

## **Attachment for Item 4b**

**ARTICLE VII**

**BUSINESS AND ECONOMIC DEVELOPMENT**

Sec. 1. The several sums of money herein specified, or so much thereby as may be necessary, are appropriated out of any funds in the State Treasury not otherwise appropriated, or out of special funds as indicated, for the support, maintenance, or improvement of the designated business and economic development agencies.

**DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

	For the Years Ending	
	August 31, 2008	August 31, 2009
<b>Method of Financing:</b>		
General Revenue Fund	\$ 7,219,287	\$ 7,262,372
Community Affairs Federal Fund No. 127	128,733,144	128,697,779
<u>Other Funds</u>		
Appropriated Receipts	16,586,560	16,787,596
Interagency Contracts	68,255	68,255
Subtotal, Other Funds	\$ 16,654,815	\$ 16,855,851
<b>Total, Method of Financing</b>	\$ 152,607,246	\$ 152,816,002
<b>Other Direct and Indirect Costs Appropriated Elsewhere in this Act</b>	\$ 911,408	\$ 956,749
<b>This bill pattern represents an estimated 12% of this agency's estimated total available funds for the biennium.</b>		
<b>Number of Full-Time-Equivalents (FTE):</b>	298.0	298.0
<b>Schedule of Exempt Positions:</b>		
Executive Director, Group 5	\$117,516	\$117,516
<b>Items of Appropriation:</b>		
<b>A. Goal: AFFORDABLE HOUSING</b>		
Increase Availability of Safe/Decent/Affordable Housing.		
A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY Federal Mortgage Loans & MCCs through the SF MRB Program.	\$ 955,227	\$ 965,639
A.1.2. Strategy: HOME PROGRAM - SINGLE FAMILY Provide Single Family Housing through HOME Investment Program.	\$ 31,126,928	\$ 31,136,998
A.1.3. Strategy: HOUSING TRUST FUND - SINGLE FAMILY Provide Single Family Loans/Grants for Very Low/Low Income Households.	\$ 5,393,036	\$ 5,394,409
A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE Federal Rental Assistance through Section 8 Certificates and Vouchers.	\$ 6,590,587	\$ 6,591,062
A.1.5. Strategy: FEDERAL TAX CREDITS Provide Federal Tax Credits to Develop Rental Housing for VLI and LI.	\$ 1,049,704	\$ 1,057,290
A.1.6. Strategy: HOME PROGRAM - MULTIFAMILY Provide Multifamily Housing through HOME Investment Program.	\$ 5,868,466	\$ 5,871,327
A.1.7. Strategy: HOUSING TRUST FUND - MULTIFAMILY Provide MF HTP Loans/Grants for Very Low/Low Income Households.	\$ 451,361	\$ 453,052

**DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

(Continued)

<b>A.1.8. Strategy: MRB PROGRAM - MULTIFAMILY</b>	\$ 305,256	\$ 302,741
Federal Mortgage Loans through the MF Mortgage Revenue Bond Program.		
<b>Total, Goal A: AFFORDABLE HOUSING</b>	\$ 51,740,565	\$ 51,772,518
<b>B. Goal: INFORMATION &amp; ASSISTANCE</b>		
Provide Information and Assistance.		
<b>B.1.1. Strategy: HOUSING RESOURCE CENTER</b>	\$ 837,335	\$ 836,636
Center for Housing Research, Planning, and Communications.		
<b>B.2.1. Strategy: COLONIA SERVICE CENTERS</b>	\$ 610,077	\$ 614,011
Assist Colonias through Field Offices & Self-Help Centers.		
<b>Total, Goal B: INFORMATION &amp; ASSISTANCE</b>	\$ 1,447,412	\$ 1,450,647
<b>C. Goal: POOR AND HOMELESS PROGRAMS</b>		
Improve Poor/Homeless Living Conditions & Reduce VLI Energy Costs.		
<b>C.1.1. Strategy: POVERTY-RELATED FUNDS</b>	\$ 34,908,780	\$ 34,925,797
Administer Poverty-related Federal Funds through a Network of Agencies.		
<b>C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS</b>	\$ 49,858,073	\$ 49,836,900
Administer State Energy Assistance Programs.		
<b>Total, Goal C: POOR AND HOMELESS PROGRAMS</b>	\$ 84,766,853	\$ 84,762,697
<b>D. Goal: ENSURE COMPLIANCE</b>		
Ensure Compliance with Program Mandates.		
<b>D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS</b>	\$ 2,149,863	\$ 2,174,561
Monitor and Inspect for Federal & State Housing Program Requirements.		
<b>D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS</b>	\$ 1,857,004	\$ 1,809,121
Administer and Monitor Subrecipient Contracts.		
<b>Total, Goal D: ENSURE COMPLIANCE</b>	\$ 4,006,867	\$ 3,983,682
<b>E. Goal: MANUFACTURED HOUSING</b>		
Regulate Manufactured Housing Industry.		
<b>E.1.1. Strategy: TITLING AND LICENSING</b>	\$ 1,577,457	\$ 1,635,219
Provide SOL and Licensing Services in a Timely Manner.		
<b>E.1.2. Strategy: INSPECTIONS</b>	\$ 1,432,826	\$ 1,485,023
Conduct Inspections of Manufactured Homes in a Timely Manner.		
<b>E.1.3. Strategy: ENFORCEMENT</b>	\$ 1,444,525	\$ 1,490,860
Process Complaints/Conduct Investigations/Take Administrative Actions.		
<b>E.1.4. Strategy: TEXASONLINE</b>	\$ 19,120	\$ 19,120
TexasOnline fees. Estimated and Nontransferable.		
<b>Total, Goal E: MANUFACTURED HOUSING</b>	\$ 4,473,928	\$ 4,630,222
<b>F. Goal: INDIRECT ADMIN AND SUPPORT COSTS</b>		
Indirect Administration and Support Costs.		
<b>F.1.1. Strategy: CENTRAL ADMINISTRATION</b>	\$ 4,251,164	\$ 4,278,109
<b>F.1.2. Strategy: INFORMATION RESOURCE TECHNOLOGIES</b>	\$ 1,380,799	\$ 1,394,138
<b>F.1.3. Strategy: OPERATING/SUPPORT</b>	\$ 539,658	\$ 543,989
Operations and Support Services.		
<b>Total, Goal F: INDIRECT ADMIN AND SUPPORT COSTS</b>	\$ 6,171,621	\$ 6,216,236
<b>Grand Total, DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>	\$ 152,607,246	\$ 152,816,002
<b>Object-of-Expense Informational Listing:</b>		
Salaries and Wages	\$ 16,114,841	\$ 16,391,948
Other Personnel Costs	332,320	357,321
Professional Fees and Services	2,394,899	2,396,368
Consumable Supplies	302,239	302,939

**DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
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Utilities	72,865	72,865
Travel	930,036	875,965
Rent - Building	180,930	170,930
Rent - Machine and Other	99,764	99,764
Other Operating Expense	2,439,855	2,351,756
Client Services	5,967,047	5,967,047
Grants	123,748,169	123,748,939
Capital Expenditures	<u>24,281</u>	<u>80,160</u>
<b>Total, Object-of-Expense Informational Listing</b>	<b>\$ <u>152,607,246</u></b>	<b>\$ <u>152,816,002</u></b>

**Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:**

<u>Employee Benefits</u>		
Retirement	\$ 931,570	\$ 945,543
Group Insurance	1,848,471	1,869,361
Social Security	1,135,354	1,152,384
Benefits Replacement	<u>110,072</u>	<u>104,568</u>
Subtotal, Employee Benefits	<u>\$ 4,025,467</u>	<u>\$ 4,071,856</u>
<u>Debt Service</u>		
Lease Payments	<u>\$ 29,135</u>	<u>\$ 30,545</u>
<b>Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act</b>	<b>\$ <u>4,054,602</u></b>	<b>\$ <u>4,102,401</u></b>

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.

	<u>2008</u>	<u>2009</u>
<b>A. Goal: AFFORDABLE HOUSING</b>		
<b>Outcome (Results/Impact):</b>		
Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	.91%	.87%
Percent of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	.28%	.27%
Percent of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	3.15%	3.02%
Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	.1%	.08%
<b>A.1.1. Strategy: MRB PROGRAM - SINGLE FAMILY Output (Volume):</b>		
Number of Households Assisted with Single Family Mortgage Revenue Bond Funds	2,016	1,716
<b>A.1.2. Strategy: HOME PROGRAM - SINGLE FAMILY Output (Volume):</b>		
Number of Households Assisted with Single Family HOME Funds	1,255	1,255
<b>A.1.3. Strategy: HOUSING TRUST FUND - SINGLE FAMILY Output (Volume):</b>		
Number of Households Assisted through the Single Family Housing Trust Fund Program	228	209
<b>A.1.4. Strategy: SECTION 8 RENTAL ASSISTANCE Output (Volume):</b>		
Number of Households Assisted through Statewide Housing Assistance Payments Program	1,494	1,494

**DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
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<b>A.1.5. Strategy: FEDERAL TAX CREDITS</b>		
<b>Output (Volume):</b>		
Number of Households Assisted through the Housing Tax Credit Program	12,261	11,779
<b>A.1.6. Strategy: HOME PROGRAM - MULTIFAMILY</b>		
<b>Output (Volume):</b>		
Number of Households Assisted with Multifamily HOME Funds	500	526
<b>A.1.8. Strategy: MRB PROGRAM - MULTIFAMILY</b>		
<b>Output (Volume):</b>		
Number of Households Assisted through the Multifamily Mortgage Revenue Bond Program	2,393	2,217
<b>B. Goal: INFORMATION &amp; ASSISTANCE</b>		
<b>B.1.1. Strategy: HOUSING RESOURCE CENTER</b>		
<b>Output (Volume):</b>		
Number of Information and Technical Assistance Requests Completed	4,900	4,900
<b>B.2.1. Strategy: COLONIA SERVICE CENTERS</b>		
<b>Output (Volume):</b>		
Number of On-site Technical Assistance Visits Conducted Annually from the Field Offices	800	800
<b>C. Goal: POOR AND HOMELESS PROGRAMS</b>		
<b>Outcome (Results/Impact):</b>		
Percent of Persons in Poverty That Received Homeless and Poverty-related Assistance	12.32%	12.32%
Percent of Very Low Income Households Receiving Energy Assistance	4.12%	4.11%
<b>C.1.1. Strategy: POVERTY-RELATED FUNDS</b>		
<b>Output (Volume):</b>		
Number of Persons Assisted through Homeless and Poverty-related Funds	512,244	512,244
Number of Persons Assisted That Achieve Incomes above Poverty Level	2,200	2,200
Number of Shelters Assisted	73	73
<b>C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS</b>		
<b>Output (Volume):</b>		
Number of Households Assisted through the Comprehensive Energy Assistance Program	51,502	51,502
Number of Dwelling Units Weatherized by the Department	3,004	2,960
<b>D. Goal: ENSURE COMPLIANCE</b>		
<b>D.1.1. Strategy: MONITOR HOUSING REQUIREMENTS</b>		
<b>Output (Volume):</b>		
Total Number of Onsite Reviews Conducted	915	965
<b>D.1.2. Strategy: MONITOR CONTRACT REQUIREMENTS</b>		
<b>Output (Volume):</b>		
Total Number of Monitoring Reviews Conducted	12,715	12,765
<b>E. Goal: MANUFACTURED HOUSING</b>		
<b>Outcome (Results/Impact):</b>		
Percent of Consumer Complaint Inspections Conducted within 30 Days of Request	100%	100%
Percent of Complaints Resulting in Disciplinary Action	15%	15%
<b>E.1.1. Strategy: TITLING AND LICENSING</b>		
<b>Output (Volume):</b>		
Number of Manufactured Housing Statements of Ownership and Location (SOL) Issued	90,000	90,000
Number of Licenses Issued	4,000	4,000
<b>E.1.2. Strategy: INSPECTIONS</b>		
<b>Output (Volume):</b>		
Number of Routine Installation Inspections Conducted	6,000	6,000
<b>Explanatory:</b>		
Number of Installation Reports Received	20,000	20,000
<b>E.1.3. Strategy: ENFORCEMENT</b>		
<b>Output (Volume):</b>		
Number of Complaints Resolved	1,250	1,250
<b>Efficiencies:</b>		
Average Time for Complaint Resolution (Days)	180	180
<b>Explanatory:</b>		
Number of Jurisdictional Complaints Received	1,200	1,200
<b>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</b>		

**DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
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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.

	<u>2008</u>	<u>2009</u>
a. Acquisition of Information Resource Technologies		
(1) Manufactured Housing Systems Upgrade	\$ 175,000	\$ 175,000
(2) Purchase of Information Technologies - Scheduled Replacement of Items	\$ 200,000	\$ 190,000
Total, Acquisition of Information Resource Technologies	\$ 375,000	\$ 365,000
Total, Capital Budget	\$ 375,000	\$ 365,000

Method of Financing (Capital Budget):

Community Affairs Federal Fund No. 127	\$ 55,998	\$ 71,382
Appropriated Receipts	<u>319,002</u>	<u>293,618</u>
Total, Method of Financing	\$ 375,000	\$ 365,000

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.
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 \$911,408 for fiscal year 2008 and \$956,749 for fiscal year 2009. 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.
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.
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, 2009.

**DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
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- 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.
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.
  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 ORCA 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.
  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 \$900,000 each year.
  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, \$2,503,295 in fiscal year 2008 and \$2,503,296 in fiscal year 2009 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 2008 and 2009 include an estimated \$900,000 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, \$187,000 in fiscal year 2008 and \$187,000 in fiscal year 2009 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, not to exceed \$2,500,000 in General Revenue each fiscal year, between Strategy A.1.3, Housing Trust Fund - Single Family and Strategy A.1.7, Housing Trust Fund - Multifamily.
    - 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, an amount not to exceed \$2,500,000 in both strategies in fiscal year 2008 and an amount not to exceed \$2,500,000 in fiscal year 2009 in both strategies above amounts required in Sections (a) and (b) of this rider, shall be deposited in the Housing Trust Fund in the Texas Treasury

**DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
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Safekeeping Trust Company established under Government Code, Chapter 2306, no later than October 1 of each fiscal year.

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 60 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 60 percent and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods.
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.
13. **Manufactured Homeowner Consumer Claims.** Included above in Goal B, 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 2008-09 biennium. No General Revenue is appropriated for the payment of these claims.
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.
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 Office of Rural Community 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 Office of Rural Community Affairs for this purpose.