% (about \$31 million) of the LIHEAP allocation.

Weatherization Assistance Program - Recovery Act

Source: U.S. Department of Energy

Statute: P.L. 111.85 and P.L. 111-005

Purpose: The purpose of the program is to allocate funding to help households control energy costs through the installation of weatherization measures and through energy conservation education. (See above description.)

Status: Funded \$326,975,732. Recovery Act WAP performance period lasts until March 2012.

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 2008 HUD Appropriations Act (PL 110-161) provides \$15.9 billion for the Section 8 program. TDHCA, which administers 1,064 vouchers out of 144,000 in the state, will receive approximately \$5.6 million for FY 2008 activities.

Tax Credit Assistance Program – Recovery Act

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

Statute: P.L. 111-5 (American Recovery and Reinvestment Act)

Purpose: The purpose of the program is to award federal HOME funds to HTC developments adversely affected by current HTC market conditions.

Status: Funded \$148,354,769. Funds must be expended by February 16, 2012.

X. OTHER LEGAL ISSUES

The Eighty-first Legislature of 2009 enacted several bills that affect TDHCA.

Senate Bill (SB) 679 makes several changes to TDHCA's Housing Trust Fund (HTF) and the Owner-Builder (Bootstrap) Loan programs. Most significantly, SB 679 changes the eligibility and personal labor requirements under the Bootstrap Program and increases the TDHCA and total loan caps under this program.

SB 1717 requires TDHCA to adopt a rule requiring all housing sponsors of multifamily housing developments who receive funds from the state or federal government, or are subject to a land use restrictive covenant, to submit a quarterly unit vacancy report to TDHCA. The Department must then provide this information, disaggregated by zip code, to each member of the Legislature upon request. SB 1717 also prohibits tax credit developers from locking out or threatening to lock out residents, except by judicial process or if there is a necessity to perform repairs/construction or an emergency. Tax credit developers are further prohibited under SB 1717 from seizing or threatening to seize residents' personal property, except by judicial process or if the resident has abandoned the premises.

HB 4275 gives TDHCA the flexibility and rulemaking authority needed to implement tax credits related to the 2009 American Recovery and Reinvestment Act funds outside of the existing statutory parameters. Specifically, the bill allows TDHCA to establish a separate application procedure and deadlines.

The 81st Legislature passed two bills affecting TDHCA's disaster recovery efforts:

HB 2450 allows an applicant for federal disaster recovery assistance administered through TDHCA to establish homeownership through non-traditional documentation of title. Accordingly, TDHCA is required to create and make available a form that establishes homeownership by the applicant. HB 2450 also establishes the Natural Disaster Housing Reconstruction Advisory Committee, which is tasked with developing a natural disaster reconstruction plan and housing reconstruction demonstration pilot programs for three disaster-affected areas. TDHCA is tasked with appointing all members of this committee.

HB 4409 grants state and local agency employees, as well as their volunteers, the same protection from liability as is given to members of the state militia if they are performing duties related to emergency disaster shelter or housing. HB 4409 also requires TDHCA to solicit proposals and enter into pre-event contracts to obtain temporary or emergency housing as needed following a disaster. The bill states that the associated contract costs may be paid for out of the disaster contingency fund, but there are no clear rules or procedures for accessing these funds. TDHCA received no appropriation for these contracts.

There were also multiple bills requiring TDHCA to establish or join existing coordination councils or task forces. Most significantly, **SB 1878** establishes the Housing and Health Services Coordination Council. The TDHCA Executive Director will serve as the presiding officer of the council, and TDHCA staff will provide clerical and advisory support to the council. **HB 2275** creates a task force to develop uniform standards for subdivisions in the unincorporated areas of the counties near the international border and in economically distressed areas. TDHCA is tasked with appointing six of the 23 members for this task force. **HB 2840** adds TDHCA to the list of "authorized governmental agencies" that parties must report mortgage fraud to under Section 402.031, Texas Government Code, and adds a representative from TDHCA to the Residential Mortgage Fraud Task Force.

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 assess fees to pay for infrastructure costs. These impact fees increase the cost of developing all types of housing including affordable housing.

The Department has a significant legal dispute, litigation styled ICP vs. TDHCA et al. This lawsuit is currently pending in the Federal District Court for the Northern District of Texas and is scheduled for trial beginning August 2010. Plaintiff, the Inclusive Communities Project is an organization created out of the Walker v. HUD litigation to address racial issues in public housing. They allege that in the Dallas area the Department has engaged in

concentration of units in high minority areas creating racial discrimination in the administration of the low income housing tax credit program and have sought an injunction to prevent the TDHCA Governing Board from awarding more credits in Dallas. Additionally they seek to disregard Texas statutes passed by the Texas Legislature and allow the board to make awards using broad discretion.

The Department has denied the allegations and contends that it has administered the program in conformity with the requirements of applicable state and federal law. The location of the low income housing tax credits are admitted; however, the Department contends that the requirements governing the program and the results they yield, including giving preference to certain qualified census tracts, are a direct result of the federal mandates reflected in Section 42 of the Internal Revenue Code

Settlement discussions were held but, as the Plaintiff’s seek a rewrite of state and federal law, TDHCA was unable to agree to the resolutions sought.

IX. SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT

A. Effectiveness and Efficiency of the Department

Performance Measures

This section discusses performance measures established by the 81st Legislature. Goals one through five are established through interactions between TDHCA, the Legislative Budget Board and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

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	2009 Target	2009 Actual	% of Goal	2010 Target
Number of single-family households Assisted through the First Time Homebuyer Program	1,716	835	48%	1,911

Explanation of Variance: Due to volatility in the housing market in 2009, the resulting mortgage crisis and the disruption in the investor markets, the Department has been unable to structure and make available a mortgage revenue bond program. Therefore, our performance figures are much lower than originally projected.

Strategy 1.2

Provide funding through the HOME Program for affordable single family housing

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of single-family households assisted with HOME funds	1,255	783	62%	952

Explanation of Variance: Due to programmatic changes and based on public input, there was an increase in the investment per unit, which resulted in a reduction of the total number of households assisted by Rehabilitation Activities. Additionally, due to current economic and housing market challenges, there was significantly less demand for Homebuyer Assistance. There was an increase in the number of households assisted through Tenant-Based Rental Assistance; the increase in the investment per household is reflected in households serving special needs families.

Strategy 1.3

Provide funding through the HTF program for affordable single family housing

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of single-family households assisted through the Housing Trust Fund	209	275	132%	344

Explanation of Variance: The Department received approximately \$5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan, \$1,000,000 was awarded for the Texas Veterans Housing Assistance Program. During the third quarter, this program provided assistance to 30 Veteran Households. The Department also released a Homeownership SuperNOFA, making available \$1,000,000 from the annual appropriation. This program provided assistance to 83 Texas families. Additionally, the Department was able to award \$50,000 as gap financing for the Disaster Recovery effort in Southeast Texas, supporting the rehabilitation of 8 units. The Department was able to exceed the target due to the lower amount of assistance provided per household for the gap financing for Disaster Recovery and Veteran's Housing Assistance programs.

Strategy 1.4

Provide tenant-based rental assistance through Section 8 certificates

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of households assisted through Statewide Housing Assistance Payments Program	1,494	956	64%	1,100

Explanation of Variance: The targeted measure of 1,494 voucher was developed when HUD provided Section 8 Housing Assistance Program funds based on a specified number of vouchers. The methodology for the allocation of Section 8 Housing Assistance Program funds has changed and the Department no longer received funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

Strategy 1.5

Provide federal tax credits to develop rental housing

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of multifamily households assisted with Housing Tax Credits	11,779	8,998	82%	10,928

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

Strategy 1.6

Provide funding through the HOME Program for affordable multifamily housing

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of multifamily households assisted with HOME funds	526	620	118%	262

Explanation of Variance: The Department maintained a continuous open-cycle Notice of Funding Availability (NOFA) for rental development throughout FY 2009. Additional HOME funds that were deobligated from non-performing contracts were made available for this strategy. This allowed the Department to maintain a continuous award process and facilitate the timely commitment and expenditure of HOME funds in accordance with federal requirements.

Strategy 1.7

Provide funding through the Housing Trust Fund for affordable multifamily housing

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of multifamily households assisted through the Housing Trust Fund	800	160	20%	38

Explanation of Variance: The Department utilized all funds set-aside for the HTF Multifamily Housing Activity during the 3rd Quarter. Due to programming, the investment of HTF funds was fixed to subsidized units--those units required to assist very low or extremely low income during the affordability period. As a result, there has been a significant increase of investment per unit and a decrease in the estimated number of units assisted.

Strategy 1.8

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

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of households assisted through the Mortgage Revenue Bond Program	2,217	504	31%	1,627

Explanation of Variance: This measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department. This Strategy correlates to Strategy 1.1.

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	2009 Target	2009 Actual	% of Goal	2010 Target
Number of information and technical assistance requests completed	4,900	5,281	108%	5,000

Explanation of Variance: None needed.

Strategy 2.2

To provide technical assistance to colonias through field offices

Strategy Measure (A)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of on-site technical assistance visits conducted annually from the field offices	800	948	119%	800

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the colonia SHC Program, OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. The Texas Bootstrap Loan Program Reservation System has necessitated increased technical activities. In addition, technical assistance visits have increased for the colonia SHC Program due to environmental assessments, labor laws, changes to rules and processes and other related federal regulations.

Strategy Measure (B)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of colonia residents receiving assistance	8,000	11,707	146%	12,000

Explanation of Variance: The Department focuses on empowering the units of local government and nonprofit organizations to work with the colonia residents on a one-on-one basis through the colonia SHCs. Due to increased outreach efforts more colonia residents are utilizing the programs and activities of the colonia SHCs. In addition, targeted performance for 2009 has increased due to Val Verde County conducting two solid waste removal activities during the 3rd Quarter and one during the 4th Quarter and Webb County conducting one during the 3rd Quarter. This activity is reported as area wide and benefiting all colonia residents in the targeted area.

Strategy Measure (C)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of entities and/or individuals receiving informational resources	1,000	636	63%	1,000

Explanation of Variance: The Office of Colonia Initiatives (OCI) staff provides technical assistance to county governments and local nonprofits. Local nonprofits are the primary conduits of information since the Department (OCI) does not provide direct services to individuals. As a consequence, a majority of informational resources is provided through our nonprofits and county governments rather than through OCI staff. It is also important to note that in FY2008 the OCI released a biennial NOFA under the Texas Bootstrap Loan 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 (A)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of persons assisted through homeless and poverty related funds	512,224	590,481	115%	531,498

Explanation of Variance: This measure is impacted by the number of persons assisted through the CSBG and ESGP. CSBG and ESGP subrecipients served 51,045 more persons in SFY 2009 than in 2008. Of that increase, 12,931 persons were assisted by ESGP subrecipients and 38,114 by CSBG subrecipients. There are more persons who are homeless or at risk of homelessness. CSBG subrecipients have also had an increase in the number of persons seeking assistance due to the increase in unemployment and poverty.

Strategy Measure (B)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of persons assisted that achieve incomes above poverty level.	2,200	1,770	80%	2,800

Explanation of Variance: The tough economic times facing Texas have impacted the ability of CSBG subrecipients assisting persons to transition out of poverty. Staff resources at the subrecipient level also have to focus on providing more emergency assistance and services to families facing unemployment and poverty.

Strategy Measure (C)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of shelters assisted through the Emergency Shelter Grant Program	76	77	105%	76

Explanation of Variance: None needed.

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 (A)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of households assisted through Community Energy Assistance Program	51,502	129,907	252%	66,050

Explanation of Variance: Federal funding increased.

Strategy Measure (B)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of dwelling units weatherized through Weatherization Assistance Program	2,960	4,489	151%	3,809

Explanation of Variance: Federal funding increased.

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 (A)	2009 Target	2009 Actual	% of Goal	2010 Target
Total number of monitoring reviews conducted	965	956	99%	864

Explanation of Variance: None needed.

Strategy Measure (B)	2009 Target	2009 Actual	% of Goal	2010 Target
Total number of units administered	252,766	248,191	98%	209,444

Explanation of Variance: None needed.

External/Internal Assessment

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)	2009 Target	2009 Actual	% of Goal	2010 Target
Total number of monitoring reviews conducted	258	593	229%	208

Explanation of Variance: More monitoring reviews were conducted than anticipated.

Strategy Measure (B)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of contracts administered	430	256	59%	525**

Explanation of Variance: During this reporting period, there were few new contracts which would result in contract administration. The numbers reported reflect activity on existing contracts.

**The performance measure for 2010 has been changed to "Number of contracts monitored".

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 (A)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of manufactured housing statements of ownership and location issued	90,000	63,767	70.8%	80,000

Explanation of Variance: This measure is under the targeted amount due to the excessive number of applications which were incomplete, as a result of law changes effective January 2008. Approximately 38% of the applications received were rejected, but will ultimately be resubmitted for issuance.

Strategy Measure (B)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of licenses issued	4,000	2,318	57.9%	3,100

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses. Effective in January 2008, the licenses were renewed every two years as opposed to every year, which caused a reduction in the number of renewals for this fiscal year.

Strategy 5.2

Conduct inspections of manufactured homes in a timely manner.

Strategy Measure (A)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of routine installation inspections conducted	6,000	4,801	80.0%	5,000

Explanation of Variance: The measure was below the targeted projection. However, there were 5,315 attempted inspections; but, due to lack of accessibility, only 4,801 could be successfully completed. If all attempted inspections had been successful, then the measure would have been exceeded. The Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 38%.

Strategy Measure (B)	2009 Target	2009 Actual	% of Goal	2010 Target
Number of non-routine installation inspections conducted	2,200	2,239	101.8%	2,300

Explanation of Variance: No explanation required.

Strategy 5.3

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

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Number of complaints resolved	1,250	629	50.3%	850

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.

Goals six through eight are established in legislation as riders to TDHCA’s appropriations, as found in the General Appropriations Act.

GOAL 6: TDHCA will target its housing finance programs resources for assistance to extremely low-income households.

Strategy 6.1

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.

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 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	\$42,328,192	141%	\$30,000,000

Explanation of Variance: The performance is higher than expected because the Rider 5 report now 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), 81st Legislature, Regular Session.

GOAL 7: TDHCA will target its housing finance resources for assistance to very low-income households.

Strategy 7.1

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.

External/Internal Assessment

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 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%	56%	282%	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), 81st Legislature, Regular Session.

GOAL 8: 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.

Strategy 8.1

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

Strategy Measure	2009 Target	2009 Actual	% of Goal	2010 Target
Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60% of median family income.	100	25	25%	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. The decline in the number of contract for deed requests has inhibited the ability of the Department to attain the target.

Note: For more information, see Rider 6 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 81st Legislature, Regular Session.

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

GOAL 9: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

Strategy 9.1

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.	\$2,196,677	\$5,167,301	235%	\$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.

**Estimate based on \$40,000,000 prior to finalized Congressional appropriation.

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

Strategy 9.2:

Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:

- Assist counties and local governments in assessing local needs for persons with special needs.
- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter and local informational workshops.

Strategy 9.3:

Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

Strategy Activities:

- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- Continue working with agencies, advocates and other interested parties in the development of programs that will address the needs of persons with special needs.
- Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site and newsletter.

Strategy 9.4:

Discourage the segregation of persons with special needs from the general public.

Strategy Activities:

- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

Serving Critical Populations

As shown in the figures below, the distribution of TDHCA's housing resources in fiscal year 2009 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 7. Total Funding by Income Level, FY 2009

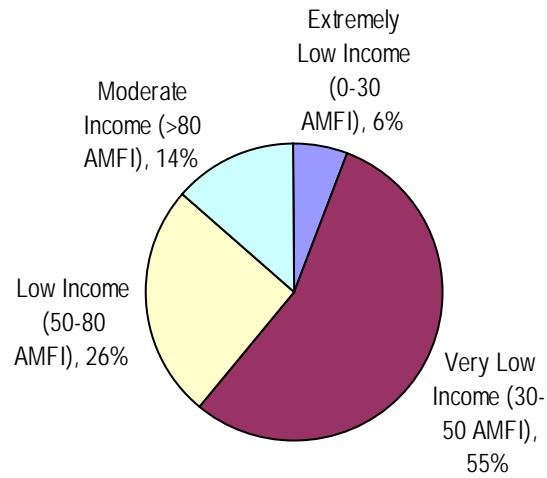


Figure 8. Total Households Served by Income Level, FY 2009

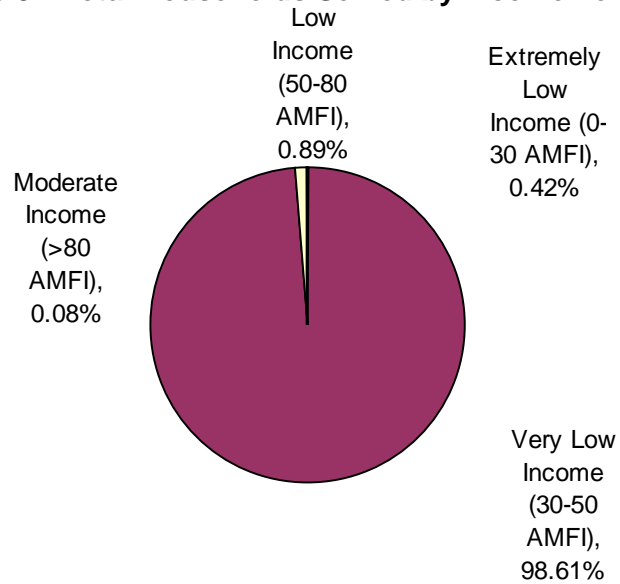


Table 24. TDHCA Funding and Households/Persons Served by Income Category, FY 2009 - All Activities

Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	\$30,400,029	1,677	6%	0.25%
Very Low Income (30-50 AMFI)	\$282,428,761	655,017	55%	98.79%
Low Income (50-80 AMFI)	\$130,174,650	5,767	25%	0.87%
Moderate Income (>80 AMFI)	\$70,200,575	561	14%	0.08%
Total	\$513,204,015	663,022	100%	100.00%

Emulating 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

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 quality of its HOME Program monitoring and has implemented a process to enhance the required annual monitoring of its subrecipients and Community Housing Development Organizations.
- TDHCA has enhanced its internal controls over the Weatherization Assistance Program to help ensure that \$327 million in Recovery Act funds are spent according to program objectives and that the Department's 44 subgrantees, responsible for weatherizing almost 34,000 homes, are appropriately monitored. Internal controls at the subgrantee level were also enhanced.
- Homes in the Office of Colonia Initiatives' reservation system are correctly categorized by county and are now in compliance with the Government Code. In addition, the reservation system used to commit and track funds for the Bootstrap Loan Program is now reconciled with the system used to track loans, and is consistently updated.
- The Department improved the accuracy of its records related to the recycling of program income in the HOME Division.
- Enhancements were made to the weatherization monitoring process to increase efficiency, communicate the results of monitoring efforts to subrecipients more timely, and ensure that all completed units have an opportunity to be selected for monitoring.

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.

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 2010 Report of Customer Service, 67 percent of respondents agreed or strongly agreed with the statement that they were satisfied with their experience with TDHCA. Regarding staff, 82 percent of respondents agreed or strongly agreed that TDHCA staff are courteous and 75 percent agreed or strongly agreed that TDHCA Staff members demonstrated a willingness to assist. However, 22 percent disagreed or strongly disagreed with the statement that "TDHCA staff members respond to my e-mails and voice messages in a timely manner" and 24 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 response time, TDHCA has undergone intensive hiring to meet the demands of the increased productivity required. In 2009 staff has increased by more than one-third with most of the positions funded through the 2009 American Recovery and Reinvestment Act and funded by disaster recovery funds provided for Hurricane Dolly and Ike. Some survey comments expressed concern about the lengthy telephone wait times for customers contacting the Manufactured Housing Division. To assist in reducing the hold time, this division has implemented several initiatives to reduce or redirect the number of inquiries, such as a "Support Services," line which serves the needs of license holders, title companies, attorneys, and lenders.

Accurate Data Regarding Affordable Housing Needs in Rural Areas

The Department is mandated to describe available housing data and significant characteristics of the state's housing markets in the State Low-Income Housing Plan and Annual Report. Detailed data on housing needs in rural Texas is unavailable, especially for farmworkers. In 2010, the Department will release a Request for Proposal to analyze rural and farmworker housing in Texas. This report will provide details on housing needs in rural Texas and the status of farmworker housing. The report's analysis will also include a review of best practices and regulatory barriers, as well as recommendations for the Department and others to ameliorate those barriers.

C. Key Obstacles

A number of macro issues that present obstacles to TDHCA's ongoing efforts are below provided in alphabetical order.

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, 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. Through the Central Database project, TDHCA has managed to consolidate much of this data into a single source. This has allowed for processes associated with contract management, draw requests, and compliance reporting to be automated. Throughout 2009, the Department enhanced the Community Affairs Contract System and Housing Contract System to help administer new and expanded programs associated with the American Recovery and Reinvestment Act of 2009, the Housing and Economic Recovery Act of 2008, and Community Development Block Grant Disaster Recovery funding. Additionally, in November 2009, the Department launched the Manufactured Housing Tax Lien Database. This Web application provides taxing entities the ability to release tax liens online. Both systems can be accessed through the TDHCA Interactive page.

D. Opportunities

Organizational Training and Employee Development

In February 2010, 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

Throughout the FY 2011-2015 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Continued and frequently extensive enhancement projects for the Department's custom systems.
- Quarterly upgrades of the Mitas Automated Accounting and Loan Servicing systems.
- Frequent upgrades of the HAPPY Housing Pro Section 8 System.
- Web site enhancements to provide customers easier access to information.
- Participation in the statewide ERP project, dependent on Comptroller's Office timelines.
- Continued technical support for Department employees and external customers, including supporting the expanded use of Internet technologies, such as webinars, to communicate with customers.
- IT security and disaster preparedness.

Through the TDHCA Web site, mailing list, webcasts, and webinars, 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.

Coordination with Federal Agencies

As discussed in detail in the "Description of Current and Anticipated 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, and the US Department of Energy. TDHCA works to establish effective working relationships with these organizations' personnel at both the national and regional level. In

In addition to ensuring that planning and oversight efforts are accomplished successfully, these partnerships lead 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 Rural Affairs (TDRA): TDHCA and TDRA have entered into an interagency contract to jointly administer the rural regional allocation of the HTC Program. TDHCA and TDRA 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. TDRA also participates in the site inspection of rural developments proposed under the rural allocation. TDHCA and TDRA 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 TDRA 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: 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 the DADS, the Texas Health and Human Services Commission, and local PHAs, administers a housing voucher pilot program developed by HUD, the DHHS, and the Institute on Disability at the University of New Hampshire. “Project Access” helps low income persons with disabilities transition from nursing facilities into the community by providing access to affordable housing. TDHCA also 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.
- 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.
- Department of State Health Services (DSHS): TDHCA serves on two advisory committees, the Mental Health Planning Advisory Commission and the Transformational Workgroup, coordinated by DSHS that focus on improving mental health services and supports.

- Texas Department of Criminal Justice (TDCJ): TDHCA serves on the Reentry Task Force that was created by the 81st legislature to make recommendations regarding successful reintegration of those released from the TDCJ facilities.
- Department of Family and Protective Services (DFPS): TDHCA continues to serve on the Interagency Coordinating Commission for Building Healthy Families that focuses on the prevention of child abuse and neglect.
- 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.

Coordination with Local and Regional Governments and Other Organizations

Most recently in 2006, TDHCA conducted a major outreach effort to better understand local needs for specific types of funding and services. This outreach was in the form of a Community Needs Survey that was made available online to community leaders across the state. These leaders included state senators and representatives, city mayors and county judges, city managers, housing and community development departments, US Department of Agriculture regional offices, public housing authorities, councils of governments, community action agencies, and HOPWA administrative agencies.

This survey provided the respondents with opportunity to describe their community's specific housing, assistance, and community development issues. The survey findings will help determine how to most effectively use existing resources, help develop future assistance programs, and will be used as a description of local need in TDHCA planning documents. This data is particularly useful to the Department because it helps inform decisions on what activities will be particularly encouraged through the application process. For example, the survey results help determine whether or not a higher percentage of funding should be dedicated towards new versus rehab multifamily development or if more funding is needed for owner occupied rehabilitation than down payment assistance. Knowing what kind of assistance is in great demand allows set aside amounts and scoring priorities in the program rules to be adjusted accordingly.

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

Open source software will continue to have a positive impact on the Department's IT architecture. TDHCA's IS Division has made evaluation of this alternative, which is free of software licensing costs, a standard part of the process of selecting technical products to meet agency operational needs.

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.

Employees' Attitudes and Possibilities for Change

In February of 2010, TDHCA participated in the Survey of Organizational Excellence sponsored by the University of Texas. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses according to the employees of the Department. The very high response rate of 93 percent indicates that employees have an investment in the Department, want to see the Department improve, and generally have a sense of responsibility to the Department.

In reviewing the scoring constructs, the following categorizations are useful:

- Scores of 375 or higher indicate areas of substantial strength.
- Scores above 350 indicate employees perceive the issue more positively than negatively.

- Scores below 350 indicate employees perceive the issue more negatively than positively.
- Scores below 300 indicate areas of concern for the Department. They should receive immediate attention. No items in the TDHCA survey scored below the 300 range.

In comparison to the 2008 Survey of Organizational Excellence the Department scores improved. The table below shows the comparison of scores for 2008 versus 2010. All the scores increased in 2010 with the exception of one score (Quality) that decreased by one point.

Table 25. Survey of Organizational Excellence:2008 and 2010 Comparison

CONSTRUCT NAME	SCORE 2008	SCORE 2010	POINTS DEVIATED
Supervision	348	◆ 411	+63
Team	◇ 345	◆ 402	+57
Diversity	364	376	+12
Pay	◇ 302	◇ 310	+8
Physical Environment	◆ 377	379	+2
Benefits	373	391	+18
Employment Development	◆ 377	401	+24
Strategic	◆ 386	◆ 414	+28
Quality	◆ 388	387	-1
Internal Communication	◇ 333	◇ 360	+27
External Communication	376	394	+18
Job Satisfaction	367	382	+15
Information Systems	**	◇ 374	**
Employee Engagement	**	397	**

Score Legend

- ◆ : 3 highest scores
- ◇ : 3 lowest scores

** Constructs new for 2010 survey

Areas of Strength

The Department’s strengths lie in the perception employees have according to the following: Supervision, Team, and Strategic. They are discussed below in the order of scores received, from highest to lowest.

- **Strategic (414):** This reflects employees’ thinking about how the Department responds to external influences that should play a role in defining the agency’s mission, vision, services and products. This implies the ability of the Department to seek out and work with relevant external entities. High Strategic scores indicate that employees view the Department as able to quickly relate its mission and goals to environmental changes and demands.
- **Supervision (411):** This provides insight into the nature of supervisory relationships within the Department, including aspects of leadership, the communication of expectations and the sense of fairness that employees perceive between

supervisors and themselves. High Supervision scores indicate that employees view their supervisors as fair, helpful, and critical to the flow of work.

- **Team (402):** This describes employees' perceptions of the people within the Department with whom they work on a daily basis to accomplish their jobs (the work group or team). Also, it gathers data about how effective employees think their work group is as well as the extent to which the Department supports cooperation among employees. High Team scores indicate that employees view their work groups as effective, cohesive, and open in the opinions of all its members.

Areas of Concern

Areas where TDHCA did not score as high were Pay, Internal Communication, and Information Systems issues as described below from lowest score to highest scores. Note that even in these areas, they were still viewed as more positive than negative.

- **Pay (310):** Pay is a common negative perception across most, if not all, state agencies. This category 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.
- **Internal Communication (360):** This construct captures the flow of communication within the Department from the top down, bottom up, and across divisions. It addresses the extent to which communication exchanges are open and candid and move the Department toward goal achievement.
- **Information Systems (374):** This construct provides insight into whether computer and communication systems enhance employees' ability to get the job done by providing accessible, accurate, and clear information. The construct addresses the extent to which employees feel that they know where to get needed information, and that they know how to use it once they obtain it.

Strategies for Improvement

The Department will continue to capitalize on the information derived from the 2010 Survey of Organizational Excellence.

Improving Areas of Concern

- While Pay continues to be the lowest scoring category for the Department this category has improved based on the last survey score. There have been many ways the Department has addressed fair pay to include:
 - Review of all pay actions for equity among similar positions.
 - Providing each Division Director with equity reports for the division and an equity report for Department positions.
 - A Department-wide classification audit was conducted by the State Auditor's Office to determine misclassifications for the Department. There were only 8 positions that needed to be reclassified as part of this audit. The Department requires that

employee classifications be reviewed during each employee annual performance review to ensure that position classifications are appropriate.

- The Department participated in a National Housing Organization Compensation Survey. This survey allows the Department to review salaries of other similar positions in comparison to Department salaries.

Enhancing Strengths

- The Department is committed to instilling a culture of diversity, transparency, professionalism, and integrity. The Department will continue to analyze organizational development through review of program organizational structure to ensure that processes and program goals and objectives are being met with the most streamlined measures and are functioning effectively and efficiently.
- The Department will continue to have open communications with staff and will promote an environment that allows employees to improve their skills and abilities through continuing education, external training, in-house training, and other training resources as needed.

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

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 Loan Amount per Household Assisted through the First Time Homebuyer Program the Down Payment Assistance
3. Average Amount per Household Assisted the Mortgage Credit Certificate Program

Explanatory Measures

1. Number of Households Assisted through the First Time Homebuyer Program without Down Payment Assistance
2. Number of Households Assisted through the Down Payment Assistance Program
3. Number of Households Assisted through the 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 Activities
2. Average Amount per Household for Single Family Rehabilitation Activities
3. Average Amount per Household Assisted with Mortgage Financing and Homebuyer Assistance Funds
4. Average Amount per Household Receiving Tenant-based Rental Assistance

Explanatory Measures

1. Number of Households Assisted through Single Family New Construction Activities
2. Number of Households Assisted through Single Family Rehabilitation Activities
3. Number of Households Assisted through Mortgage Financing/Homebuyer Assistance
4. Number of Households Assisted through Tenant-based Rental Assistance
5. Number of Single Family 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

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 Bootstrap Activities
2. Average Amount per Household for Non-Bootstrap Activities

Explanatory Measures

1. Number of Households Assisted through Bootstrap Activities
2. Number of Households Assisted through 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

1. Average Administrative Cost per Household for Housing Choice Voucher Program

Output Measures

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

Goals, Objectives, Strategies and Measures

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 housing loans and grants through the HOME Investment Partnership (HOME) Program for very low and low income families, focusing on the construction of multifamily housing units in rural areas of the state.

Efficiency Measures

1. Average Amount per Household for Multifamily New Construction Activities
2. Average Amount per Household for Multifamily Rehabilitation/Acquisition Activities

Explanatory Measures

1. Number of Households Assisted through Multifamily New Construction Activities
2. Number of Households Assisted through Multifamily Rehabilitation/Acquisition Activities
3. Number of Multifamily Contract Administration Reviews
4. Number of HOME Multifamily Technical Assistance Visits, E-mail, and Calls
5. Number of HOME Multifamily Workshops and Trainings Provided

Output Measures

1. Number of Households Assisted with Multifamily HOME Funds

Strategy 7.

Provide state housing loans and grants through the Housing Trust Fund for very low and low income families, focusing on the construction of multifamily housing units.

Efficiency Measures

1. Average Amount per Household for Multifamily New Construction Activities
2. Average Amount per Household for Multifamily Rehabilitation Activities

Explanatory Measures

1. Number of Households Assisted through HTF New Construction Activities

2. Number of Households Assisted through HTF Rehabilitation Activities
3. Number of Awards such as Capacity Building and Predevelopment Loans

Output Measures

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

Strategy 8.

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 1.

Percent of 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 Requests Completed
3. Number of Long Term Information and Technical Assistance Requests Completed

Goals, Objectives, Strategies and Measures

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 by Border Field Offices
2. Number of Colonia Residents Receiving Technical Assistance
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.

Outcome Measures

1. Percent of Persons in Poverty 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
3. Total Number of Shelters Assisted

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
4. Number of Persons Assisted by the Emergency Shelter Grant 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 Cost per Household Served
2. Average Cost per Home Weatherized

Explanatory Measures

1. Number of Very Low Income 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 Properties Monitored Annually
3. Percent of Properties Monitored by the PMC 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

Goals, Objectives, Strategies and Measures

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 and license applications, inspection reports, and complaints.

Outcome Measures

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

Strategy 1.

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

Efficiency Measures

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

Explanatory Measures

1. Number of Manufactured Homes of Record in Texas

Output Measures

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

Strategy 2.

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

Efficiency Measures

1. Average Cost per Inspection

Explanatory Measures

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

Output Measures

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

Strategy 3.

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

Efficiency Measures

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

Explanatory Measures

1. Number of Jurisdictional Complaints Received

Output Measures

1. Number of Complaints Resolved

Strategy 4.

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 Assessment Summary

Provide a brief description of the planned technology solutions that respond to the key factors that will affect the agency. Consider how those solutions align with the statewide technology goals reflected in the State Strategic Plan for Information Resources.⁵²

Throughout the FY 2011-2015 time period, TDHCA will focus on the following technology initiatives in support of Department objectives:

- Continued and frequently extensive enhancement projects for the Department's custom systems.
- Quarterly upgrades of the Mitas Automated Accounting and Loan Servicing systems.
- Frequent upgrades of the HAPPY Housing Pro Section 8 System.
- Web site enhancements to provide customers easier access to information.
- Maintenance of PeopleSoft Financials.
- Participation in the statewide ERP project, dependent on Comptroller's Office timelines.
- Continued technical support for Department employees and external customers, including supporting the expanded use of Internet technologies, such as webinars, to communicate with customers.
- IT security and disaster preparedness.

Provide agency descriptions related to each statewide technology goal listed below. The criteria for these descriptions appear after each goal and are labeled 1.a, 1.b, 2.a, and so forth.

Statewide Technology Goal 1

Strengthen and Expand the Use of Enterprise Services and Infrastructure

1.1 Enhance Capabilities of the Shared Infrastructure

- Data Center Infrastructure
- Communications Technology Infrastructure
- Statewide Portal Infrastructure

1.2 Leverage Shared Applications

- Enterprise Resource Planning (ERP)
- Email Messaging

1.3 Leverage the State's Purchasing Power

- Product and Services Portfolio Expansion

1.a Describe agency plans to strengthen and/or expand its capabilities through the initiatives described in Statewide Technology Goal 1.

TDHCA currently shares a small data center with the Office of the Comptroller of Public Accounts / Texas Treasury Safekeeping Trust Company. TDHCA plans to continue to operate its data center in an efficient, cost-effectively manner, while concurrently accommodating the agency's growing business application, data, and other technology requirements, until the time that the agency is designated as a data center agency. At that time, the key concern for the agency will be service levels associated with software

⁵² Advancing Texas Technology.

promotions for the key systems that support agency programs. Currently, TDHCA frequently makes software changes, tests, and schedules after-hours software promotions in the course of a single day. Another important concern will be the potential for increased costs.

In FY 2009 and 2010, TDHCA procured Communications Technology Infrastructure services through DIR to help establish a local area network in the agency's new second Austin office and a wide area network connection between the second office and headquarters. DIR provided excellent customer service throughout this project. TDHCA anticipates strengthening its capabilities in this area by increasing WAN speeds for its nine regional offices across the state.

Regarding Enterprise Resource Planning, TDHCA will continue to support its installation of the Texas Integrated Statewide Accounting System (ISAS) version of PeopleSoft Financials 8.8 until the Texas Project ONE timeline calls for TDHCA conversion to the statewide ERP system. A key concern for TDHCA will be continued support for critical agency-specific customizations needed for financial management of state and federal community affairs and housing programs.

- 1.b Describe agency plans to strengthen and/or expand its capabilities through other initiatives that leverage enterprise or multi-agency services and infrastructure, including managed services, shared applications, internal consolidation efforts, and procurement strategies.

TDHCA partners with the Texas Department of Rural Affairs by sharing custom business applications that support the Community Development Block Grant Disaster Recovery programs and the Neighborhood Stabilization Program. We will continue to support these applications for the duration of the programs

Statewide Technology Goal 2

Secure and Safeguard Technology Assets and Information

2.1 Align the State's Approach to Enterprise Security with other State and National Strategies

- State Enterprise Security Plan
- Vulnerability to Cyber Attacks
- Response and Recovery Capabilities

2.2 Integrate Identity Management, Credentialing, and Access Privileges

- Identity Management Services

- 2.a Provide an update on the agency's progress in implementing strategies to align with the *State Enterprise Security Plan*.

TDHCA maintains a set of security policies that address IT security rules defined in Texas Administrative Code, Title 1, Part 10, §202, Information Security Standards. These security policies are also aligned with the *State Enterprise Security Plan*. Areas addressed include user accounts, network access, Internet and email usage, physical security, network perimeter security, portable devices, encryption, security awareness, separation of test and production environments, personally identifiable information, risk assessments, and reporting.

2.b Describe the agency's identity management strategies in place or planned.

Because of the number of separate TDHCA business applications that agency customers access, combined with separate state and federal systems accessed by TDHCA staff, the agency has not implemented a single identity management system. However, TDHCA has made progress in incorporating most community affairs and housing subrecipient information, at both the organization and individual levels, into the Central Database suite of systems. In July 2010, we plan to launch the new Manufactured Housing System, and MH customer information and accounts will be maintained in that system. Information on many of these customers is maintained separately in PeopleSoft Financials and the Mitas Accounting and Loan Servicing systems. Due to different architectures and requirements, and other critical IT priorities, consolidating identity management between all these systems is not currently feasible.

Identity information is interfaced between PeopleSoft Financials and systems maintained by the Office of the Comptroller of Public Accounts. Identity information is also entered by TDHCA staff into federal systems such as the Disaster Recovery Grant Reporting System and the Integrated Disbursement and Information System. The challenges associated with moving to a single source for identity management are great, considering the size and number of existing systems and new IT projects at the agency, state, and federal levels.

Statewide Technology Goal 3

Serve Citizens Anytime, Anywhere

3.1 Expand and Enhance Access to Agency Services

- Multi-Channel Access
- Rural Broadband Expansion

3.2 Facilitate Open and Transparent Government

- Best Practices for Information Assets

3.a Describe the agency's plans to expand or enhance access to its services and promote citizen engagement through online services and emerging technologies.

In FY 2009, TDHCA redesigned its Web site. A major goal was to provide easy access to assistance information to Texans in need of community and housing services provided through TDHCA. The Help for Texans feature provides Web site visitors with options to search for rent help, home buyer assistance, utility bill help, weatherization resources, home

repair information, and emergency and homeless services throughout the state. TDHCA plans to maintain and improve these online services.

After the planned launch of the new Manufactured Housing System in July 2010, TDHCA plans to enhance the system through a phase two project that involves Texas Online. The goal of the phase two project is to provide MH customers with the ability to submit and pay for Statement of Ownership and Location applications online.

- 3.b Describe initiatives planned or in process that will facilitate access to agency information and public data.

TDHCA currently publishes an extensive library of information on agency programs and services through its Web site. Through the Web site, it is possible for any visitor to access this information quickly through the Site Search feature or through menus and other navigational elements.

TDHCA also makes online databases available through the Web site, including the Help for Texas feature and the Manufactured Housing “Search Our Database” feature.

Statewide Technology Goal 4

Pursue Excellence and Foster Innovation across the Enterprise

4.1 Link Technology Solutions to Workplace Innovations

- Workplace Productivity and Collaboration

4.2 Pursue Leading-Edge Strategies for Application Deployment

- Cloud Computing
- Specifications, Toolkits, and the Application Marketplace
- Legacy Systems Modernization

4.3 Optimize Information Asset Management

- Best Practices for Managing Digital Information

4.4 Promote the Use and Sharing of Information

- Health Information Exchange
- Statewide Communications Interoperability
- Justice Information System Integration
- Enterprise Geospatial Services

- 4.a Describe agency plans to implement or enhance workplace productivity and to leverage collaboration tools.

TDHCA is currently exploring a generic, electronic document workflow solution. If we proceed with this project, the goal is to provide a system through which any manually routed forms and documents can be incorporated. The system must integrate with Active Directory and allow for configurable workflows, with no programming required.

Technology Resource Planning

- 4.b Describe agency strategies to develop and deploy applications more efficiently (i.e., through Cloud Computing, Software as a Service, Application Toolkits, Legacy System Modernization).

TDHCA's primary strategy for quickly deploying applications is to build upon existing systems when possible. During FY 2009 and 2010, TDHCA rapidly extended its custom applications to meet technology needs associated with the American Recovery and Reinvestment Act (Recovery Act), Disaster Recovery, and the Neighborhood Stabilization Program (NSP). In less than 12 months, the Department built primarily upon the Central Database platform to implement modules for the following programs and activities:

- Recovery Act Community Services Block Grant Program.
- Recovery Act Contracting Opportunities.
- Recovery Act Homelessness Prevention and Rapid Re-Housing Program.
- Recovery Act Housing Tax Credits Exchange Program.
- Recovery Act Tax Credits Assistance Program.
- Recovery Act Weatherization Assistance Program.
- Community Development Block Grant Disaster Recovery Program for Hurricanes Ike and Dolly.
- General Recovery Act data collection and 1512 reporting.
- Homelessness Housing and Services Program.
- Neighborhood Stabilization Program.

- 4.c Describe agency strategies to enhance information asset management practices.

TDHCA manages IT assets through a combination of the TDHCA Inventory System and the agency's help desk system (Track It). Once each year, the agency performs a physical inventory of IT assets.

- 4.d Describe agency practices or plans to enhance the use and sharing of information with agency business partners.

TDHCA plans to continue to maintain and enhance the business applications described in other sections of this strategic plan that are accessed by subrecipients of community affairs and housing programs and Manufactured Housing business partners.

Note: TDHCA's Technology Initiative Table appears in the External/Internal Assessment, Technological Developments section of this strategic plan.

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.

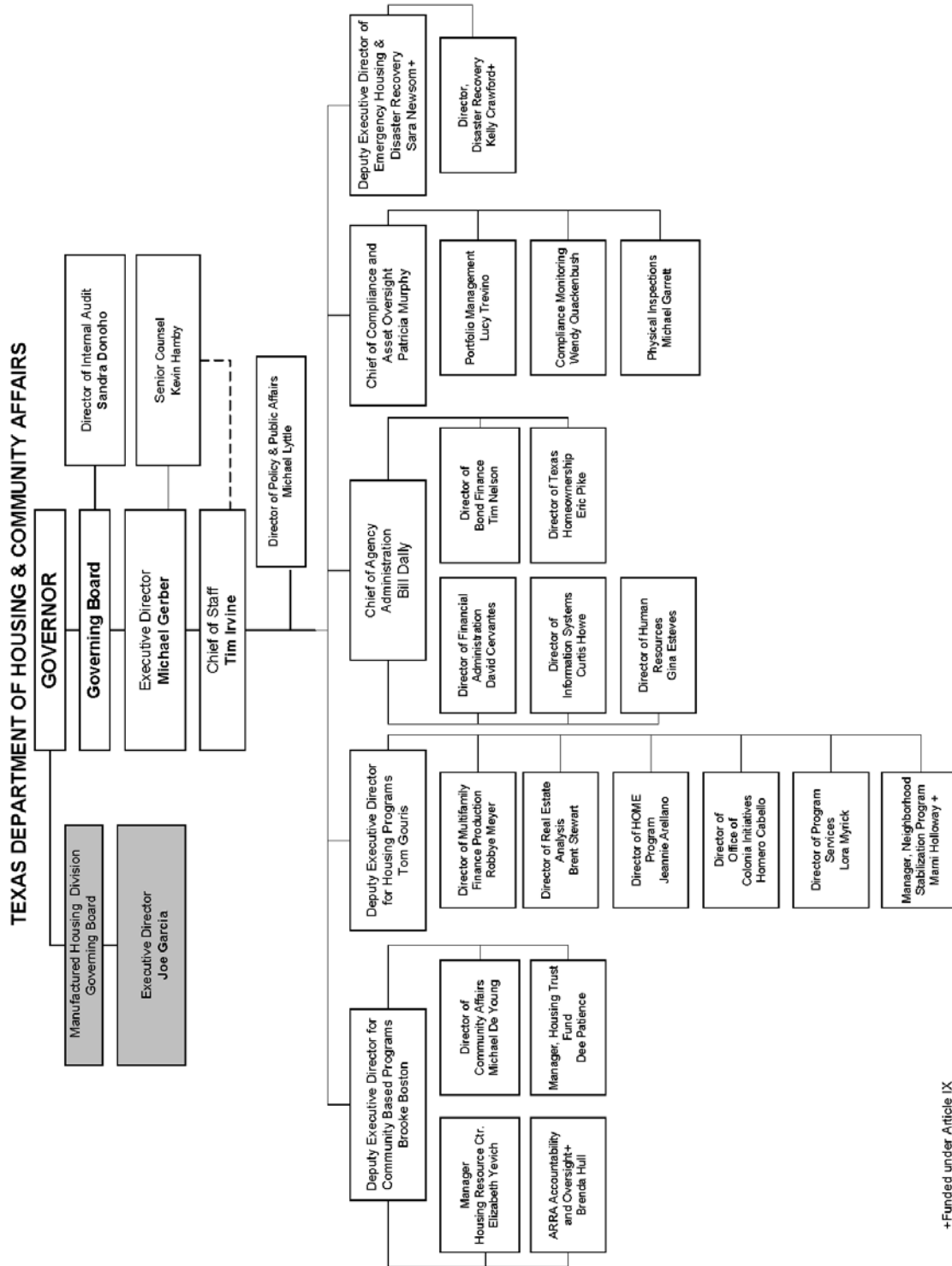
Appendix A: Description of TDHCA's Planning Process

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



5/20/2010

+Funded under Article IX

APPENDIX C. FIVE-YEAR PROJECTIONS FOR OUTCOMES

Table 26. Five-Year Projections for Outcomes*

*Key Outcome Measures are shown in bold.

1 Increase Availability of Safe/Decent/Affordable Housing	2010	2011	2012	2013	2014	2015
1 Make Loans/Grants/Incentives to Fund/Develop/Preserve Housing						
% of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	0.75%	0.74%	0.74%	0.74%	0.74%	0.74%
% of Households/Individuals of Very Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%
% of Households/Individuals of Low Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	2.42%	2.41%	2.41%	2.41%	2.41%	2.41%
% of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
% 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%
2 Provide Information and Technical Assistance						
1 Provide Info & Technical Assistance for Housing and Community Services						
% 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%
3 Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs						
1 Ease Hardships for 16% of Homeless & Very Low Income Persons Each Year						
% of Persons in Poverty that Received Homeless and Poverty-related Assistance	12.35%	12.35%	12.35%	12.35%	12.35%	12.35%
% of Emergency Shelters Assisted	8.23%	8.23%	8.23%	8.23%	8.23%	8.23%
% of Persons Assisted that Achieve Incomes above Poverty Level	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
2 Reduce Cost of Home Energy for 6% of Very Low Income Households						
% of Very Low Income Households Receiving Energy Assistance	5.28%	3.81%	3.81%	3.81%	3.81%	3.81%
4 Ensure Compliance with Program Mandates						
1 Monitor Developments and Subrecipient Contracts for Compliance						
% 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%

Appendix C. Five Year Projections for Outcomes

5 Regulate Manufactured Housing Industry	2010	2011	2012	2013	2014	2015
1 Operate a Regulatory System Ensure Responsive SOL/Licensing/Other						
% of Applications Processed within Established Time Frames	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Consumer Complaint Inspections Conducted within 30 Days of Request	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Complaints Resulting in Disciplinary Action	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
% of Documented Complaints Resolved within Six Months	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Recidivism Rate for those Receiving Disciplinary Action	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

APPENDIX D. LIST OF MEASURE DEFINITIONS

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 Single Family Bond program, and the Multifamily Bond program.

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 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 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 Single Family Bond program, and the Multifamily Bond program.

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.

Appendix D: List of Measure Definitions

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 HTC program, the Single Family Bond program, and the MFB program.

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 Single Family Bond program.

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 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 very low income persons (persons at or below 125% of poverty) receiving assistance divided by the total number of persons at or below 125% of poverty in Texas. Information on the number of persons assisted is submitted to the Department by subrecipients.

Data Limitations: No limitations of data.

Data Source: The percent of very low income persons (at or below 125% of poverty) that received assistance through all Community Services programs as reported in the monthly performance reports submitted to the Department by subrecipients. Subrecipients track the data manually on a daily basis and submit it to the Department in a monthly performance report.

Appendix D: List of Measure Definitions

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 at or below 125% of poverty in Texas: 4,172,890 as per 2000 US Census. Monthly performance information is entered in the Department's database and maintained by the Department.

Purpose: The measure identifies the percent of the very low income population (persons at or below 125% of poverty) 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: Subrecipients report this information in their monthly performance report. The data is entered on the Department's database and maintained by the Department.

Methodology: The percentage of very low income persons (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 (4,172,890). Information on the number of persons assisted is submitted to the Department by subrecipients.

Purpose: 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: 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.

Data Limitations: No limitations of data.

Data Source: The percent of very low income households that received energy assistance through all Energy Assistance programs is based on data reported in the Monthly Funding Financial Performance Reports and the Progress Expenditure/Monthly Fund Request Reports. According to the publication entitled "LIHEAP Home Energy Notebook for Fiscal Year 2001", issued April 7, 2003 to LIHEAP grantees by the Office of Community Services of the US Department of Health and Human Services, the number of income-eligible households for Texas is 1,324,059.

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 at or below 125% of poverty in Texas (1,324,059 income-eligible households).

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.

Appendix D: List of Measure Definitions

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 Consumer Complaint Tracking System (CCTS).

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.

Data Limitations: No limitations of data.

Data Source: Information is maintained in the Consumer Complaint Tracking System (CCTS).

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 Consumer Complaint Tracking System (CCTS).

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 Consumer Complaint Tracking System (CCTS).

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.

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.

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. Performance is measured when loans or Mortgage Credit Certificates are funded.

Purpose: To track the total number of households assisted with single family mortgage revenue bond funds.

1.1.2.1 Efficiency

Definition: A measure that tracks the average amount per unit of single family HOME loans/grants for new construction.

Data Limitations: No limitations

Data Source: The number and amounts of the 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 new construction activities utilizing HOME funds will be totaled and divided by the projected number of units assisted through new construction utilizing HOME funds.

Purpose: This measure identifies the costs associated with new construction activities utilizing HOME funds.

Appendix D: List of Measure Definitions

1.1.2.2 Efficiency

Definition: A measure that tracks the average amount per household of loans/grants for rehabilitation utilizing single family HOME 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 utilizing HOME funds will be summed and divided by the projected number of households assisted through rehabilitation utilizing HOME funds.

Purpose: This measure identifies the costs associated with rehabilitation utilizing HOME funds.

1.1.2.3 Efficiency

Definition: A measure that tracks the average amount per household of mortgage financing and homebuyer assistance grants utilizing single family 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 mortgage financing and homebuyer assistance funds awarded utilizing HOME funds will be summed and divided by the projected number of units assisted 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 utilizing HOME funds.

Data Limitations: No limitations

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

Methodology: The total dollar amount of tenant based rental assistance utilizing HOME funds will be summed and divided by the projected number of households assisted through tenant based rental assistance utilizing HOME funds.

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

1.1.2.1 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing single family HOME funds for new construction.

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 projected households assisted utilizing HOME funds for new construction. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted utilizing HOME funds for new construction.

1.1.2.2 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME funds for rehabilitation.

Data Limitations: No limitations

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

Methodology: The number will be a count of projected households assisted through HOME funds for rehabilitation. Performance is measured when contracts are awarded or loans are funded.

Purpose: To track the number of households assisted through HOME funds for rehabilitation.

1.1.2.3 Explanatory

Definition: A measure that tracks the projected number of households assisted through single family HOME funds for mortgage financing and homebuyer 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 projected households assisted through HOME funds for mortgage financing and homebuyer assistance. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME funds for mortgage financing and homebuyer assistance.

1.1.2.4 Explanatory

Definition: A measure that tracks the projected number of households assisted through 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 projected households assisted through HOME tenant based rental assistance. Performance is measured when contracts are awarded.

Purpose: To track the number of households assisted through HOME tenant based rental assistance.

1.1.2.5 Explanatory

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

Data Limitations: No limitations

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

Appendix D: List of Measure Definitions

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

Purpose: This measure identifies the number of 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 handled by the HOME Division.

Data Limitations: No limitations

Data Source: Staff tracks the total number of visits, e-mails and phone calls related to technical assistance 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 technical assistance visits, e-mail messages and phone calls provided by the HOME Division staff.

1.1.2.7 Explanatory

Definition: A measure that tracks the actual number of workshops and trainings provided through the HOME Division.

Data Limitations: No limitations

Data Source: The total number of workshops and trainings 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.

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

1.1.2.1 Output

Definition: A measure that tracks the projected number of households assisted through HOME funds in the single family finance division.

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 projected households assisted through HOME funds. Performance is measured when contracts are awarded.

Purpose: To track the amount of households assisted through single family 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 loans/grants utilizing the Housing Trust Fund will be summed and divided by the projected number of households assisted through new construction utilizing the Housing Trust Fund.

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 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 loans/grants for rehabilitation utilizing the Housing Trust Fund will be summed and divided by the projected number of households assisted utilizing the Housing Trust Fund.

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 projected 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 projected households assisted through the single family owner-builder (Bootstrap) program utilizing the Housing Trust Fund. Performance is measured when loans are funded.

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

1.1.3.2 Explanatory

Definition: A measure that tracks the projected 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 projected households assisted through the single family non owner-builder (non-Bootstrap) program utilizing the Housing Trust Fund. Performance is measured when loans are funded.

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

Appendix D: List of Measure Definitions

1.1.3.1 Output

Definition: A measure that tracks the projected number of 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 projected households assisted through 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 the local operators' payments and 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 local operators' payments and 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 certificate program and the 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 projected 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.

1.1.5.1 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.

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.

Appendix D: List of Measure Definitions

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.

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.

1.1.5.1 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 or loans/grants per low income unit of new construction utilizing HOME multifamily funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized 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 amount of HOME multifamily new construction funds awarded by the corresponding number of restricted units to be newly constructed. This figure will not include Operating Grants or Predevelopment Loans.

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

1.1.6.2 Efficiency

Definition: A measure that tracks the projected average amount per low income unit of rehabilitation and acquisition utilizing HOME multifamily funds.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds utilized 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 amount of HOME multifamily rehabilitation/acquisition funds awarded by the corresponding number of units to be rehabilitated or acquired. This figure will not include Operating Grants or Predevelopment Loans.

Appendix D: List of Measure Definitions

Purpose: This measure identifies the amount associated with the rehabilitation and acquisition of affordable housing units and measures the efficiency of utilizing HOME multifamily funds.

1.1.6.1 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME funds for new construction.

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 awarded HOME multifamily funds for new construction activities. This figure will not include Operating Grants or Predevelopment Loans.

Purpose: To track the number of households assisted utilizing HOME funds for new construction.

1.1.6.2 Explanatory

Definition: A measure that tracks the projected number of households assisted utilizing multifamily HOME funds for rehabilitation and acquisition.

Data Limitations: No limitations

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 restricted units awarded HOME multifamily funds for rehabilitation or acquisition activities. This figure will not include Operating Grants or Predevelopment Loans.

Purpose: To track the number of households assisted utilizing HOME multifamily funds for rehabilitation and acquisition.

1.1.6.3 Explanatory

Definition: A measure that tracks the actual number of 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 the actual number of contract administration reviews, including environmental, draw, setup and amendments conducted by HOME Division staff.

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

1.1.6.4 Explanatory

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

Data Limitations: No limitations

Data Source: Staff tracks the number of multifamily technical assistance visits, e-mail messages and phone calls related to multifamily technical assistance in the division's database.

Methodology: The number will be a count of actual multifamily 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 multifamily technical assistance visits, e-mail messages and phone calls provided by the HOME Division staff.

1.1.6.5 Explanatory

Definition: A measure that tracks the actual number of multifamily workshops and trainings provided through the HOME Division.

Data Limitations: No limitations

Data Source: The total number of multifamily workshops and trainings is tracked by Department staff.

Methodology: The number will be an actual count of multifamily 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.

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

1.1.6.1 Output

Definition: A measure that tracks the projected number of households assisted through the multifamily division utilizing 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 figure will be calculated as the sum of all restricted units awarded HOME funds for rental development activities by the MF Division. This figure will not include CHDO Operating Grants or Predevelopment Loans.

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

1.1.7.1 Efficiency

Definition: A measure that tracks the projected average loan/grant amount per low income unit of Housing Trust Fund (HTF) multifamily new construction.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds 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 all funds awarded for new rental development activities by the total number of estimated units as represented in applications to be newly constructed.

Purpose: This measure identifies the average costs associated with developing affordable multifamily housing units and measures the efficiency of awarding HTF monies.

Appendix D: List of Measure Definitions

1.1.7.2 Efficiency

Definition: A measure that tracks the average loan/grant amount per low income unit of Housing Trust Fund (HTF) multifamily rehabilitation and acquisition.

Data Limitations: No limitations

Data Source: The projected number of low income units and amount of funds 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 all funds awarded for rehabilitation rental development activities by the total number of estimated units as represented in applications to be rehabilitated.

Purpose: This measure identifies the costs associated with rehabilitating and acquiring affordable multifamily housing units and measures the efficiency of awarding HTF monies

1.1.7.1 Explanatory

Definition: A measure that tracks the projected number of multifamily households assisted through new construction activities using the Housing Trust Fund (HTF) 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 planned to be developed through new construction.

Purpose: To track the number of multifamily households assisted through new construction activities using the HTF program.

1.1.7.2 Explanatory

Definition: A measure that tracks the projected number of multifamily households assisted through rehabilitation and acquisition activities using the Housing Trust Fund (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: This figure will be calculated as the sum of all restricted multifamily units planned to be rehabilitated.

Purpose: To track the number of multifamily households assisted through rehabilitation and acquisition using the HTF program.

1.1.7.3 Explanatory

Definition: This measure tracks the awards using HTF that are not tracked by other performance measures including capacity building and predevelopment loans.

Data Limitations: No limitations

Data Source: The number of awards 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 awards using HTF that are not captured in other performance measures. This will include, but is not limited to, capacity building and predevelopment loans.

Purpose: To track the awards made with HTF that are not tracked by other existing performance measures.

1.1.7.1 Output

Definition: A measure that tracks the projected number of multifamily households assisted through the multifamily division utilizing the Housing Trust Fund (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: This figure will be calculated as the sum of all restricted units planned to be developed by applicants awarded funds for rental developments.

Purpose: To track the total amount of multifamily units assisted utilizing the HTF program.

1.1.8.1 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.

1.1.8.2 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.

1.1.8.3 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.

Appendix D: List of Measure Definitions

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.

1.1.8.4 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.

1.1.8.1 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.

1.1.8.2 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.

1.1.8.1 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.

Appendix D: List of Measure Definitions

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 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 constructions and access, and capital access for mortgages, and other activities which provide direct assistance and/or benefit to Colonia residents.

Data Limitations: Deviation from targeted performance could occur if participation of Colonia residents is lower than expected or with changes in available resources.

Data Source: Actual assistance provided.

Methodology: The Self Help Centers will provide a quarterly report on the assistance provided. 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 publications distributed promoting homeownership opportunities along the Texas-Mexico border through the Office of Colonia Initiatives.

Data Limitations: Deviation from targeted performance could occur if participation of Colonia residents is lower than expected.

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 the 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.

Appendix D: List of Measure Definitions

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 information 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 by all Community Services programs.

3.1.1.2 Output

Definition: Measure relates to the number of persons assisted 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 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: 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 information 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 Shelter 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 information 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.

3.2.1.1 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.

Appendix D: List of Measure Definitions

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 four program components, consisting of co-pay, elderly/disabled Energy Crisis Program, and the heating and cooling systems components. Each of these program components provides 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.

Appendix D: List of Measure Definitions

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 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: Measure represents 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 contracts monitored by Portfolio Management and Compliance. 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 administration activities depending on program requirements. Measure includes contracts for all activities, including Single Family Rehabilitation; Tenant Based Rental Assistance, Rental Housing Development, Down-Payment Assistance, and other types of contract activity.

Data Limitations: No limitations

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

Methodology: Figure represents actual number of contracts monitored.

Purpose: The measure provides the total number of active contracts administered.

4.1.2.1 Output

Definition: Measure represents the number of onsite reviews, desk reviews, and single audit reviews conducted as part of contract monitoring in Portfolio Management and Compliance.

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.

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,

Appendix D: List of Measure Definitions

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.

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.

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 Department's Tracking System.

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.

Data Source: Data is computer generated (Department's Tracking System) 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 rebuilders 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 Licensing Tracking System.

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: Installation Tracking System.

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: Installation Tracking System.

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.

Data Source: Collection of data is based on the Installation Tracking System.

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

Appendix D: List of Measure Definitions

workload for inspections and confirms that the Department meets the statutory requirement to inspect at least 25 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.

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 Consumer Complaint Tracking System.

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 Consumer Complaint Tracking System.

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 Consumer Complaint Tracking System.

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 Consumer Complaint Tracking System.

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

To help Texans achieve an improved quality of life through the development of better communities.

TDHCA Philosophy

Customers

- **Advocacy:** The Department will actively encourage, support, and promote an improved quality of life for extremely low, very low, low, and moderate income Texans.
- **Service:** The Department will be responsive to every constituent request and provide every customer with prompt, courteous service.
- **Partnership:** The Department will foster an atmosphere that is conducive to encouraging and forming public and private partnerships that are responsive to the needs of extremely low, very low, low, and moderate income Texans.
- **Equity:** The Department will establish processes for the public's full participation in programs and the fair allocation of resources.
- **Respect:** The Department believes in the worth of all persons and their need for decent, safe, and affordable housing.

Operations

- **Integrity:** The Department will conduct business openly, free of bias, and according to the highest ethical and professional standards.
- **Accountability:** The Department will be answerable and responsive to the Texas Legislature, external customers/consumers, and its various funding sources.
- **Efficiency:** The work of the Department will be accomplished in the most direct, cost-effective manner.
- **Leveraging:** Each program will encourage public and private sector participation and the use of additional resources to maximize economic impact.
- **Diversity:** The Department recognizes the need for a diverse working environment. The Department will strive to continue to recruit and retain a diverse workforce to reflect the diversity of Texas.

Staff

- Quality: Department staff will be committed in providing extraordinary services to its customers and employees in the work they perform.
- Creativity: Department staff will continually seek innovative methods for performing work in their respective fields.
- Respect: The Department recognizes that its employees are the critical element in accomplishing its mission and goals. Therefore, it pledges to support their continued professional development and provide opportunities for reward based on their performance. In doing so, it also pledges to promote a collaborative and positive work environment for all employees.

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

Strategy 7. Provide state housing loans and grants through the HTF for very low and low income households.

Strategy 8. 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.

Appendix E: Workforce Plan

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. Provide technical assistance to colonias through field offices.

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 at or below 125 percent of poverty

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. Administer and 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 as follows: 25 percent installation inspections; 97 percent of applications within established timeframes; and 99 percent of consumer complaint inspections within 30 calendar days of a request.

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.

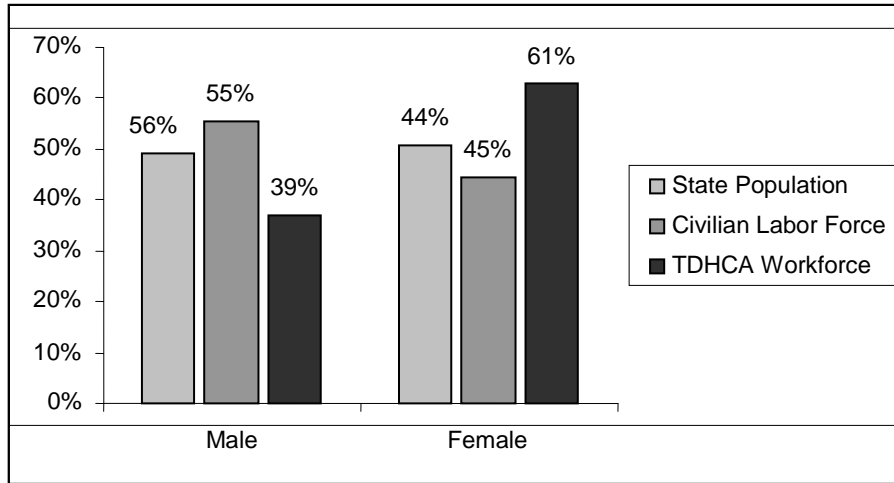
Full Time Equivalent

As of May 1, 2010, TDHCA had a total headcount of 339 employees. The agency is authorized to have 314 total full-time equivalents (cap FTEs). Additionally, TDHCA was allocated funds for the Community Development Block Grant (CDBG) disaster recovery program as part of the disaster relief efforts after Hurricane Rita, Katrina, and Ike and also received American Recovery and Reinvestment Act (Recovery Act). As part of the CDBG and Recovery Act funding the agency has had to hire additional temporary staff per Article IX "federally funded" rule. . The Department budgeted for 65 full-time temporary FTEs. As of May 1, 2010 39 out of the 65 temporary FTEs were hired to assist with the CDGG and Recovery Act programs and will count for EEO reporting purposes only and do not count against agency's FTE cap of 314.. These temporary FTEs will be part of TDHCA for at least the next biennium or until federal disaster funds and Recovery Act funds are expended.

Gender / Race

The following tables profile TDHCA's workforce and include both full-time and part-time regular and temporary employees. The TDHCA workforce is comprised of 39 percent males and 61 percent females. As shown in the figure below, the TDHCA workforce has a higher representation of female workers than the state population.

Figure 9. Workforce Gender Comparisons



TDHCA’s Workforce

As of April 30, 2010 the Department’s workforce comprised of the following:

Table 27. TDHCA Workforce Demographics

	Caucasian Males	Caucasian Females	African-American Males	African-American Females	Hispanic Males	Hispanic Females	Other Males	Other Females	Total Males	Total Females
Officials	11	8	0	0	3	2	0	0	14	10
Professionals	38	72	7	26	26	54	3	11	74	163
Para Professionals	0	5	1	2	1	6	0	0	2	13
Technicians	26	6	4	0	9	3	0	0	39	9
Administrative Support	3	5	1	3	0	4	0	0	4	12
Total	78	96	13	31	39	69	3	11	133	207

TDHCA is dedicated to ensuring quality in the workforce and specifically targets recruitment resources 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.

Percent of Workforce Eligible to Retire

Of the current 339 employees, there are 19 employees or 6 percent who are currently eligible to retire under the “Rule of Eighty”. Thirteen of these employees are from the Manufactured Housing Division.

Within the next biennium there will be 13 additional employees eligible to retire under the “Rule of Eighty”. The division that will be impacted with retirees in the next biennium will be the Financial Administration Division which will have five employees eligible for retirement. There will be a total of 10 percent of employees eligible for retirement now and within the next biennium.

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

Projected Employee Turnover Rate over the Next Five Years

In FY2009 the turnover rate for TDHCA was at its lowest point in comparison to the previous turnover rates. As shown by the chart below, TDHCA’s turnover rates have historically been under the state turnover rates and have fluctuated.

According to the State Auditor’s Office Turnover Report for Fiscal year 2009, the statewide turnover rate for full-time and part-time classified employees at state agencies was 14.4 percent. This does not include interagency transfers since the state does not consider this to be a loss to the state. Excluding involuntary separations and retirements, the fiscal year 2009 statewide turnover rate was 8.1 percent. This rate, which is often considered more of a true turnover rate because it reflects preventable turnover, also decreased since fiscal year 2008.

In FY2009 the turnover rate for TDHCA was at its lowest point in comparison to the previous turnover rates. As shown by the chart below, TDHCA’s turnover rates have historically been under the state turnover rates and have fluctuated. Employee turnover can be both negative and positive. 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 particular weaknesses have been in the turnover of Compliance Monitors within the Compliance and Asset Oversight Division. Compliance Monitors must travel at least 60 to 75 percent within the State of Texas and it is believed that much of the turnover is due to the amount of travel associated with the position.

Table 28. Historical Employee Turnover Rates

Entity	FY2005	FY2006	FY2007	FY2008	FY2009
Statewide Turnover	16.9%	15.8%	17.4%	17.3%	14.4%
TDHCA Turnover	12.9%	10.4%	6.8%	8.4%	6.9%

Source: SAO Classified Employee Turnover Report FY2009. Turnover rates exclude interagency transfers.

Workforce Skills Critical to the Mission and Goals of the Agency

Due to the complexity and sheer volume of regulations associated with the many funding programs the Department oversees, a depth of experience and skills are critical to accomplish the mission and goals of the Department that include:

- Mortgage and loan management
- Environmental science
- Underwriting
- Asset Management
- Emergency Response and Management
- Contract Management
- Building Inspection

Other critical skills the Department's workforce needs in order to effectively accomplish its business functions and provide a high level of customer service include:

- Leadership and management skills
- Project management, quality oversight, and evaluation
- Analysis/research/planning/problem solving
- Financial management, financial analysis, and accounting expertise
- Auditing skills
- Knowledge of the legislative system
- Knowledge of the housing market industry
- Mentoring and coaching
- Marketing
- Multi-lingual
- Outreach and technical assistance
- Computer skills ranging from entry level data entry to highly skilled information systems programmers and database administrators
- Customer service skills
- Investigative/inspection related knowledge
- Sophisticated oral and written communication skills
- Legal analysis

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 and one contract developer to help support the Community Affairs Contract System and the Housing Contract System.

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 2010, 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 HOME Division expects a continued high level of activity under TCAP for the next year. Management is implementing a number of changes and improvements in the administration of the HOME Program which may necessitate an increased workload during the next year as these changes are implemented.

- The Homeownership Division anticipates that the growth in size and scope of the Texas First Time Homebuyer Program and the Texas Mortgage Credit Program could result in the need for additional staff.
- 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 Disaster Recovery Division is currently developing a staffing plan to accommodate the needs of the Dolly and Ike Disaster Recovery Programs. The plan will cover staffing needs for contract management, technical assistance, monitoring and oversight, quality assurance and the cross-functional divisional relationships necessary for the administration of these programs. Employees with experience in CDBG programs as well as single family, multifamily, and other affordable housing programs are sought to fill the positions.
- 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 Homeownership Division anticipates the addition of at least one staff person to assist with processing and issuing Mortgage Credit Certificates, in order to efficiently process the workload and its continued growth.
- The HOME Division is currently seeking to fill two full time positions. Due to the myriad of housing activities performed under the HOME Program, employees with experience in federal or other affordable housing program administration are needed to fill these positions. The HOME Division also anticipates utilizing a temporary employee or intern for a short period of time to assist with the high volume of work under TCAP.
- The Energy Assistance Division has received increased funding from LIHEAP and as a result, four new staff persons will be paid from that funding.
- 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. Additionally, due to the Recovery Act requirement that the Department perform asset management for properties funded through the Tax Credit Exchange program and TCAP, the Compliance Divisions anticipates that the Department will need additional staff to perform these functions. Those new staff members will have a similar but different skill set than the existing compliance monitors.
- 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.
- The Legal Services Division anticipates the need for at least one additional lawyer, two additional paralegals, and potentially additional legal staff for disaster recovery.
- The Disaster Recovery Division anticipates an increase in the immediate future in number of division employees. This staffing plan will be implemented in 2010 and will likely be in force through 2012 or 2013.
- The Human Resources Division anticipates the need for one additional temporary staff member due to the increase in additional staff at the Department.

Anticipated Decreases:

- The Financial Administration Division anticipates a decrease in temporary positions currently supporting the ongoing efforts related to HERA, the Recovery Act, and Disaster Recovery.
- The Recovery Act funding for Weatherization ends in March of 2012. At that time, the current staff within the Energy Assistance Division that is paid from Recovery Act will be reduced. Additionally, it is anticipated that that funding from LIHEAP will decrease by 2012 and those staff paid from those funds will be reduced as well.
- As the Neighborhood Stabilization Program contract terminates in March, 2013, there potentially will be a reduction of the number of employees required, depending on HUD guidance at that time regarding use of NSP program income.
- Due to the completion of federal reporting on the Recovery Act by February 2013, the staff of the Recovery Act Accountability & Oversight Office will decrease to zero.
- The Disaster Recovery Division anticipates a reduction in staff occurring as temporary DR programs begin to wind down, likely in mid to late 2013, barring any future disaster events in Texas that are federally funded.

Anticipated Use of Consultants

- The Recovery Act Accountability & Oversight Office anticipates the possible use of consultants for the following Recovery Act programs: Weatherization Training Academy, Weatherization Monitoring and Inspections, Weatherization Auditors and Assessors, and TCAP/Exchange Asset Management.
- 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 pricing of bond 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 debt transactions, legal advisors to assist in the documentation of our debt 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 and is considering the possibility of outsourcing some of the asset management of properties funded through the Tax Credit Exchange program and TCAP.

- The Legal Services Division anticipates the use of an outside administrative law judge in addition to possible increases in the use of outside counsel. Additionally, the Division is considering the development of a relationship with one or more law firms to assist with document preparation overflow.
- The HOME Division anticipates the possible use of one or more service providers to assist in the administration of HOME Program funding to rural areas of the state where local municipalities have not requested HOME Program funding.
- The Disaster Recovery Division anticipates the use of one or more service providers to assist in providing technical assistance and performing set ups and draws to the Dolly and Ike funding subrecipients. Other providers may be contemplated for compliance of multifamily properties and outsourcing underwriting of multifamily projects.
- The Housing Resource Center anticipates the use of one or more consultants for extensive external research or research used for reports, such as studies on rural housing or the Analysis of Impediments to Fair Housing report.
- The Housing Trust Fund anticipates the use of one or more consultants to provide technical assistance and capacity building for rural housing providers in the Rural Housing Expansion Program. This program provides rural nonprofit organizations, municipalities and counties the capacity building, training, and funds needed to create affordable housing in their communities.

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.
- The Disaster Recovery Division anticipates a shortage of CDBG and HUD-based housing program experience among potential employees. Broad economic downturns have created a surplus of private sector experience, but applicable public sector experience remains in short supply.

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 10 percent of TDHCA's workforce is projected to be eligible to retire by the end of FY13. 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 position 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
- Continue to provide staff with flex hours, compressed workweek schedules, telecommuting and other avenues to balance work and family needs.

Appendix E: Workforce Plan

- 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 February of 2010, TDHCA participated in the Survey of Organizational Excellence sponsored by the University of Texas. This survey forms the basis of the following observations concerning TDHCA's strengths and weaknesses according to the employees of the Department. The very high response rate of 93 percent indicates that employees have an investment in the Department, want to see the Department improve, and generally have a sense of responsibility to the Department.

In reviewing the following sections, the following scoring categorizations are useful:

- Scores of 375 or higher indicate areas of substantial strength.
- Scores above 350 indicate employees perceive the issue more positively than negatively.
- Scores below 350 indicate employees perceive the issue more negatively than positively.
- Scores below 300 indicate areas of concern for the Department. They should receive immediate attention. No items in the TDHCA survey scored below the 300 range.

In comparison to the 2008 Survey of Organizational Excellence the Department scores improved. The table below shows the comparison of scores for 2008 versus 2010. All the scores increased in 2010 with the exception of one score (Quality) that decreased by one point.

Table 29. Survey of Organizational Excellence: 2008 and 2010 Comparison

CONSTRUCT NAME	SCORE 2008	SCORE 2010	POINTS DEVIATED
Supervision	348	◆ 411	+63
Team	◇ 345	◆ 402	+57
Diversity	364	376	+12
Pay	◇ 302	◇ 310	+8
Physical Environment	◆ 377	379	+2
Benefits	373	391	+18
Employment Development	◆ 377	401	+24
Strategic	◆ 386	◆ 414	+28
Quality	◆ 388	387	-1
Internal Communication	◇ 333	◇ 360	+27
External Communication	376	394	+18
Job Satisfaction	367	382	+15
Information Systems	**	◇ 374	**
Employee Engagement	**	397	**

Score Legend

◆: 3 highest scores

◇: 3 lowest scores

** Constructs new for 2010 survey

Areas of Strength

The Department's strengths lie in the perception employees have according to the following: Supervision, Team, and Strategic. They are discussed below in the order of scores received, from highest to lowest.

- **Strategic (414):** This reflects employees' thinking about how the Department responds to external influences that should play a role in defining the agency's mission, vision, services and products. This implies the ability of the Department to seek out and work with relevant external entities. High Strategic scores indicate that employees view the Department as able to quickly relate its mission and goals to environmental changes and demands.
- **Supervision (411):** This provides insight into the nature of supervisory relationships within the Department, including aspects of leadership, the communication of expectations and the sense of fairness that employees perceive between supervisors and themselves. High Supervision scores indicate that employees view their supervisors as fair, helpful, and critical to the flow of work.
- **Team (402):** This describes employees' perceptions of the people within the Department with whom they work on a daily basis to accomplish their jobs (the work group or team). Also, it gathers data about how effective employees think their work group is as well as the extent to which the Department supports cooperation among employees. High Team scores indicate that employees view their work groups as effective, cohesive, and open in the opinions of all its members.

Areas of Concern

Areas where TDHCA did not score as high were Pay, Internal Communication, and Information Systems issues as described below from lowest score to highest scores. While Pay is the lowest score, it is still viewed as more positive than negative.

- **Pay (310):** Pay is a common negative perception across most, if not all, state agencies. This category 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.
- **Internal Communication (360):** This construct captures the flow of communication within the Department from the top down, bottom up, and across divisions. It addresses the extent to which communication exchanges are open and candid and move the Department toward goal achievement.
- **Information Systems (374):** This construct provides insight into whether computer and communication systems enhance employees' ability to get the job done by providing accessible, accurate, and clear information. The construct addresses the extent to which employees feel that they know where to get needed information, and that they know how to use it once they obtain it.

Strategies for Improvement

The Department will continue to capitalize on the information derived from the 2010 Survey of Organizational Excellence.

Improving Areas of Concern

- While Pay continues to be the lowest scoring category for the Department this category has improved based on the last survey score. There have been many ways the Department has addressed fair pay to include:
 - Review of all pay actions for equity among similar positions.
 - Providing each Division Director with equity reports for the division and an equity report for Department positions.
 - A Department-wide classification audit was conducted by the State Auditor's Office to determine misclassifications for the Department. There were only 8 positions that needed to be reclassified as part of this audit. The Department requires that employee classifications be reviewed during each employee annual performance review to ensure that position classifications are appropriate.
 - The Department participated in a National Housing Organization Compensation Survey. This survey allows the Department to review salaries of other similar positions in comparison to Department salaries.

Enhancing Strengths

- The Department is committed to instilling a culture of diversity, transparency, professionalism, and integrity. The Department will continue to analyze organizational development through review of program organizational structure to ensure that processes and program goals and objectives are being met with the most streamlined measures and are functioning effectively and efficiently.
- The Department will continue to have open communications with staff and will promote an environment that allows employees to improve their skills and abilities through continuing education, external training, in-house training, and other training resources as needed.

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 of Certified HUBs 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 30. HUB Goals and TDHCA Performance

Category	TDHCA Performance		TDHCA Goals for 2010
	2008	2009	
Heavy Construction	N/A	N/A	N/A
Building Construction	N/A	N/A	N/A
Special Trades Contracts	N/A	N/A	20.0%
Professional Services Contracts	17.2%	38.2%	15.0%
Other Services Contracts	55.8%	32.5%	25.0%
Commodities Contracts	81.4%	91.7%	25.0%
Grand Total HUB Participation	55.5%	44.0%	

Table 31. TDHCA Performance – Fiscal Year 2008

Category	TDHCA Performance		Percentage Spent With HUBS	Statewide Goal
	Total Dollar Amount Spent	Total Dollar Amount Spent With HUBS		
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trades Contracts	N/A	N/A	N/A	57.2%
Professional Services Contracts	272,217.00	46,970.00	17.2%	20.0%
Other Services Contracts	2,050,397.00	1,145,388.00	55.8%	33.0%
Commodities Contracts	376,244.00	306,617.00	81.4%	12.6%
Grand Total Expenditures	2,698,859.00	1,498,976.00	55.5%	

Table 32. TDHCA Performance – Fiscal Year 2009

Category	TDHCA Performance		Percentage Spent With HUBS	Statewide Goal
	Total Dollar Amount Spent	Total Dollar Amount Spent With HUBS		
Heavy Construction	N/A	N/A	N/A	11.9%
Building Construction	N/A	N/A	N/A	26.1%
Special Trades Contracts	N/A	N/A	N/A	57.2%
Professional Services Contracts	268,686.00	102,900.00	38.2%	20.0%
Other Services Contracts	1,911,702.00	622,659.00	32.5%	33.0%
Commodities Contracts	494,934.00	454,225.00	91.7%	12.6%
Grand Total Expenditures	2,675,322.00	1,179,784.00	44.0%	

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

Acronym/Abbreviation	Description
AAA	Local Area Agencies on Aging
ADA	Americans with Disabilities Act
AGI	Annual Gross Income
AHNS	Affordable Housing Needs Score
AMFI	Area Median Family Income
AMGI	Area Median Gross Income
AMI	Area Median Income
ARRA/Recovery Act	American Recovery and Reinvestment Act of 2009
ATWAC	Aging Texas Well Advisory Committee
BRB	Texas Bond Review Board
CAA	Community Action Agency
CAO	Compliance and Asset Oversight Division
CAP	Community Action Program
CAPER	Consolidated Annual Performance Report
CDB	Central Data Base
CDBG	Community Development Block Grant
CDC	Community Development Corporation
CEAP	Comprehensive Energy Assistance Program
CFD	Contract for Deed
CFR	Code of Federal Regulations
CHDO	Community Housing Development Organization
CMTS	Compliance Monitoring and Tracking System
CNFP	Community Food and Nutrition
CoC	Continuum of Care
COG	Council of Governments
CPA	Texas Comptroller of Public Accounts
CRCG	Community Resource Coordination Groups
CSBG	Community Services Block Grant
DADS	Texas Department of Aging and Disability Services
DAW	Disability Advisory Workgroup
DFPS	Department of Family & Protective Services
DHHS	US Department of Health and Human Services
DOE	U.S. Department of Energy
DOT	US Department of Transportation
EEO	Equal Employment Opportunity
ELI	Extremely Low Income
DPPA	Division of Policy and Public Affairs
ESGP	Emergency Shelter Grants Program
Fannie Mae	Federal National Mortgage Association.
FEMA	Federal Emergency Management Agency
Freddie Mac	Federal Home Loan Mortgage Corporation
FTE	Full Time Employee
FTHB	First Time Homebuyer Program
FY	Fiscal Year
GR	General Revenue
HBA	Homebuyer Assistance Program
HBAR	Homebuyer Assistance with Rehabilitation Program

HERA	Housing and Economic Recovery Act of 2008
HFA	Housing Finance Authority
HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HQS	Housing Quality Standards
HRC	Housing Resource Center
HTF	Housing Trust Fund
HUB	Historically Underutilized Business.
HUD	U.S. Department of Housing and Urban Development Interagency Coordinating Commission for Building Healthy Families
ICC	
IDIS	HUD's Integrated Disbursement and Information System
IS	Information Systems
LAN	Local Area Network
LAR	Legislative Appropriation Request
LBB	Legislative Budget Board
LI	Low Income
LIHEAP	Low Income Home Energy Assistance Program
LIHTC	Low Income Housing Tax Credit (Federal)
LURA	Land Use Restriction Agreement
MCC	Mortgage Credit Certificate
MFB	Multifamily Bond
MI	Moderate Income
MMHR	Texas Department of Mental Health and Mental Retardation
MOU	Memorandum of Understanding
MRB	Mortgage Revenue Bond
MSA	Metropolitan Statistical Area
NIMBY	Not In My Backyard
NOFA	Notice of Funding Availability
NOHP	Nonprofit Owner-Builder Housing Program
NSP	Neighborhood Stabilization Program
OCI	Office of Colonia Initiatives
PHA	Public Housing Agency
PIAC	Promoting Independence Advisory Committee
PITI	Principal, Interest, Taxes, and Insurance
PJ	Participating Jurisdiction
QAP	Qualified Allocation Plan
RAF	Regional Allocation Forecast
RFP	Request For Proposals
RFQ	Request for Qualifications
RHD	Rental Housing Development
Section 8 Program	Statewide Housing Assistance Payments Program
SFY	State Fiscal Year
SHC	Colonia Self-Help Centers
SLIHP	State Low Income Housing Plan and Annual Report
SOA	State Auditor's Office
SOL	Statement of Ownership and Location
SOP	Standard Operating Procedure
TANF	Temporary Assistance for Needy Families
TCAP	Texas Credit Assistance Program
TDHCA	Texas Department of Housing and Community Affairs
TDRA	Texas Department of Rural Affairs

Appendix H: List of Abbreviations

TFPTF	Texas Foreclosure Prevention Task Force
THN	Texas Homeless Network
TML	Texas Municipal League
TSAHC	Texas State Affordable Housing Corporation
TSDC	Texas State Data Center
TSEHP	Texas Statewide Homebuyer Education Programs
VL	Very Low Income
WAN	Wide Area Network
WAP	Weatherization Assistance Program