Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

Greg Abbott
Governor

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July, 28 2016

To: Chairman J. Paul Oxer and Board Members of the Texas Department of Housing and Community Affairs (TDHCA)

RE: Review of the Sources and Uses of Funds at TDHCA Internal Audit Report #16-001

Dear Chairman Oxer and Board Members,

This report presents the results of the Office of Internal Audit's (OIA) "Review of Sources and Uses of Funds." This audit was identified in the Fiscal Year 2015 Annual Audit Plan and included the objective to identify and evaluate TDHCA appropriations, other income, and expenditures.

This report is designed to explain financial mechanisms by which funds are received and expended to provide an array of services related to affordable housing and community affairs.

AUDIT SCOPE AND METHODOLOGY

The audit covered activities and processes in place during the period of September 1, 2015 through January 31, 2016, with emphasis on identification of legislative appropriations, funds outside the GAA, the housing trust fund, and indirect costs. Based upon our risk assessment and other factors such as the new OMB Grant Guidance, we selected the Indirect Cost Rate and amounts charged as Indirect Costs (IDC) for detailed testing. Due to the complexity of other Department sources and uses of funds, we conducted analytical procedures, rather than tests of transactions, related to those funds. One such analytical procedure was to reconcile the General Appropriations Act (GAA) to agency budget records and information in the agency's Legislative Appropriations Request (LAR). The audit was conducted in accordance with applicable audit standards including the *International Standards for the Professional Practice of Internal Auditing.*

AUDIT RESULTS

The activities and processes in place for identification and tracking of legislative appropriations, funds outside the GAA, the housing trust fund, and indirect costs were generally functioning as intended. Indirect cost rates were properly applied. We had two minor observations during the reconciliation process. The operating budget for compliance – contract monitoring omitted the Interagency

Contract/Texas Department of Agriculture column on the printed and published Fiscal Year 2015 Operating Budget. Also, we observed that individual division/section budgets did not notate that payroll related costs were not included thus revenue and expenditures do not balance.

BACKGROUND

The TDHCA mission is to administer its assigned programs efficiently, transparently, and lawfully; and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive. Because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

The following sections are included in this report:

A. Overview of Sources and Uses of Funds
B. Revenue Outside the General Appropriations Act
C. Housing Trust Fund
D. Indirect Cost and Related Allocations
E. Expenditure Controls and Reconciliations
F. Observations Related to Reconciliation

SECTION A: OVERVIEW OF SOURCES AND USES OF FUNDS

The uses of funds by TDHCA are legally authorized by the GAA, recorded as HB1 or SB1 for two-year biennia, with the current biennium ending in 2017. This authorizes TDHCA to expend the state funds appropriated to TDHCA by the legislature and to act as the state's agency to expend the federal funds appropriated to TDHCA. For state funds, a specific amount is allotted per year; each year's appropriations are limited to activities occurring within that year. Funds not used within the year lapse back to the State unless specifically allowed by statute to carry forward.

The principle elements of the LAR are presented to the TDHCA Governing Board for approval as they are discussed; the completed LAR is submitted to the Governor's Office of Budget, Planning and Policy, and the Legislative Budget Board (LBB). Creation of the LAR occurs eighteen months prior to the beginning of each biennium. During the Legislative session, the Legislature evaluates the agency's LAR and decides the amount of funding to be appropriated.

TDHCA earns some revenue through income from programs such as fees and repayment of bonds and loans that are utilized for Department operations and to reissue loans for low income housing. (See Section B) Also, revenue is drawn down from federal programs authorized in prior years. Much of this funding is not listed in the current year TDHCA bill pattern. Proceeds from periodic bond sales are maintained outside the State Treasury. There were no bond issues in Fiscal Years 2014 and 2015. In Fiscal Year 2016 TDHCA resumed issuing Single-Family and Multifamily Bonds. The term of the bonds is up to 30 years. Interest earned from bond bank balances and fees needed for operating uses are included in the GAA as appropriated receipts.

The appropriated funds from the GAA to TCHCA and methods of financing are listed below:

Appropriations by Goal:	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**
Affordable Housing	$39,549,655	$39,636,259	$46,062,523	$46,167,123
Information and Assistance	$1,519,829	$1,472,836	$1,770,988	$1,735,561
Poor and Homeless Programs	$175,780,345	$175,778,051	$178,181,233	$178,179,297
Ensure Compliance	$3,173,480	$3,175,698	$3,784,460	$3,798,975
Manufactured Housing	$4,909,147	$5,090,870	$5,344,176	$5,548,617

Indirect Admin and Support Costs	$7,870,073	$7,913,433	$8,032,888	$8,106,274
Total Appropriations by Goal	**$232,802,529**	**$233,067,147**	**$243,176,268**	**$243,535,847**
Method of Financing:				
General Revenue Fund	$13,216,783	$13,195,627	$13,209,997	$13,270,489
Community Affairs Federal Fund	$201,754,526	$201,780,689	$205,452,351	$205,452,351
Federal American Recovery and Reinvestment Fund			$5,000,000	$5,000,000
Appropriated Receipts	$17,544,107	$17,803,718	$19,226,807	$19,525,894
Interagency Contracts	$287,113	$287,113	$287,113	$287,113
Total Method of Financing	**$232,802,529**	**$233,067,147**	**$243,176,268**	**$243,535,847**

An analysis of the GAA was completed by comparing amounts appropriated to amounts requested in the LAR and to budgeted amounts. TDHCA was appropriated all the funding that was requested for fiscal year 2015, of the 2014-2015 biennium, and in the 2016-2017 biennium. Also, in fiscal year 2015, of the 2014-2015 biennium, TDHCA received an additional $5,000,000 in the Poor and Homeless Program; Poverty-Related Funds strategy and an additional $585,000 in the Affordable Housing; Housing Trust Fund strategy.[1] There were two (2) observations pertaining to budgets as a result of this analysis, see Section "G" below.

For most state agencies, the appropriations bill states that 100% of the funds available to that agency are listed in the GAA. The bill pattern for TDHCA includes a note that "This bill pattern represents an estimated 27% of this agency's estimated total available funds for the biennium." That would mean that the amount available to TDHCA is $1,823,154,248 for the 2016-2017 biennium.

The annual amount of expenditures by TDHCA does not amount to $1.8 billion. It is closer to $350 million as described in Section "B" below. The $1.8 billion number was derived by the LBB as follows:

- 2016-2017 GAA is $486,712,115, and
- Available funds outside the GAA for 2016-2017 were estimated to be $1,336,442,133.
    - Actual Beginning Balance in FY 2014 — $1,134,775,133
    - Estimated Revenues FY 2014 — $75,664,000
    - Estimated Revenues FY 2015 — $66,494,000
    - FY 2014-2015 Estimated Total — $1,276,913,133

    - Estimated Beginning Balance in FY 2016 — $807,157,133
    - Estimated Revenues FY 2016 — $264,550,000
    - Estimated Revenues FY 2017 — $264,735,000
    - FY 2016-2017 Estimated Total — $1,336,442,133

As a note, referring to this amount as "available" as is done in the GAA, does not mean that it is an estimation of expected expenditures. Specifically, the analysis does not include an expected or desired ending balance, as would be done in cash needs forecasting, for example. For the purpose of the LAR calculations bond proceeds from prior years are included in Estimated Revenue and the Actual Beginning Balance includes current and non-current bond repayment amounts, which will be realized at varying times.

[1] The GAA includes a grossed up amount of $585,000 in excess of the LAR because this money is sent to the Veterans Commission.

TAX CREDITS AND FEDERAL GRANTS:

Much of TDHCA's housing activities are financed by federal tax credit allocations. The tax credits are recorded in IRS tax form 8609, *Low-Income Housing Credit Allocation and Certification*, which is used as a kind of currency in the housing industry. The 2016 estimated federal government allocated tax credits for the Department are $63,356,000, which can be claimed for 10 years, and the application deadline was March 1, 2016. See Sections "B" and "F" below.

Federal funds are appropriated by Congress to federal agencies, and federal funding agencies disperse the funds to states. Agencies of the state such as TDHCA distribute funds to subreceipients. Federal funds, with the exception of tax credits, are included in the biennium appropriations made by the Texas legislature to TDHCA.

Each Federal Grant has specific requirements for uses and use restrictions of funds as to what is an allowable or unallowable expense. The *State of Texas Consolidated Plan, One-Year Action Plan* (OYAP) states the intended use of funds, received by the State of Texas from HUD for the program year, excluding CDBG Disaster Recovery funding that is administered by the Texas General Land Office, and includes a budget for each program. Also, the OYAP explains the State's method for distributing funds and how resources will be allocated among funding categories.

SECTION B: REVENUE OUTSIDE THE GENERAL APPROPRIATIONS ACT

Funds outside the general appropriations act are held, outside the State Treasury, in the Texas Treasury Safekeeping Trust Company. As stated above, these are the agency assets outside the GAA Bill Pattern that make up the remaining percentage of estimated total available funds for the biennium. Analysis of LAR, GAA and Audited Financial Statements determined that estimated total available funds outside the GAA include current and non-current assets. The analysis also showed that in fiscal years 2013, 2014 and 2015, TDHCA expended an average of **$344,584,280** per year. This includes the amount in the GAA and revenues generated outside the GAA.

The estimated total "available" $1.336 billion is comprised of the following bolded numbers for the individual programs. Programs depositing revenues that are outside the General Appropriations Act are:

- **Single Family Bonds Program** – Funds consist of bond proceeds from the issuance of tax-exempt and taxable bonds, notes or other obligations to finance or refinance single-family residential housing. These bonds are not an obligation of the State of Texas and they are to be paid by their respective revenue streams. Any funds unexpended are strictly committed for the debt service payments of the bonds. The 2016-2017 biennium estimated available long-term funds is **$1,112,087,099** and is made up of cash and current and non-current mortgage backed securities. Mortgage backed securities are not available to expend until the mortgage payment is received, and some mortgages are financed for thirty (30) years.
- **Multifamily Housing Bonds** – Funds consist of bond proceeds, notes or other obligations to finance or refinance multifamily housing developments. All debt issued is considered to be conduit debt, making the developer responsible for the debt service payments on the bonds. Funds in Multifamily Housing Bonds are restricted by bond covenants, and are strictly for use by the developer to complete multifamily projects. The 2016-2017 biennium estimated available revenue is **$156,866,893** and is made up of cash. Interest
- **Compliance Fees** – Multifamily housing developers are assessed an annual fee based on the number of low income units available for rent. These fees are deposited into the compliance fee account. They are collected over the 30-year affordability period, and the purpose is to

offset expenses incurred by the Department related to the monitoring and administration of these properties. The 2016-2017 biennium estimated available funds is **$21,508,184** and is made up of cash.

- **Housing Tax Credit Fees** - The fees collected include application fees, commitment fees and inspection fees. The authority for the collection of these fees is outlined in the Departments Qualified Allocation Plan (QAP). The Department generates approximately $2 million in commitment fees. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of the Housing Tax Credit Program. The Department makes transfers as necessary, in accordance with approved budget appropriations, to funds held at the state treasury to pay for its administrative expenses. The 2016-2017 biennium estimated available funds is **$13,771,794** and is made up of cash.
- **Housing Trust Fund** - Funds consist of Housing Trust Fund (HTF) General Revenue transfers made in accordance with TDHCAs GAA Rider 9, and antecedent riders and transfers made to the fund from unencumbered fund balances, grants or other sources as determined by the Department. See section "C" below for further information on the HTF. The 2016-2017 biennium estimated available funds is **$14,654,454** and is made up of cash.
- **Administration Fund** - Funds held in the Administration Fund are for the principal operating activities conducted by the Department generated from revenue from Single Family/Multifamily Administration fees for the purpose of general administration expenses associated with bond funds. The 2016-2017 biennium estimated available funds is **$17,553,709** and is made up of cash.

SECTION C: HOUSING TRUST FUND

The HTF is a fund administered by the TDHCA through the housing finance division, and is placed with the Texas Treasury Safekeeping Trust Company. The funds are kept outside of the State Treasury, which is where appropriated funds are held. The HTF is used to provide loans and grants to entities and individuals to finance, acquire, rehabilitate, and develop affordable housing. The beginning balance for each biennium reflects funds encumbered through existing contracts or reserved for open notices of funding availability (NOFAs). Even though some appropriations are included in this fund the remainder of the funds are unencumbered fund balances and investment income. Also included are repayments received on loans made from the fund. The TDHCA administers the Texas Bootstrap Program and the Amy Young Barrier Removal Program through the HTF.

Use of the HTF is limited to providing assistance for individuals and families of low and very low income; technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families; and security for repayment of revenue bonds issued to finance housing for individuals and families. TDHCA uses the housing trust fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, nonprofit organizations, and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing.

The State Auditor's Office annually conducts an audit of the housing trust fund to determine the amount of unencumbered fund balances that is greater than the amount required for the reserve fund. The SAO submits their report thereon to the TDHCA Governing Board. The SAO issued "unqualified" reports on the TDHCA financial statements in December of 2015.

SECTION D: INDIRECT COST AND RELATED ALLOCATIONS

An indirect cost rate proposal is presented to the U.S. Department of Health and Human Services (HHS) for each year in which TDHCA claims central service costs under Federal awards. Central Service Costs are defined by HHS as allowable costs of services provided by "state, local government, or Indian tribe on a centralized basis to its departments and agencies." The Indirect Cost Rate Proposal, as prepared on the Simplified Method, was 44.41% for the Fiscal Year Ended August 31, 2014. But, the negotiated indirect cost rate of 44.40% was approved by HHS and the agreement was distributed to the appropriate awarding organizations of the Federal Government for their use. Also, the approved indirect cost rate of 44.40% is the provisional indirect cost rate to be allocated from the 1st day of September, 2014 to the 31st day of August, 2016.

The indirect cost rate is allocated to the "Base" of direct salaries and wages including vacation, holiday, sick pay and other paid absences but excluding all other fringe benefits. The provisional indirect cost collection for Fiscal Year 2015 was $1,726,045, from the following Federal Grants:

- Emergency Solutions Grant Program
- Section 8 Grant Program
- HOME Investment Partnerships Grant Program
- DOE Weatherization Assistance Grant Program
- Low-Income Home Energy Assistance Grant Program
- Community Services Block Grant Program
- Neighborhood Stabilization Program Grant

Federal indirect cost amounts collected are based upon estimations of payroll; therefore, percentages for each program differ slightly from the approved 44.40%. Also, to avoid going over the limit, the Department calculates the estimated indirect costs using a 44% rate. Indirect cost drawdowns are limited by the budgeted amounts for administrative costs as stated in each of the federal grant awards, which the Financial Administration Division monitors. Criteria for distinguishing direct and indirect costs are defined in CFR 200, The New Grant Guidance.

The test of indirect costs consisted of determination that amounts appear reasonable; verifying that year-to-date total payroll agreed with payroll records; and that federal drawdowns were received for each of the grants listed above. Indirect costs appear to be reasonable with no errors noted. Also, the analysis of indirect cost drawdowns from Federal agencies showed that the reported amounts were received within the proper fiscal year.

Indirect cost for the manufactured housing division is not based upon the rate as with federal grants, but rather it is based upon contractual agreement for services. The indirect cost amount for the manufactured housing division is $56,886 and the total indirect cost for TDHCA is $1,782,931.

SECTION E: EXPENDITURE CONTROLS AND RECONCILIATIONS

Oversight by the Texas Comptroller of Public Accounts' Appropriation Control Officer gives TDHCA an added control measure against the risk of errors and irregularities. Some of the functions and responsibilities of the Appropriation Control Officer assigned to TDHCA are as follows:

- To review, analyze and reconcile the Department's legislative appropriation accounts and cash activity;
- To resolve TDHCA issues and make sound decisions or recommendations based on research and relevant facts; and

- To provide technical and financial accounting assistance with USAS profile setups, assist with financial inquiries, transaction entries and error solution.

Criteria for encumbrances per the Texas Comptroller of Public Accounts are stated as "Encumbrances are commitments for services or goods made by Aug. 31 of each year, but where the good or service has not yet been received. Encumbrances may also be established for actual contracts awarded. Anticipated contracts or contracts under negotiation are not legal commitments and are not reported as encumbrances. For example, funds dedicated for construction, but not yet specifically awarded as a contract, are not reported as an encumbrance. Encumbrances are used for budgetary purposes only and are not included in an agency's Annual Financial Report."

Accruals are included in the agency's Annual Financial Report when revenues and expenses have been earned or consumed, respectively, and for which the related cash amounts have not yet been received or paid out. Accruals are needed to ensure that all revenues and expenses are recognized within the correct reporting period and to properly reflect the actual level of economic activity.

SECTION F: LOW INCOME HOUSING TAX CREDITS

LIHTC was created under the Tax Reform Act of 1986 that gives incentives for the utilization of private equity in the development of affordable housing aimed at low-income Americans. The program was added to Section 42 of the Internal Revenue Code in order to provide private owners with the incentive to create and maintain affordable housing. The tax credits are more attractive than tax deductions as the credits provide a dollar-for-dollar reduction in a taxpayer's federal income tax, whereas a tax deduction only provides a reduction in taxable income. There are two types of tax credits: Competitive (9%) and Non-Competitive (4%).

LIHTC is currently the largest source of federal subsidy for adding new or rehabilitated rental housing units to the affordable housing stock in the United States and works through a subsidy mechanism. The Department has the responsibility for allocating tax credits to developers within the State of Texas and uses criteria enumerated in the Qualified Allocation Plan (QAP).

After TDHCA awards a tax credit, it issues an IRS Form 8609 to the developer/owner. The developer/owner later uses this credit to offset tax liability. Thus TDHCA facilitates the financing of low income housing, without actually handling funds for this purpose. TDHCA does receive fee income related to processing the tax credits and monitoring the compliance period. This monitoring entails ensuring that the property is actually being used for low income housing in accordance with applicable rules.

SECTION G: OBSERVATIONS RELATED TO RECONCILIATION

During the audit we observed two minor issues that were addressed with the audit was in progress.

1. Page forty-four of the Operating Budget for Fiscal Year 2015 (Compliance – Contract Monitoring) did not mathematically calculate because the Interagency Contract/Texas Department of Agriculture column was not visible on the printed copies of the budget. Also, the column was not visible on the budget accessible on the TDHCA website. The Operating Budget for Fiscal Year 2015 was corrected and the Fiscal Year 2016 Operating Budget was reviewed by Financial Administration to verify that the budget was proper.
2. Budgeted sources (revenue) and uses (expenses) should equal but, the sums of the individual section budgets do not total to the recap summary of the total agency Operating Budget for the fiscal year because the payroll related costs that have been allocated are not being reflected in

the individual section budgets. Financial Administration is adding footnotes about payroll related costs in the Fiscal Year 2017 Operating Budget.

We express our appreciation to management and finance personnel for their courtesy and cooperation during this review. Please contact me at 512-475-3813, or mark.scott@tdhca.state.tx.us if you have any questions or concerns.

Sincerely,

Mark Scott

Mark E. Scott, CPA, CIA, CISA, CFE, MBA

Director, Internal Audit

cc: Tim Irvine, TDHCA Executive Director

Joe Garcia, Executive Director, Manufactured Housing Division

Tom Gouris, Deputy Executive Director for Asset Analysis and Management

Brooke Boston, Deputy Executive Director for Fair Housing, Data Management and Reporting

David Cervantes, Chief Financial Officer

Patricia Murphy, Chief of Compliance

Michael Lyttle, Chief of External Affairs

GAA Goal and Strategy:

Goal and Strategy	Source of Appropriated Revenue	Use of Funds
Affordable Housing Goal A is to increase availability of safe decent and affordable housing. The objective is to make loans, grants, and incentives to fund, develop, and preserve housing.		
Mortgage Revenue Bond Program for Single Families Strategy	appropriated receipts	Mortgage Revenue Bonds (MRBs) are issued to finance housing for families of very and moderate income. The First Time Homebuyer (FTH) and My First Texas Home (MFTH) programs offer competitive mortgage financing as assisted or unassisted loans. Assisted loans provide down payment and closing cost assistance and often require a higher interest rate on the first lien. The Mortgage Credit Certificates (MCC) Program provides credits against the federal income tax burden, making homeownership more affordable. MCCs may be combined with MFTH loans but not with FTH loans.
HOME Program Strategy	federal grants	The HOME Investment Partnerships Program provides assistance in the form of loans and grants for activities administered by units of local government, public housing authorities, non-profit organizations, and for-profit entities. The uses include: • home repair or reconstruction; • homebuyer assistance; • contract-for-deed conversions (combined with home repair); • rental assistance; • new construction or rehabilitation or rental development; and • single family development for low, very low, and extremely low income households. TDHCA reserves $2M each year for contract-for-deed conversion for families that reside in a colonia.
Housing Trust Fund (HTF) Strategy	general revenue and interagency contracts	Because of HTF's flexibility and unique program delivery it is able to assist low income Texans that are difficult to serve through federal programs, such as rural and colonia residents, farm workers, and persons with disabilities.
Section 8 Rental Assistance Strategy	federal grants	The Section 8 Housing Choice Voucher Program (HCVP) assists extremely low and very low income households with housing by paying rent subsidies to landlords of private-sector rental housing. The program serves small rural communities that usually do not have a public housing

		authority to administer vouchers, as well as persons transitioning out of institution settings. The Project Access program assists low-income persons with disabilities in transitioning from nursing facility, state hospital, intermediate care facility, or board and care facilities into the community.
Federal Tax Credits Strategy	appropriated receipts	The program provides financial incentives, in the form of equity, to developers of multifamily housing for extremely low income and very low income households, senior citizens, persons with disabilities, and homeless persons. The program's purpose is to encourage the development and preservation of affordable rental housing and prevent the loss of affordable housing through rehabilitation of existing properties.
Mortgage Revenue Bond Program for Multifamily Strategy	appropriated receipts	TDHCA issues taxable and non-taxable mortgage revenue bonds (MRB) to developers, the majority of which are associated with the State's Private Activity Bonds (PAB) authority. Bond proceeds are used to finance the construction, acquisition, or rehabilitation of rental properties affordable to very low, low, and moderate income households. Staff supported under this strategy, also administer allocation of the non-competitive (4%) housing tax credits.
Information and Assistance Goal B and objective are to provide information and assistance for housing and community services and also, assist colonias, border communities and nonprofits.		
Housing Resource Center (HRC) Strategy	general revenue, federal grants, appropriated receipts and interagency contract	The HRC provides information and technical assistance on housing needs, programs, available funding, and department performance to individuals, local governments, community organizations, and nonprofit developers. This includes maintenance of TDHCA's interactive consumer assistance website, research and referral services provided to the public, assists in the development of housing policy, and also prepares required federal and state publications. The Texas Homeownership Division and HRC jointly administer the National Foreclosure Mitigation Counseling program.
Colonia Service Centers Strategy	appropriated receipts and interagency contracts	To address the lack of affordable housing options in colonias, the Office of Colonia Initiatives (OCI) administers efforts to enhance living conditions in colonias along the Texas-Mexico border with offices in El Paso, Loredo, and Pharr. OCI also administers the Colonia Self-Help Center (CSHC) program which serves targeted colonias in Cameron/Willacy, El Paso, Hidalgo, Starr, Webb, Maverick and Val Verde counties by providing an array of housing and community development services.
Poor and Homeless Programs Goal C is to improve poor and homeless living conditions and reduce VLI energy costs. The objective is to ease hardships for 16% of homeless and very low income persons each year, as well as reduce the cost of home energy for 6% of very low income households.		

Poverty-Related Funds Strategy	general revenue and federal grants	Uses include poverty and homelessness assistance primarily provided through the Federal Community Services Block Grant (CSBG); Emergency Solutions Grants (ESG) and state Homeless Housing; and Services (HSSP) programs.
Energy Assistance Programs Strategy	federal grants	Assist very low income households meet their energy needs. The Low Income Home Energy Assistance Program (LIHEAP), funded through the U.S. Department of Health and Human Services, funds the Comprehensive Energy Assistance Program and provides contracts to organizations in order to provide energy payment and other energy assistance to eligible households. The Weatherization Assistance Program funded through LIHEAP and through U.S. Department of Energy grants, provides contracts to organizations that provide weatherization services to increase the energy efficiency of dwelling occupied by very low income persons and reduce total energy expenditures.
Ensure Compliance Goal D is to ensure compliance with program mandates and the objective is to monitor developments and subrecipient contracts for compliance.		
Monitor Housing Requirements Strategy	appropriated receipts	To monitor compliance of TDHCA housing programs with state and federal regulatory mandates, the Department monitors multifamily and single family rental properties for compliance with program requirements, including rent and income limits through onsite monitoring visits and desk reviews.
Monitor Contract Requirements Strategy	federal grants	To monitor subrecipient contracts that receive state and federal pass-through grants, for compliance with federal and state regulatory mandates for program and financial requirements. The Department uses onsite monitoring visits and desk reviews of subrecipient financial records, single audits, household eligibility files, physical inspections of units, and review of other program records. Also, prior to making an award, the Department assesses an applicant's compliance history.
Manufactured Housing Goal E is to regulate manufactured housing industry and the objective is to operate a regulatory system to ensure responsive statements of ownership and location, licensing and other.		
Titling and Licensing Strategy	appropriated receipts	Maintain current records regarding manufactured homes Statements of Ownership and Location, and licensees.
Inspections Strategy	federal grants and appropriated receipts	Inspect manufactured home installations, focusing on multi-section homes and homes installed in Wind Zone II (areas prone to hurricanes). MHD also conducts inspections in connection with consumer complaints and investigations. Under a contractual agreement with TDHCA, MHD performs inspection of migrant labor housing facilities, which TDHCA licenses. To promote efficiency, MHD inspectors are available to assist TDHCA with other

		inspection needs and to assist on a statewide basis in disaster recovery matters.
Enforcement Strategy	federal grants and appropriated receipts	Provide effective consumer remedies and promote compliance and industry-based solutions by receiving, investigating, handling consumer complaints, and taking administrative action as appropriate.
Texas.Gov Strategy	general revenue	Offer license renewal via Texas Online.
Indirect Administration and Support Costs Goal F and objective is proper recording of indirect and support costs.		
Central Administration Strategy	general revenue and appropriated receipts	Services are provided to the entire Department and include the following areas and divisions: Executive Office; Board, Legal Services; Internal Audit; a portion of External Affairs; Human Resources; and Financial Administration. Also reflected in this strategy are services provided to MHD.
Information Resource Technologies Strategy	general revenue and appropriated receipts	Provide software development, network, and technical support services to the Department and subrecipients who access agency systems.
Operating and Support Strategy	general revenue and appropriated receipts	Comprised of purchasing and Facilities/Support sections.