

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
AUDIT AND FINANCE COMMITTEE MEETING**

**AGENDA
09:30 AM
June 16, 2022**

**John H. Reagan Building, JHR 140
1400 Congress Avenue
Austin, Texas 78701**

CALL TO ORDER

ROLL CALL

Ajay Thomas, Chair

CERTIFICATION OF QUORUM

The Audit and Finance Committee of the Governing Board of the Texas Department of Housing and Community Affairs (TDHCA) will meet to consider and may act on any of the following:

ACTION ITEMS:

ITEM 1: Presentation, discussion, and possible action to approve the Audit and Finance Committee Minutes Summary for March 10, 2022

Mark Scott
Director of Internal
Audit

ITEM 2: Presentation, discussion, and possible action on the FY2023 Operating Budget

Joe Guevara
Director of
Financial
Administration

ITEM 3: Presentation, discussion, and possible action on the FY2023 Housing Finance Division Budget

REPORT ITEMS:

ITEM 1: Presentation and discussion of follow up Internal Audit of the Physical Inspection processes at TDHCA

Mark Scott
Director of Internal
Audit

ITEM 2: Presentation and discussion of Internal Audit of the Texas Homeownership program

ITEM 3: Report on the status of the Internal and External Audit activities

**PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED
AGENDA ITEMS**

EXECUTIVE SESSION

The Committee may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Tex. Gov't Code, Chapter 551.

Pursuant to Tex. Gov't Code, §551.074 the Audit Committee may go into Executive Session for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

Pursuant to Tex. Gov't Code, §551.071(1) the Committee may go into executive session to seek the advice of its attorney about pending or contemplated litigation or a settlement offer.

Pursuant to Tex. Gov't Code, §551.071(2) the Committee may go into executive session for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code, Chapter 551.

Pursuant to Tex. Gov't Code, §2306.039(c) the Committee may go into executive session to receive reports from the Department's internal auditor, fraud prevention coordinator, or ethics advisor regarding issues related to fraud, waste, or abuse.

OPEN SESSION

If there is an Executive Session, the Committee will reconvene in Open Session and may take action on any items taken up in Executive Session. Except as specifically authorized by applicable law, the Audit Committee may not take any actions in Executive Session.

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Mark Scott, TDHCA Internal Audit Director, 221 East 11th Street Austin, Texas 78701-2410, 512-475-3813 and request the information.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Kathleen Vale Castillo, 512-475-4144, at least five days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Kathleen Vale Castillo, al siguiente número 512-475-4144 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

Action Item

2

AUDIT AND FINANCE COMMITTEE ACTION REQUEST

FINANCIAL ADMINISTRATION DIVISION

JUNE 16, 2022

Presentation, discussion, and possible action on the SFY 2023 Operating Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the Department or TDHCA) is required to approve a SFY 2023 Operating Budget; and

WHEREAS, the Department is required to submit the budget to the Office of the Governor (OOG) and the Legislative Budget Board (LBB);

NOW, therefore, it is hereby

RESOLVED, that the SFY 2023 Operating Budget, in the form presented to this meeting, is hereby approved; and

FURTHER RESOLVED, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the OOG and the LBB.

BACKGROUND

In accordance with Tex. Gov't Code §2306.112 *et seq.*, TDHCA is charged with preparing an operating budget for Board adoption on or before September 1 of each fiscal year. The budget includes operational expenses distributed among the Department's divisions. It does not include federal or state program funds that pass through to subrecipients except for administrative funds used by the Department associated with those federal or state funds that are retained and reflected in the budget. This budget anticipates maximizing all federal administrative resources. In addition, in accordance with internal auditing standards and the Board's internal audit charter, the budget includes the Internal Audit Division's annual operating budget.

This SFY 2023 Internal Operating Budget, which the Board is being asked to approve, corresponds to the second year of the biennial General Appropriations Act (GAA) passed by the 87th Texas Legislature which appropriated \$374,206,167. In total, this budget provides for administrative expenditures and associated revenues of \$115,683,862 or a \$9,655,937 (9.1%) increase from the prior year's budget. Of that total increase \$9,213,973 is associated with temporary federal funding, \$141,967 is an increase in Capital Budget projects, and a \$299,997 increase associated with the Department's core programs.

The budget reflects 404 Full Time Equivalents (FTEs). Of the total FTEs, 249 FTEs are TDHCA CAP FTEs, 64 are related to the Manufactured Housing Division, and 91 are Article IX (Temporary) FTEs associated with COVID-19 stimulus federal funds.

Additionally, the Housing Finance Division budget, which is funded with fees generated from the Department's Bond, Housing Tax Credit, and Asset Management, Compliance, and Migrant Labor activities, increased by \$601,525 or 3.4%. This increase is primarily attributed to an increase in the Capital Budget and a supplement to General Revenue due to the mandated 5% Biennial (2020-2021 biennium) reduction issued by state government leadership.

For a complete explanation of the aforementioned budget categories and details, please see the accompanying Comparison Report.

TEXAS DEPT. OF HOUSING AND COMMUNITY AFFAIRS
SFY 2023 Operating Budget
Comparison Report
June 16, 2022

This Comparison Report provides an explanation of some of the changes to cost categories.

In total, this SFY 2023 Operating Budget is \$115,683,862 or a \$9,655,935 (9.1 %) increase over the prior year budget.

Additional COVID-19 stimulus federal funding and other initiatives associated with the CARES Act, Emergency Rental Assistance (ERA), the American Rescue Plan Act (ARPA) and the Bipartisan Infrastructure Law – Weatherization Assistance Program (BIL WAP), account for \$9,213,972 of the increase.

The remaining \$299,997 variance, net of the Capital Budget which increased \$141,966, resulted in only a 1.08% increase. Below are the highlights of the SFY 2023 Budget describing this change. Please refer to the Comparison by Expense Object schedule on Page 3.

1. **Salaries/Wages and Payroll Related Costs.** These two line items represent 29.3% of the total operating budget.

The budget reflects 404 FTEs, an increase of 38 FTEs over the previous year. Of the total FTEs, 249 CAP FTEs are associated with the Department and 64 CAP FTEs are associated with the Manufactured Housing portion of the agency, and 91 are associated with temporary federal funding.

The Salaries and Wages line item increased by \$4,207,285 or 18.2%. An increase of 38 Article IX (Temporary) FTEs related to the CARES Act, ERA, ARPA, and BIL WAP account for \$3,973,346 of this increase. The remaining \$233,939 variance is primarily due to the funding of 2 repurposed vacant FTEs within our CAP to support the increasing demand on multifamily and single family bond activities, in addition to our normal 1% growth rate.

Payroll related costs increased \$1,009,748. The increase in payroll related costs is proportional to the increase in salaries.

2. **In State Travel.** In state travel increased \$89,865 or 16.1% primarily due to greater travel needs agency wide related to in person site visits and staff training.
3. **Out of State Travel.** Out of State Travel increased by \$62,874 or 39.5%. \$43,100 of this increase is associated with travel for temporary federal programs including CDBG CARES, Homeowner Assistance Fund, HOME ARPA and BIL WAP. The remaining \$19,774 is related to an agency wide increase in travel to address training needs.

4. ***Professional Fees.** Professional Fees increased by \$3,862,904 primarily related to four outsourcing contracts to assist in the administration and oversight of the TRR program, HAF, BIL WAP, Low Income Household Water Assistance Program (LIHWAP ARPA) and the Comprehensive Energy Assistance Program (CEAP ARPA) for approximately \$74M in sum.
5. ***Repairs/Maintenance.** Repairs and Maintenance increased by \$277,755 primarily due to the Capital Budget for projects associated with the maintenance of the Departments CAPPS Financials (Accounting System) and Office 365 to improve the agency's technological resources.
6. **Rentals and Leases.** Rentals and leases decreased by \$25,058 primarily due to the discontinuation of a lease for office space at the Twin Tower location. Staff will be relocated back to headquarters.
7. **Advertising.** Agency advertising costs increased \$498,850 or 855.7%. The increase in advertising costs is primarily due to the anticipation of an advertising and outreach campaign associated with BIL WAP.
8. **Temporary Help.** Temporary Help decreased \$352,176 or 23.5%. This variance is due to a decrease in need of temporary help related to the CDBG and TRR programs.
9. ***Furniture and Equipment.** Included in this category is the Legislature's approval of the Department's Hardware and Software Replacements project for SFY22 and SFY23 as it relates to non-capital expenses such as update and replacement of end-user computers and operational software upgrades, including the replacement of desktop computers and laptops that will be six years old or older and software updates. The benefits of these planned purchases include increased security, better performance for end-user computers, and the ability to provide continued support for TDHCA's enterprise systems, such as the Central Database, CAPPS Financials, MITAS Accounting/Loan Servicing, and the Manufactured Housing System.

This line item decreased \$203,649 or 64.0%, due to an anticipated decrease in capital expenditures for items such as computers and printers, the majority of which occur in the first year of the biennium.

10. ***Capital Outlay.** This category is also included in the Department's Hardware and Software Replacement project as it relates to direct capital expenses such as server hardware upgrades and network equipment enhancements, to ensure systems remain supported by vendors and security and reliability remain at high levels. This line item increased \$127,749 due to anticipated Capital Budget items purchases. These types of expenditures normally occur in the second year of the biennium which is planned to occur in fiscal year 2023 and is offset by the decrease in furniture and equipment discussed above.

**The Department's Capital Projects are included in Professional Fees, Repairs/Maintenance, Furniture and Equipment and Capital Outlay. These projects include hardware and software replacements, ongoing CAPPS financials license fees, CMTS, Office 365, and the Disaster recovery services through the data center services performed by the Department of Information Resources.*

Comparison by Expense Object

	2022 Budget (a)	2023 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	\$ 23,100,288	\$ 27,307,574	\$ 4,207,285	18.2%
Payroll Related Costs	5,544,069	6,553,818	1,009,748	18.2%
Travel In-State	558,738	648,603	89,865	16.1%
Travel Out-of-State	159,056	221,930	62,874	39.5%
*Professional Fees	71,977,877	75,840,780	3,862,904	5.4%
Material and Supplies	316,303	334,224	17,921	5.7%
*Repairs/Maintenance	820,660	1,065,415	244,755	29.8%
Printing and Reproduction	21,122	45,422	24,300	115.0%
Rentals and Leases	151,477	126,419	(25,058)	-16.5%
Membership Fees	90,490	141,349	50,859	56.2%
Staff Development	216,854	231,654	14,800	6.8%
Insurance/Employee Bonds	508,368	572,766	64,397	12.7%
Employee Tuition	4,000	4,500	500	12.5%
Advertising	58,300	557,150	498,850	855.7%
Freight/Delivery	25,450	33,000	7,550	29.7%
Temporary Help	1,497,850	1,145,674	(352,176)	-23.5%
*Furniture and Equipment	318,200	114,551	(203,649)	-64.0%
Communication and Utilities	629,942	581,830	(48,112)	-7.6%
*Capital Outlay	-	127,749	127,749	n/a
State Office of Risk Management	28,880	29,455	576	2.0%
Total Department	106,027,925	\$ 115,683,862	\$ 9,655,935	9.1%
FTE's	366	404	38.00	10.4%

Comparison by Expense Object

	2022 Budget	2022 Capital	2022 Temporary Funds	2022 Base Budget (a)	2023 Budget	2023 Capital	2023 Temporary Funds	2023 Base Budget (b)	Base Variance (b)-(a)	Percentage change
Salaries and Wages	\$ 23,100,288		\$ 4,391,536	\$ 18,708,753	27,307,574		\$ 8,364,882	\$ 18,942,692	233,939	1.25%
Payroll Related Costs	\$ 5,544,069		\$ 1,053,969	\$ 4,490,101	6,553,818		\$ 2,007,572	\$ 4,546,246	56,145	1.25%
Travel In-State	\$ 558,738		\$ 23,000	\$ 535,738	648,603		\$ 120,580	\$ 528,023	(7,715)	-1.44%
Travel Out-of-State	\$ 159,056		\$ 21,000	\$ 138,056	221,930		\$ 64,100	\$ 157,830	19,774	14.32%
*Professional Fees	\$ 71,977,877	497,368	\$ 70,186,967	\$ 1,293,542	75,840,780	444,198	\$ 74,021,750	\$ 1,374,832	81,290	6.28%
Material and Supplies	\$ 316,303		\$ 61,669	\$ 254,634	334,224		\$ 94,301	\$ 239,923	(14,711)	-5.78%
*Repairs/Maintenance	\$ 820,660	129,053	\$ 80,747	\$ 610,860	1,065,415	357,390	\$ 157,898	\$ 550,127	(60,733)	-9.94%
Printing and Reproduction	\$ 21,122		\$ 600	\$ 20,522	45,422		\$ 20,090	\$ 25,332	4,810	23.44%
Rentals and Leases	\$ 151,477		\$ 12,693	\$ 138,784	126,419		\$ 38,104	\$ 88,314	(50,470)	-36.37%
Membership Fees	\$ 90,490		\$ -	\$ 90,490	141,349		\$ 38,044	\$ 103,305	12,815	14.16%
Staff Development	\$ 216,854		\$ 68,000	\$ 148,854	231,654		\$ 51,700	\$ 179,954	31,100	20.89%
Insurance/Employee Bonds	\$ 508,368		\$ 84,344	\$ 424,025	572,766		\$ 122,543	\$ 450,223	26,198	6.18%
Employee Tuition	\$ 4,000		\$ -	\$ 4,000	4,500		\$ -	\$ 4,500	500	12.50%
Advertising	\$ 58,300		\$ 5,000	\$ 53,300	557,150		\$ 529,350	\$ 27,800	(25,500)	-47.84%
Freight/Delivery	\$ 25,450		\$ 2,200	\$ 23,250	33,000		\$ 8,500	\$ 24,500	1,250	5.38%
Temporary Help	\$ 1,497,850		\$ 1,295,444	\$ 202,406	1,145,674		\$ 868,703	\$ 276,971	74,565	36.84%
*Furniture and Equipment	\$ 318,200	185,200	\$ 87,000	\$ 46,000	114,551	24,251	\$ 50,622	\$ 39,678	(6,322)	-13.74%
Communication and Utilities	\$ 629,942		\$ 50,243	\$ 579,699	581,830		\$ 79,499	\$ 502,331	(77,368)	-13.35%
*Capital Outlay	\$ -		\$ -	\$ -	127,749	127,749	\$ -	\$ 0	0	-
State Office of Risk Management	\$ 28,880		\$ -	\$ 28,880	29,455		\$ 146	\$ 29,309	429	1.49%
Total Department	\$ 106,027,925	\$ 811,621	\$ 77,424,411	\$ 27,791,894	\$ 115,683,862	\$ 953,588	\$ 86,638,384	\$ 28,091,890	\$ 299,997	1.08%

Method of Finance:

	2022 Budget	2022 Capital	2022 Temporary Funding	2022 Base Budget (a)	2023 Budget	2023 Capital	2023 Temporary Funding	2023 Base Budget (b)	Base Variance (b)-(a)	Percentage change
General Revenue:										
GR-General Revenue	\$ 720,461		\$ -	\$ 720,461	\$ 480,137		\$ -	\$ 480,137	\$ (240,324)	-33.4%
GR-Earned Federal Funds	\$ 3,016,614		\$ 874,094	\$ 2,142,520	\$ 3,088,986		\$ 965,800	\$ 2,123,186	(19,334)	-0.9%
Federal Funds-Non-HERA	\$ 7,245,981	247,330	\$ -	\$ 6,998,651	\$ 7,275,659	311,507	\$ -	\$ 6,964,152	(34,499)	-0.5%
Federal Funds-Neighborhood Stabilization Program (HEF)	\$ 110,990		\$ -	\$ 110,990	\$ 128,842		\$ -	\$ 128,842	17,852	16.1%
Federal Funds-CARES Act	\$ 2,588,214		\$ 2,588,214	\$ -	\$ 1,967,274		\$ 1,967,274	\$ -	-	n/a
Federal Funds-CRBRA	\$ 72,671,902		\$ 72,671,902	\$ -	\$ 23,039,069		\$ 23,039,069	\$ -	-	n/a
Federal Funds-ARPA	\$ 1,290,201		\$ 1,290,201	\$ -	\$ 55,578,235		\$ 55,578,235	\$ -	-	n/a
Federal Funds-DOE BIL	\$ -		\$ -	\$ -	\$ 5,088,005		\$ 5,088,005	\$ -	-	n/a
Appropriated Receipts - Housing Finance	\$ 17,533,371	564,291	\$ -	\$ 16,969,080	\$ 18,134,896	642,081	\$ -	\$ 17,492,815	523,735	3.1%
Appropriated Receipts - Migrant Labor Housing	\$ 35,702		\$ -	\$ 35,702	\$ 51,957		\$ -	\$ 51,957	16,256	45.5%
Appropriated Receipts - Manufact. Housing	\$ 511,546		\$ -	\$ 511,546	\$ 511,554		\$ -	\$ 511,554	7	0.0%
Interagency Contracts	\$ 302,944		\$ -	\$ 302,944	\$ 339,247		\$ -	\$ 339,247	36,303	12.0%
Total, Method of Finance	\$ 106,027,925	\$ 811,621	\$ 77,424,411	\$ 27,791,894	\$ 115,683,862	\$ 953,588	\$ 86,638,384	\$ 28,091,890	\$ 299,997	1.08%

Methods of Finance

The SFY 2023 Budget includes the following sources:

General Revenue

State appropriated funds including Housing Trust Fund, Housing and Health Services Coordinating Council, and Homeless Housing and Services Program.

Earned Federal Funds - Federal funds appropriated for indirect costs associated with administering federal funds.

Federal Funds

Federal Funds-(Non-Housing and Economic Recovery Act (HERA)) - Core federal programs such as Community Services Block Grant (CSBG), Emergency Solutions Grant (ESG), HOME, U.S. Dept. of Energy (DOE), Section 8 Housing, Section 811 PRA Program, Low Income Home Energy Assistance Program (LIHEAP), and National Housing Trust Fund.

Neighborhood Stabilization Program - Federally appropriated funds specifically designated for HERA-NSP.

Federal Funds – (CARES Act, CRBRA, & ARPA) - Supplemental stimulus funding in response to the Coronavirus pandemic for core federal programs such as CSBG, ESG, Section 8, LIHEAP. In addition, it reflects new funding for the Community Development Block Grant (CDBG), ERA, HAF, BIL WAP, and the Low Income Household Water Assistance Program (LIHWAP).

Appropriated Receipts - Housing Finance (HF):

Bond Admin Fees - Appropriated receipts associated with our Single Family and Multifamily bond programs such as application fees, issuance fees, and administration fees.

Low Income Housing Tax Credit Fees - Appropriated receipts associated with our housing tax credit program such as application fees and commitment fees.

Compliance Fees - Fees assessed to multifamily developers for the purpose of ensuring long-term compliance.

Asset Oversight Fees - Fees assessed to Tax Credit Assistance Program (TCAP) and Exchange property owners for the purpose of safeguarding the Department's financial interest in their properties.

Migrant Labor Housing Fees – Fees assessed for the purpose of inspections of migrant housing facilities.

Appropriated Receipts (MH) - Manufactured Housing Division fees generated through inspecting, licensing, and titling activities.

Interagency Contracts - Contract with the Texas Department of Agriculture for the Office of Colonia Initiatives (OCI) Self-Help Center's operation and administration; and a contract with the Texas Health and Human Services Commission (HHSC) for the Money Follows the Person program.



FISCAL YEAR 2023
OPERATING BUDGET
(September 1, 2022 through August 31, 2023)

June 16, 2022

Prepared by the Financial Administration Division

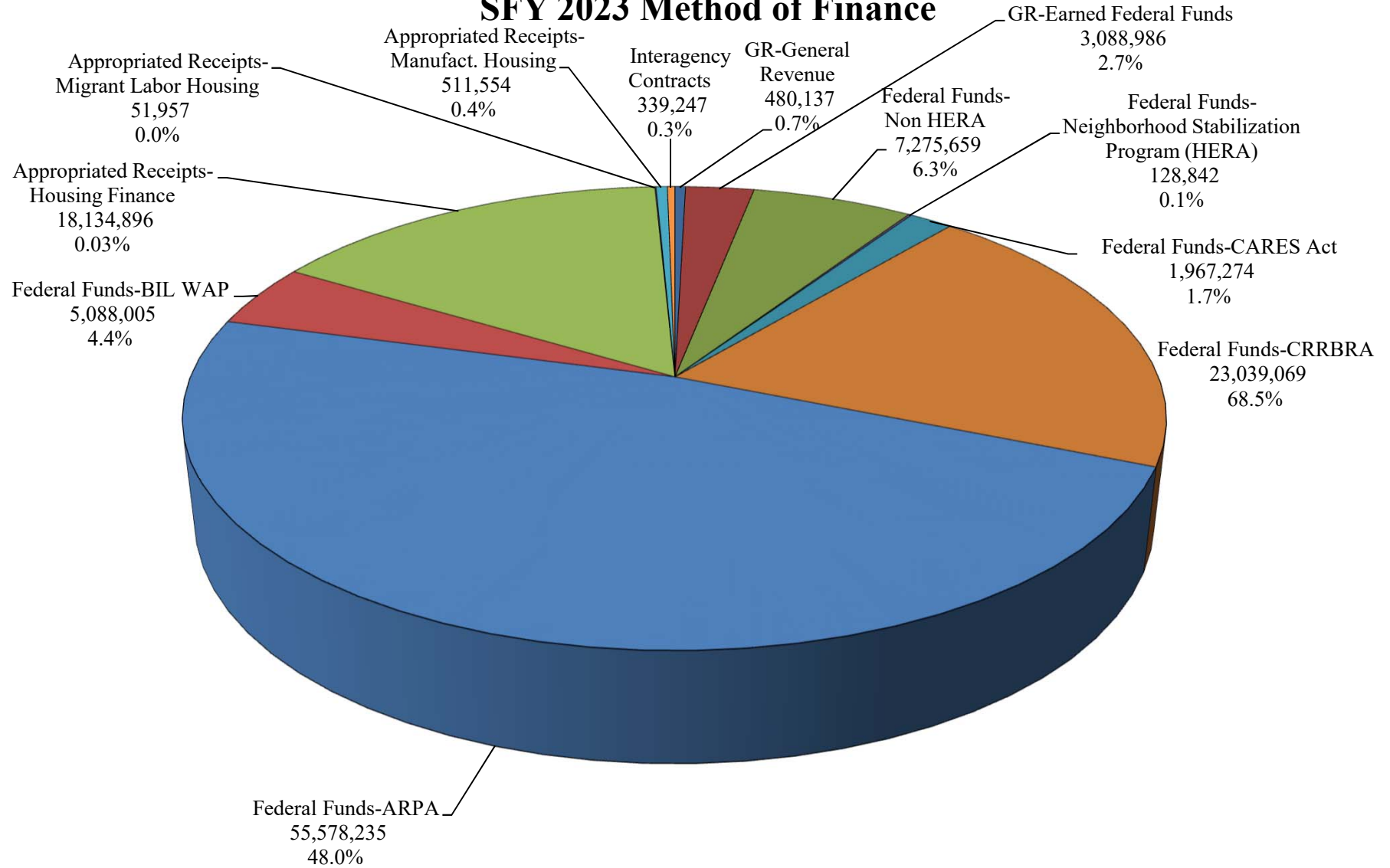
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SFY-2023 OPERATING BUDGET**

T A B L E O F C O N T E N T S

Method of Finance Chart.....1
Agency Wide - By Method of Finance2

Texas Department of Housing and Community Affairs

SFY 2023 Method of Finance



Total Budget: \$115,683,862

Agency Wide - By Method of Finance

September 1, 2022 thru August 31, 2023

Budget Categories	General						Appropriated Receipts	Interagency Contract	MH Appropriated Receipts	Total
	Revenue	Federal Funds	CARES Act	CRBRA	ARPA	DOE - BIL				
Salaries	2,302,503	4,774,844	1,210,617	2,416,226	3,035,635	1,088,457	11,855,328	219,052	404,911	27,307,574
Payroll Related Costs	552,601	1,145,963	290,548	579,894	728,552	261,230	2,845,279	52,573	97,179	6,553,818
Travel In-State	21,801	177,066	20,000	7,148	52,396	41,036	321,923	7,233	-	648,603
Travel Out-of-State	3,028	58,683	14,750	2,353	32,412	14,584	96,119	-	-	221,930
Professional Fees	272,666	573,515	50,000	19,930,012	51,521,001	2,510,836	926,847	55,903	-	75,840,780
Materials/Supplies	78,928	35,210	12,706	7,522	21,704	7,164	169,991	1,000	-	334,224
Repairs/Maintenance	173,112	180,707	3,600	8,119	25,809	25,836	648,233	-	-	1,065,415
Printing and Reproduction	3,036	3,440	1,500	-	11,048	7,542	18,856	-	-	45,422
Rental/Lease	22,895	11,541	882	1,604	7,203	16,039	66,255	-	-	126,419
Membership Dues	1,331	41,266	5,500	-	1,677	30,867	60,708	-	-	141,349
Staff Development	14,744	40,465	15,000	9,343	14,190	12,167	125,745	-	-	231,654
Insurance/Employee Bonds	83,588	93,179	18,176	26,893	30,862	25,389	281,758	3,458	9,464	572,766
Employee Tuition	1,045	2,000	-	-	-	-	1,455	-	-	4,500
Advertising	38	23,650	5,000	-	16,223	508,127	4,113	-	-	557,150
Freight/Delivery	1,304	2,938	500	500	2,500	5,000	20,259	-	-	33,000
Temporary Help	22,288	96,521	300,000	28,715	27,140	501,084	169,927	-	-	1,145,674
Furniture/Equipment	5,781	21,587	2,500	561	25,748	15,813	42,561	-	-	114,551
Communications/Utilities	53,660	81,419	15,882	20,170	24,110	16,836	369,752	-	-	581,830
Capital Outlay	-	39,805	-	-	-	-	87,944	-	-	127,749
State Office of Risk Management	6,734	702	112	9	25	-	21,844	29	-	29,455
Total	3,621,080	7,404,500	1,967,274	23,039,070	55,578,237	5,088,005	18,134,896	339,247	511,554	115,683,862
Budget by Method of Finance, 2022	3,737,075	7,356,971	2,588,214	72,671,902	1,290,201	-	17,533,371	302,944	511,546	105,992,224
Variance from 2022	(115,995)	47,529	(620,940)	(49,632,832)	54,288,036	5,088,005	601,525	36,303	6	9,691,638

Action Item

3

AUDIT AND FINANCE COMMITTEE ACTION REQUEST

FINANCIAL ADMINISTRATION DIVISION

JUNE 16, 2022

Presentation, discussion, and possible action on the SFY 2023 Housing Finance Division Budget

RECOMMENDED ACTION

WHEREAS, the Governing Board of the Texas Department of Housing and Community Affairs (the Department or TDHCA) is required to approve a SFY 2023 Housing Finance Division Budget; and

WHEREAS, the Department is required to submit the budget to the Office of the Governor (OOG) and the Legislative Budget Board (LBB);

NOW, therefore, it is hereby

RESOLVED, that the SFY 2023 Housing Finance Division Budget, in the form presented to this meeting, is hereby approved; and

FURTHER RESOLVED, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the OOG and the LBB.

BACKGROUND

In accordance with Tex. Gov't Code §2306.113, the Department shall create a separate annual budget for the Housing Finance Division to certify the housing program fee revenue that supports the Department. While at the time the statute was created such a division existed, the duties associated with the Housing Finance Division have been spread among multiple divisions in the agency as reorganizations to improve efficiency have occurred. This budget is a subset of the whole operating budget and shows the Housing Finance revenues also known as Appropriated Receipts that support the operating budget.

This SFY 2023 Housing Finance Division Budget, which the Board is being asked to approve, is \$18,134,896. The Housing Finance Budget complies with the provisions of the General Appropriations Act (GAA).

In addition, in accordance with Tex. Gov't Code §§2306.117 and 2306.118, the Department incurs operational and nonoperational expenses in carrying out the functions of the Housing Finance Division. These types of expenses may be paid only from revenues or funds provided under this Chapter. The revenue and funds of the Department received

by or payable through the programs and functions of the Housing Finance Division, other than funds necessary for the operation of the Housing Finance Division and appropriated funds, shall be administered outside the treasury with the Texas Treasury Safekeeping Trust Company.

Housing Finance Budget Appropriated Receipts

September 1, 2022 thru August 31, 2023

Budget Categories	Program			Bond Finance	Programs	Capital Budget	Payroll Related Costs	Total
	Executive Administration	Agency Administration	Controls and Oversight					
Salaries	1,809,394	3,016,436	5,823,594	513,061	692,841			11,855,328
Payroll Related Costs	-	-	-	-	-		2,845,279	2,845,279
Travel In-State	48,635	7,539	254,929	3,000	7,820			321,923
Travel Out-of-State	26,030	6,222	50,130	10,000	3,737			96,119
Professional Fees	152,476	13,235	462,395	619	6,713	291,410		926,847
Materials/Supplies	19,178	62,074	75,345	4,044	9,350			169,991
Repairs/Maintenance	26,132	120,035	207,512	36,777	11,744	246,032		648,233
Printing and Reproduction	3,739	4,448	10,120	-	550			18,856
Rental/Lease	5,594	24,708	32,580	774	2,599			66,255
Membership Dues	50,535	2,784	7,389	-	-			60,708
Staff Development	12,836	38,997	62,438	6,000	5,474			125,745
Insurance/Employee Bonds	38,183	89,744	130,770	9,885	13,176			281,758
Employee Tuition	-	1,455	-	-	-			1,455
Advertising	1,500	2,613	-	-	-			4,113
Freight/Delivery	1,867	4,555	12,888	700	250			20,259
Temporary Help	56,592	11,793	93,577	735	7,230			169,927
Furniture/Equipment	6,500	2,480	13,935	600	2,351	16,695		42,561
Communications/Utilities	40,113	77,781	223,304	4,044	24,510			369,752
Capital Outlay	-	-	-	-	-	87,944		87,944
State Office of Risk Management	1,733	11,449	7,312	433	916			21,844
Total	2,301,037	3,498,346	7,468,218	590,672	789,264	642,081	2,845,279	18,134,896

Method of Finance:

Single Family Bond Administration Fees	1,915,195
Multifamily Bond Administration Fees	707,087
Compliance Fees	3,627,255
Housing Tax Credit Fees	3,018,531
Asset Management Fees	657,872
Subtotal:	9,925,939
Central Support Single Family Bond Administration Fees	1,358,825
Central Support Multifamily Bond Administration Fees	1,292,942
Central Support Compliance Fees	2,808,197
Central Support Housing Tax Credit Fees	2,183,604
Central Support Asset Management Fees	565,389
Subtotal:	8,208,957
Total, Method of Finance	18,134,896