

**Department of Housing and Community Affairs
Summary of Recommendations - Senate**

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Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$24,353,970	\$24,333,470	(\$20,500)	(0.1%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$24,353,970</i>	<i>\$24,333,470</i>	<i>(\$20,500)</i>	<i>(0.1%)</i>
Federal Funds	\$484,466,602	\$508,597,640	\$24,131,038	5.0%
Other	\$41,536,488	\$40,823,368	(\$713,120)	(1.7%)
All Funds	\$550,357,060	\$573,754,478	\$23,397,418	4.3%

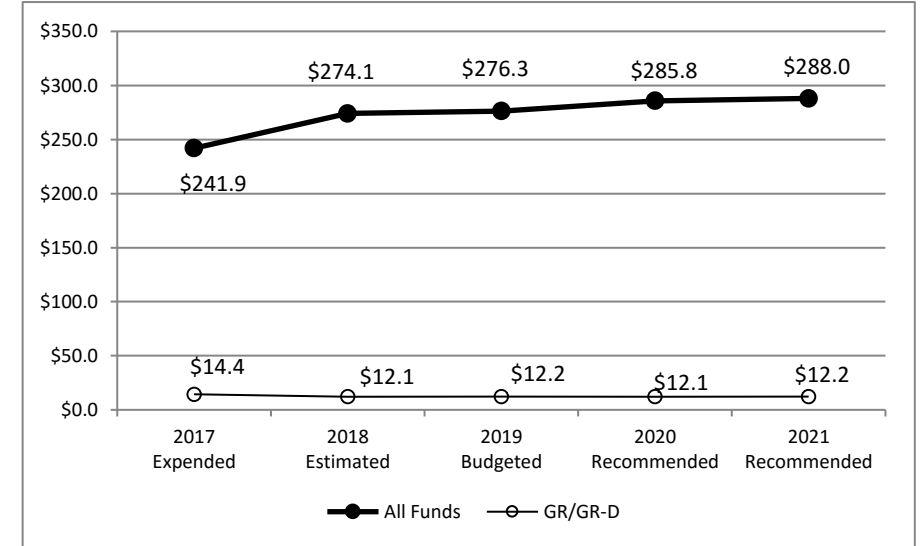
	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	313.0	313.0	0.0	0.0%

Agency Highlights

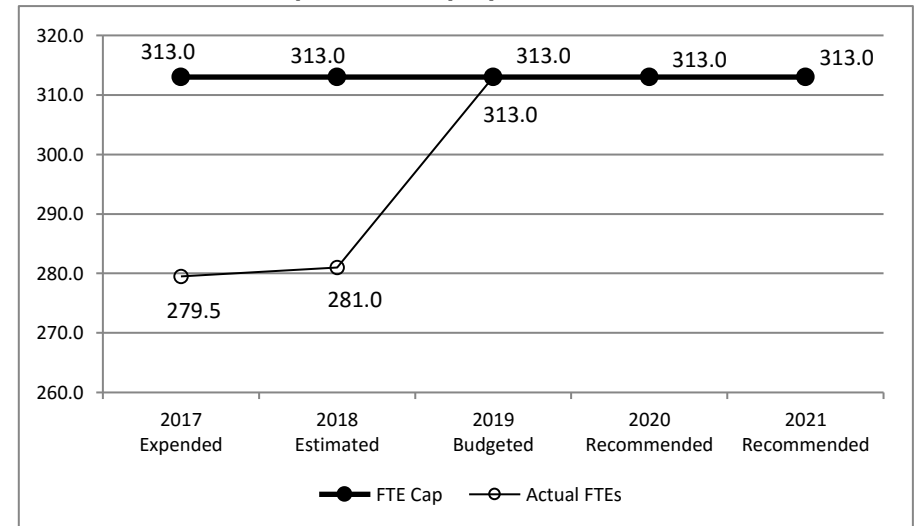
The Department of Housing and Community Affairs administers funding or other assistance for affordable housing development, homeownership opportunities, rental assistance, weatherization, and community based services, with the help of local governments, non-profits and other organizations. It also licenses and regulates manufactured housing and migrant labor housing.

The bill pattern for this agency (2020-21 Recommended) represents an estimated 30% of the agency's estimated total available funds for the 2020-21 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Department of Housing and Community Affairs
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Increase in anticipated agency expenditures of Housing Trust Fund, due to agency plans to spend a higher portion of previous award amounts, including a higher than average award in fiscal year 2018.	\$0.0	\$0.0	\$14.5	\$0.0	\$14.5	Strategy A.1.2
B)	Increase in anticipated agency expenditures of HOME Investment Partnerships Program funding, due to agency plans to spend a higher portion of previous award amounts.	\$0.0	\$0.0	\$9.7	\$0.0	\$9.7	Strategy A.1.2
C)	Decrease in Federal Funds for anticipated reduction to the Community Development Block Grant.	\$0.0	\$0.0	(\$1.1)	\$0.0	(\$1.1)	Strategy A.1.2
D)	Increase in Federal Funds for recent award of Mainstream Housing Voucher Program funds.	\$0.0	\$0.0	\$0.8	\$0.0	\$0.8	Strategy A.1.5

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

E)	Increase in Federal Funds for projected Sec 811 Project Rental Assistance to serve an increasing number of households with funds received in fiscal year 2015 for multi-year rental assistance.	\$0.0	\$0.0	\$0.3	\$0.0	\$0.3	Strategy A.1.6
F)	Decrease in projected Appropriated Receipts to reflect completion of certain capital projects; decrease in General Revenue (\$20,500) for a change to the method of finance for migrant labor housing inspections to Appropriated Receipts.	\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	Multiple

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$24.2	(\$0.7)	\$23.5	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

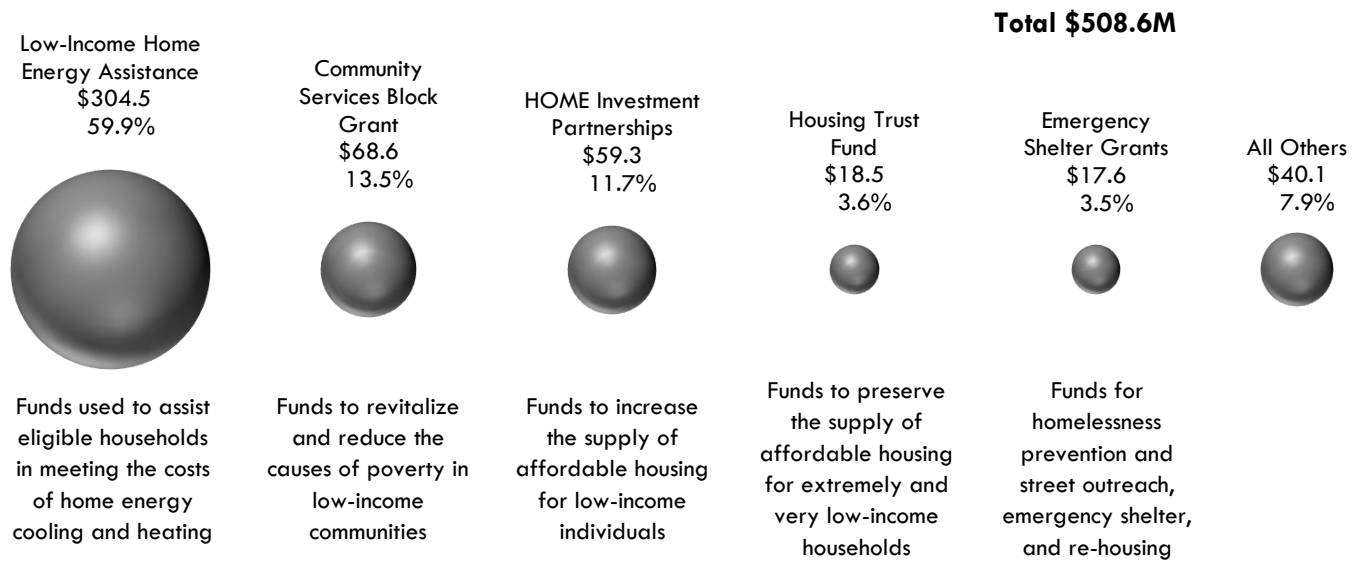
NOTE: Totals may not sum due to rounding.

**Texas Department of Housing and Community Affairs
Selected Fiscal and Policy Issues - Senate**

1. **Housing Trust Fund.** Recommendations increase this Federal Funds source in Strategy A.1.2, Home Program by \$14.5 million, due to agency plans to spend a higher portion of previous award amounts, which includes a higher than average award in fiscal year 2018. This statewide program provides rental development funds for housing for extremely low income households or households at or below the federal poverty line. Supportive housing providers apply for the funds, and TDHCA reports the households affected when actual services are rendered. The program is relatively new, but the agency anticipates 261 additional households served with the increased grant funding above the 2018 level. This would be 70 in fiscal years 2020-21 and 191 in fiscal years 2022-23. As developers complete their projects, the impact on households will be reported.
2. **HOME Investment Partnerships Program.** Recommendations increase this Federal Funds source in Strategy A.1.2, Home Program by \$9.7 million, due to agency plans to spend a higher portion of previous award amounts. These funds will support the agency provision of assistance to an additional 166 households, primarily through tenant-based rental assistance, and includes several types of assistance to single family and multifamily households.
3. **Community Development Block Grant.** Recommendations decrease this grant in Strategy A.1.2, Home Program, by \$1.1 million to reflect a lowered projection of loan repayments in the Neighborhood Stabilization Program in the 2020-21 biennium. These loan repayments are then used to issue new loans.
4. **Section 8 Housing Choice Vouchers.** Recommendations provide \$0.8 million above the 2018-19 base, to reflect the HUD funding award for the Mainstream Housing Voucher Program in Strategy A.1.5, Section 8 Rental Assistance. This will provide an increase of \$0.4 million per year.
5. **Information Technology Projects.** Recommendations include the following:
 - Information Technology Hardware and Software replacements, to replace computers that are six years old or older, provide related end-user software, server hardware replacements, and server software licenses; funded with \$500,000 in Federal Funds and Appropriated Receipts;
 - Disaster Recovery Services Provided by DIR Data Center Services, funded with \$130,000 in Federal Funds and Appropriated Receipts;
 - CAPPS Financials Maintenance to support the system that was implemented in the 2018-19 biennium; funded with \$715,484 in Federal Funds and Appropriated Receipts;
 - PeopleSoft Licenses, to provide continuing access to the necessary software, funded with \$118,516 in Federal Funds and Appropriated Receipts.
 - Cybersecurity Operations, to provide ongoing operational support for products and services implemented during the 2018-19 biennium and salary costs for two existing cybersecurity positions, funded with \$526,400 in Federal Funds and Appropriated Receipts. This initiative resulted from a third-party security assessment conducted by DIR through a contracted vendor. No additional services are planned, and there are no capital costs included.
 - Community Affairs System, to provide ongoing system maintenance, funded with \$150,000 in Federal Funds. There are no capital costs included.

Department of Housing and Community Affairs

Summary of Federal Funds (2020 - 21) - Senate

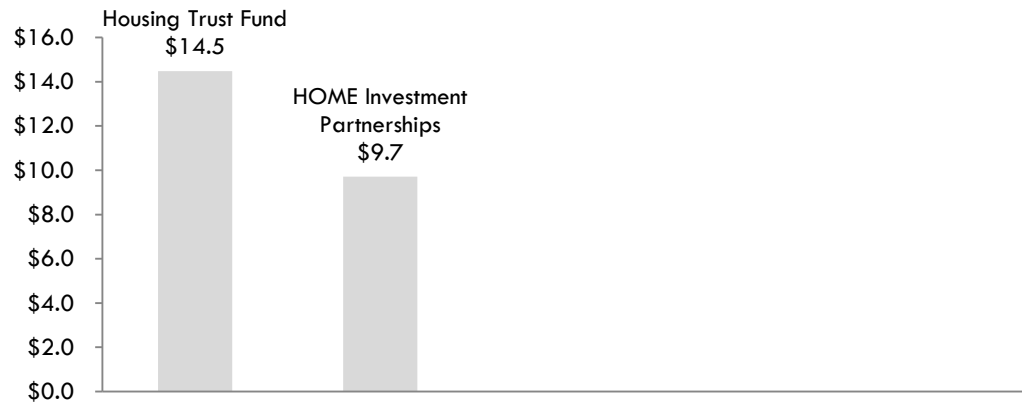


Selected Federal Fiscal and Policy Issues

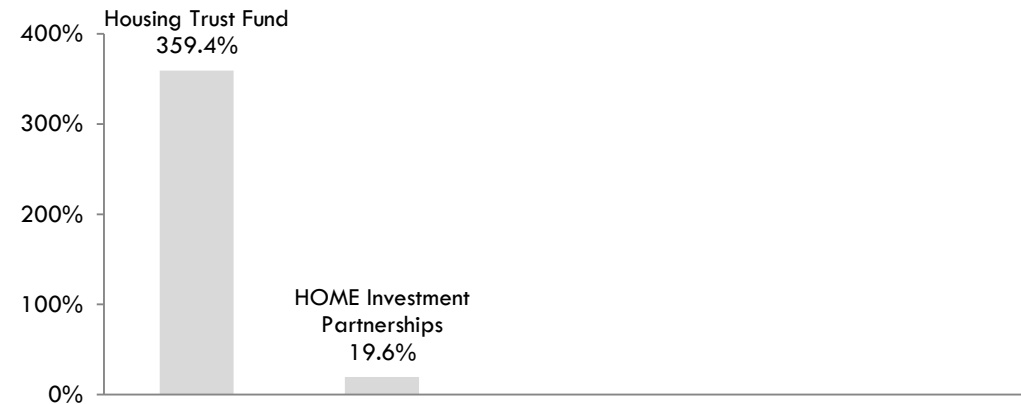
1. Federal Funds estimates for the Housing Trust Fund program in the 2020-21 biennium include an increase of \$14.5 million, attributable to the agency planning to spend a higher portion of previous award amounts. This includes a higher than average award amount in federal fiscal year 2018.
2. Federal Funds estimates for the HOME Investment Partnerships Program in the 2020-21 biennium include an increase of \$9.7 million. This increase is attributable to the agency planning to spend a higher portion of previous award amounts.

Programs with Significant Federal Funding Changes from 2018 - 19

Program Change-by Amount (In Millions)



Program Change-by Percentage



**Department of Housing and Community Affairs
Rider Highlights - Senate**

Modification of Existing Riders

2. **Capital Budget.** The rider is modified to include authority for the following projects, all funded from Federal Funds and Appropriated Receipts:
 - Information Technology Hardware and Software replacements, to replace computers that are six years old or older, provide related end-user software, server hardware replacements, and server software licenses for \$500,000 for the biennium;
 - Disaster Recovery Services Provided by DIR Data Center Services, for \$130,000 for the biennium;
 - CAPPs Financials Annual Maintenance, for \$715,484 for the biennium; and
 - PeopleSoft Licenses, for \$118,516 for the biennium.

3. **Low/Moderate Income Housing Construction.** Recommendations add the word “Texas” to clarify the enterprise zones are state-designated, and not related to any federal program. This program is operated out of the Governor’s Office.

8. **Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.** Recommendations delete the word “Appropriation” in the title, to remove the suggestion that there is an appropriation in the rider. This rider is informational and describes the amount of estimated interest earnings and loan repayments in the Housing Trust Fund program.

9. **Housing Trust Fund Deposits to the Texas Treasury Safekeeping Trust Company.** Recommendations update strategy references and remove language related to statute which was repealed during the 85th Regular Session (HB 1512). Recommendations also change the report in section c. from annual to biennial, and remove duplicated language about the deadline for the agency to deposit funds to the Housing Trust Fund in section d.

13. **Affordable Housing Research and Information Program.** Recommendations delete the reference to Strategy B.1.1, Housing Resource Center, because specific funds are no longer appropriated to this strategy for the program. TDHCA administers the program using funds across multiple strategies.

15. **Migrant Labor Housing Funding.** Recommendations change the method of finance for the migrant labor housing inspection and enforcement program from General Revenue to Appropriated Receipts. The rider reflects an increase in the amount projected to be collected and expended from \$10,250 to \$35,000 per year. This rider was added during the 85th Regular Session to specify the fees intended for program operations. This change would make the program consistent with the fees collected for similar activities of the Manufactured Housing regulatory program.

**Department of Housing and Community Affairs
Appendices - Senate**

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* Appendix is not included - no significant information to report

Department of Housing and Community Affairs
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
MRB PROGRAM - SINGLE FAMILY A.1.1	\$3,229,533	\$3,126,610	(\$102,923)	(3.2%)	
HOME PROGRAM A.1.2	\$66,099,937	\$89,107,885	\$23,007,948	34.8%	Increase of \$24.1 million in certain Federal Funds to provide additional home development and other services to single family and multifamily households. This is offset by a \$1.1 million decrease in other Federal Funds to reflect anticipated loan repayment amounts.
TEXAS BOOTSTRAP - HTF A.1.3	\$6,600,000	\$6,600,000	\$0	0.0%	
AMY YOUNG - HTF A.1.4	\$3,843,402	\$3,843,402	\$0	0.0%	
SECTION 8 RENTAL ASSISTANCE A.1.5	\$13,691,322	\$14,491,322	\$800,000	5.8%	Increase in Federal Funds for recently awarded Mainstream Housing Voucher Program through the U.S. Department of Housing and Urban Development.
SECTION 811 PRA A.1.6	\$161,882	\$414,173	\$252,291	155.8%	Increase in Federal Funds for two FTEs that were shifted from Strategy B.1.1, to enable support for projected increase in households served, and certain allocated capital costs.
FEDERAL TAX CREDITS A.1.7	\$4,390,963	\$4,179,177	(\$211,786)	(4.8%)	Decrease in Appropriated Receipts primarily due to redirection of operating expenses and completion of Fair Housing Initiative.
MRB PROGRAM - MULTIFAMILY A.1.8	\$980,741	\$889,731	(\$91,010)	(9.3%)	
Total, Goal A, AFFORDABLE HOUSING	\$98,997,780	\$122,652,300	\$23,654,520	23.9%	
HOUSING RESOURCE CENTER B.1.1	\$2,312,530	\$2,227,581	(\$84,949)	(3.7%)	
COLONIA SERVICE CENTERS B.2.1	\$733,860	\$578,006	(\$155,854)	(21.2%)	Decrease in Appropriated Receipts due to lower salary needs and other operating costs projected for staff to provide technical assistance.
Total, Goal B, INFORMATION & ASSISTANCE	\$3,046,390	\$2,805,587	(\$240,803)	(7.9%)	
POVERTY-RELATED FUNDS C.1.1	\$95,887,003	\$95,900,934	\$13,931	0.0%	
ENERGY ASSISTANCE PROGRAMS C.2.1	\$316,650,710	\$316,650,710	\$0	0.0%	
Total, Goal C, POOR AND HOMELESS PROGRAMS	\$412,537,713	\$412,551,644	\$13,931	0.0%	

**Department of Housing and Community Affairs
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
MONITOR HOUSING REQUIREMENTS D.1.1	\$6,455,035	\$6,654,370	\$199,335	3.1%	Increase in Appropriated Receipts to 1) enhance salaries to retain staff; 2) for other operating costs; and 3) to reflect use of Appropriated Receipts instead of General Revenue for the migrant labor housing inspection program.
MONITOR CONTRACT REQUIREMENTS D.1.2	\$1,294,756	\$1,351,624	\$56,868	4.4%	
Total, Goal D, ENSURE COMPLIANCE	\$7,749,791	\$8,005,994	\$256,203	3.3%	
TITLING & LICENSING E.1.1	\$3,833,260	\$3,788,464	(\$44,796)	(1.2%)	
INSPECTIONS E.1.2	\$3,920,036	\$3,863,340	(\$56,696)	(1.4%)	
ENFORCEMENT E.1.3	\$3,489,698	\$3,438,665	(\$51,033)	(1.5%)	
TEXAS.GOV E.1.4	\$38,240	\$38,240	\$0	0.0%	
Total, Goal E, MANUFACTURED HOUSING	\$11,281,234	\$11,128,709	(\$152,525)	(1.4%)	
CENTRAL ADMINISTRATION F.1.1	\$11,588,999	\$11,410,659	(\$178,340)	(1.5%)	Decrease primarily in Appropriated Receipts for reduced salary expenditures and capital costs.
INFORMATION RESOURCE TECHNOLOGIES F.1.2	\$3,952,447	\$4,013,761	\$61,314	1.6%	
OPERATING/SUPPORT F.1.3	\$1,202,706	\$1,185,824	(\$16,882)	(1.4%)	
Total, Goal F, INDIRECT ADMIN AND SUPPORT COSTS	\$16,744,152	\$16,610,244	(\$133,908)	(0.8%)	
Grand Total, All Strategies	\$550,357,060	\$573,754,478	\$23,397,418	4.3%	

Department of Housing and Community Affairs
Summary of Federal Funds - Senate
(Dollar amounts in Millions)

Appendix B

Program	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Low-Income Home Energy Assistance	\$152.3	\$152.3	\$152.3	\$152.3	\$304.5	\$304.5	59.9%	\$0.0	0.0%
Community Services Block Grant	\$34.3	\$34.3	\$34.3	\$34.3	\$68.6	\$68.6	13.5%	\$0.0	0.0%
HOME Investment Partnerships ¹	\$24.9	\$24.6	\$29.6	\$29.6	\$49.6	\$59.3	11.7%	\$9.7	19.6%
Housing Trust Fund ¹	\$0.9	\$3.1	\$8.0	\$10.5	\$4.0	\$18.5	3.6%	\$14.5	359.4%
Emergency Shelter Grants	\$8.8	\$8.8	\$8.8	\$8.8	\$17.6	\$17.6	3.5%	\$0.0	0.0%
Section 8 Housing Choice Vouchers	\$6.8	\$6.8	\$7.2	\$7.2	\$13.7	\$14.5	2.8%	\$0.8	5.8%
Weatherization Assistance	\$6.1	\$6.1	\$6.1	\$6.1	\$12.1	\$12.1	2.4%	\$0.0	0.0%
Tax Credit Assistance Program - Stimulus	\$5.0	\$5.0	\$5.0	\$5.0	\$10.0	\$10.0	2.0%	\$0.0	0.0%
All Other Grants	\$2.2	\$2.2	\$2.0	\$1.5	\$4.4	\$3.5	0.7%	(\$0.8)	(19.4%)
TOTAL:	\$241.3	\$243.2	\$253.3	\$255.3	\$484.5	\$508.6	100.0%	\$24.1	5.0%

1. Increases in program funding are attributable to the agency planning to spend a higher portion of previous award amounts.

**Department of Housing and Community Affairs
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	313.0	313.0	313.0	313.0	313.0
Actual/Budgeted	279.5	281.0	313.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 5	\$172,997	\$180,084	\$180,084	\$180,084	\$180,084

Notes:

a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 18-705, August 2018), indicates a market average salary of \$202,420 for the Executive Director position at the Department of Housing and Community Affairs. The report also recommends changing the salary classification group from 5 to 6. The agency is not requesting any changes to its exempt position.

b) The estimated FTEs for 2018 have been adjusted downward from the LAR level of 313.0 to reflect final reporting to the SAO.

**Department of Housing and Community Affairs
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs				
1)	Central Admin	Indirect administrative expenses in support of federal programs would be reduced such as Professional Services, Travel, and Other Expenses (reflects Earned Federal Funds).	\$98,878	\$98,878	0.0	\$0	3.0%	\$3,322,927	No
2)	Housing Trust Fund-Amy Young Barrier Removal	5.8 fewer households served over the biennium	\$142,792	\$142,792	0.0	\$0	3.7%	\$3,843,402	No
3)	Poverty Related Funds-Homeless Housing and Services Program	562.0 fewer persons served over the biennium	\$367,180	\$367,180	0.0	\$0	3.7%	\$9,899,008	No
4)	Housing Trust Fund-Amy Young Barrier Removal	7.0 fewer households served over the biennium	\$170,478	\$170,478	0.0	\$0	4.4%	\$3,843,402	No
5)	Poverty Related Funds-Homeless Housing and Services Program	670.9 fewer persons served over the biennium	\$438,372	\$438,372	0.0	\$0	4.4%	\$9,899,008	No
6)	Housing Trust Fund-Amy Young Barrier Removal	7.0 fewer households served over the biennium	\$170,478	\$170,478	0.0	\$0	4.4%	\$3,843,402	No
7)	Poverty Related Funds-Homeless Housing and Services Program	670.9 fewer persons served over the biennium	\$438,372	\$438,372	0.0	\$0	4.4%	\$9,899,008	No
8)	Housing Trust Fund-Amy Young Barrier Removal	7.0 fewer households served over the biennium	\$170,477	\$170,477	0.0	\$0	4.4%	\$3,843,402	No
9)	Poverty Related Funds-Homeless Housing and Services Program	670.9 fewer persons served over the biennium	\$438,370	\$438,370	0.0	\$0	4.4%	\$9,899,008	No
TOTAL, 10% Reduction Options			\$2,435,397	\$2,435,397	0.0	\$0			

Note: The TDHCA did not provide the *Program GR/GR-D Total* information; therefore the numbers and reduction percentages included are estimates derived from the LAR.