

Texas Department of Housing and Community Affairs
2026-2027 Texas Housing Trust Fund Biennial Plan



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Approved by the Board of
The Texas Department of Housing and Community Affairs
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Introduction and Purpose

During the Regular Session of the 89th Legislature, the Department was appropriated General Revenue for the Texas Housing Trust Fund (Texas HTF) in the amount of \$10,058,675 for the 2026-2027 Biennium. Rider 9(c) of the General Appropriations Act (GAA) requires the Department to provide a biennial report to the Legislative Budget Board, the House Appropriation Committee, and the Senate Finance Committee no later than October 1st detailing the Department's plan to expend funds from the Texas HTF. The Department generates this plan biennially to promote strategic long-term planning and the expeditious use of these funds.

The Texas HTF was established in 1991 by the 72nd Texas Legislature, Senate Bill 546, to provide loans, grants, or other comparable forms of assistance to income-eligible individuals and households to finance, acquire, rehabilitate, and develop decent, safe and sanitary housing. Funding sources consist of appropriations or transfers made to the fund, unencumbered fund balances, and public or private gifts or grants.

Appropriation Details

The Department annually receives loan repayments and accrued interest that contribute to the Texas HTF. Rider 8 of the GAA clarifies that an estimated \$2,800,000 per year in interest earnings and loan repayments are included in funds appropriated each year under the Texas HTF for Strategies A.1.3 (Texas Bootstrap Loan Program) and A.1.4. (Amy Young Barrier Removal Program).

Rider 9(a) of the GAA requires that all funds above those retained for administrative purposes in the 2026-2027 biennium shall be deposited in the Housing Trust Fund in the Texas Treasury Safekeeping Trust Company established under Government Code, Chapter 2306, during September of each fiscal year. The Department shall withhold approximately \$1,005,867 (10%) for the biennium for Department administrative costs.

In addition to appropriations of state general revenue, the Texas HTF is funded by loan proceeds from loans generated by the Texas HTF. While Tex. Gov't Code §2306.205 requires a portion of the Housing Finance Division's unencumbered fund balances to be transferred into the Texas HTF, these transfers generally do not occur as the threshold outlined in the statute which would allow the transfer is not met.

Estimated 2026-2027 Biennial Funds for Texas Housing Trust Fund

Use of Funds	SFY 2026	SFY 2027	Amount
Total Biennial Appropriation¹	\$5,028,454	\$5,030,221	\$10,058,675
Programming Plan			
Texas Bootstrap Loan Program Appropriation	\$3,300,480	\$3,300,480	\$6,600,960
Department Administration	(\$330,048)	(\$330,048)	(\$660,096)
Funds for Programming	(\$2,970,432)	(\$2,970,432)	(\$5,940,864)
Remaining Balance	\$0	\$0	\$0
Amy Young Barrier Removal Program Appropriation	\$1,727,974	\$1,729,741	\$3,457,715
Department Administration	(\$172,797)	(\$172,974)	(\$345,771)
Funds for Programming	(\$1,555,177)	(\$1,556,767)	(\$3,111,944)
Remaining Balance	\$0	\$0	\$0

Statutory Considerations for Texas HTF Programming**Requirement to Operate an Owner-Builder Loan Program**

Tex. Gov't Code §2306.758 requires that the Department establish an owner-builder loan program. This requirement is satisfied by the Department's implementation of the Texas Bootstrap Loan (Bootstrap) Program. Further, the statute requires that the Department must dedicate at least \$3 million per fiscal year to the program. Up to 10% of these funds may be utilized for capacity building for eligible organizations. While the statute allows use of funds from either the Texas HTF or from federal block grants for this purpose, the Department has determined that the Texas HTF is the best resource to accomplish the goals of the statute because of the regulatory relief that is provided by utilizing state, rather than federal, funding. The Texas HTF is the most practical source available for the Department to meet the owner-builder loan program requirement.

The statute further requires that all money received by the Department as part of the owner-builder loan program, including all loan proceeds, must be utilized exclusively for the owner-builder loan program, so all proceeds of Bootstrap Program loans are set-aside for this purpose.

Eligible Entities to Receive Funds

Pursuant to Tex. Gov't Code Section 2306.202, the Department must target funds for specific types of eligible entities. Section 2306.202(a) requires that the first \$2.6 million available through the Texas HTF for loans, grants, or other comparable forms of assistance is available exclusively for local units of government, public housing authorities, and nonprofit organizations. After the requirement for the first \$2.6M million is satisfied, at least 45 percent of available funds must be made available to nonprofit organizations for the purpose of acquiring, rehabilitating, and developing decent, safe, and sanitary housing. The remaining 55 percent must be distributed to nonprofit organizations, for-profit organizations, and other eligible entities for eligible activities.

Eligible entities to administer the Owner-Builder Loan Program as required under Tex. Gov't Code

¹ This amount includes an estimate of \$2,800,000 per year in interest earnings and loan repayments. Up to \$250,000 will also be reserved from interest earnings and repayments for Single Family workout activities as further described herein.

§2306.758 are further limited by Tex. Gov't Code §2306.752 to colonia self-help centers or nonprofit organizations.

Texas HTF Plan Administration

In approving the Texas HTF plan, the Board authorizes staff to proceed with issuing Notices of Funding Availability (NOFA) and make any needed amendments to the NOFAs to expedite utilization of funds. Funds may be committed and expended via contracts and reservation agreements. Texas HTF programs may utilize various income determination methods noted in the general program descriptions in the Texas HTF plan or outlined in the Texas HTF Rule.

Using no more than \$400,000 per biennium of the Texas HTF loan repayments not subject to the requirements of Tex. Gov't Code §2306.758(d) and interest earnings *that exceed the requirements under Rider 8 of the GAA* (see Rider 8 of the GAA under "Appropriation Details" on page 2), the Texas HTF may be used to respond to unanticipated, unique challenges that may arise while implementing approved Single Family program contracts, activities, or assets. For example, if a household has been displaced for the rehabilitation of their home, and the Department faces subsequent eligibility concerns with the contractor performing that rehabilitation, these funds could expedite the completion of the rehabilitation so that the household may return to a safe, completed home as soon as possible.

If a balance exists from the previous biennium, the Department shall transfer only the necessary amount to replenish this fund to a maximum balance of \$250,000 at the start of the biennium. The Department anticipates that the need to use Texas HTF excess loan repayments and interest earnings for Single Family Program workouts will be infrequent and used as a last resort only, such as when it poses severe practical challenges, or it is impossible to use federal funds. These funds will be for internal disposition, and neither households nor program administrators will be able to apply for these funds.

In approving the Texas HTF plan, the Board authorizes the use of any funds from loan repayments, interest earnings, deobligations, and any other additional Texas HTF funds as allowed by statute in excess of those funds required under Rider 8, to be programmed into current Department activities or activities approved in the Texas HTF Plan. Prior to any programming, the Department shall withhold 10% of such funds for Department administrative costs.

Lastly, in approving the Texas HTF plan, the Board authorizes the use of late fees collected from Texas HTF borrowers for Single Family asset management activities. These funds will allow the Department to budget for the necessary transactions that arise in the course of Single Family asset management, such as paying off first lien holders on delinquent single family properties on which the Department is in second or lower lien position; paying off taxing authorities to avoid tax foreclosure; securing and preparing abandoned properties to return to the marketplace; related travel and administrative costs, etc. The Texas HTF will utilize these late fees for Single Family asset management activities only when the appropriate solution cannot reasonably be addressed with other funds.

Texas Bootstrap Loan Program: \$6,600,960 from the 2026-2027 Appropriation

Program Description: The Bootstrap Program makes funds available to Administrators, which include eligible nonprofit organizations and Colonia Self-Help Centers, to purchase or refinance real property on which to build or improve residential housing through self-help construction with very low-income households (Owner-Builders). The Bootstrap Program may also enter into an agreement with a nonprofit organization for provision of capacity building services to expand and enhance the utilization of the Bootstrap Program. Tex. Gov't Code Section 2306.7581(d) requires the Department to utilize a minimum of \$3,000,000 each fiscal year for the Bootstrap Program, of which not more than 10% may be utilized for capacity building activities and 10% may be utilized for TDHCA Administration of the Bootstrap Program. Administrators of the Bootstrap Program perform origination of mortgage loans to households with income not exceeding 80% of Area Median Family Income (AMFI) or the statewide income limits, whichever is greater. Funding is available until August 31, 2027, or until all funding has been reserved.

Maximum Loan Amount: Bootstrap loans shall not exceed \$45,000 per household. Eligible entities must apply to access a reservation system that makes funds available on a first-come, first-served basis.

Eligibility Requirement: Administrators must be either Colonia Self-Help Centers or Nonprofit Organizations that have demonstrated capacity to operate an owner-builder loan program. Program beneficiaries must have a household income not exceeding 80% of the AMFI or the statewide income limits, whichever is greater; must have resided in Texas for the preceding six months; and must have successfully completed an Owner-Builder education class and HUD-approved housing counseling. Owner-Builders must agree to provide at least 65% of the labor necessary to build or rehabilitate the proposed housing. The Department will define household income limits in accordance with the U.S. Department of Housing and Urban Development HOME Investment Partnership Program Income Limits.

Administrative Feesⁱ: The Department will pay an administrative fee equal to 10% of the loan amount to Administrators upon project completion.

Geographic Dispersion: Tex. Gov't Code §2306.753(d) requires two-thirds of the funds made available under a Notice of Funding Availability (NOFA) must be set aside for activities in census tracts with median incomes not exceeding 75% of the state median income per the most recent statistics available. The remaining one-third will be released for use statewide. Furthermore, the remaining one-third of the fund balance may not exceed the \$3,000,000 ceiling cited in Tex. Gov't Code Section 2306.111(d-1)(3).

Other Considerations: If balances exist from previous Bootstrap Program funding cycles, those funds will be made available to Bootstrap Program activities. This use of funds achieves the statutory requirements for funding an owner-builder loan program and for targeting nonprofit organizations. This activity achieves significant leveraging of other public and private funding sources, promotes the Department's mission, and provides for repayment to the Texas HTF.

Amy Young Barrier Removal Program: \$3,457,715 from the 2026-2027 Appropriation

Program Description: This Amy Young Barrier Removal (AYBR) Program provides one-time grants of up to \$22,500 to Persons with Disabilities with household income not exceeding 80% of the AMFI or the statewide income limits, whichever is greater. The AYBR Program funds home modifications that increase accessibility for homeowners, tenants, and members of their households who have a disability, in addition to correcting hazardous and unsafe housing conditions, as approved by the Department. Funding is available until August 31, 2027, or until all funding has been reserved.

Maximum Grant Amount: One-time grants will not exceed \$22,500 per household. Eligible entities must apply to access a reservation system that makes funds available on a first-come, first-served basis adjusted for the geographic dispersion process noted below. The maximum number of reservations per Administrator is further detailed in the Program NOFA.

Eligibility Requirements: Administrators may include Units of General Local Government, Councils of Governments, Nonprofit Organizations, Local Mental Health Authorities, and Public Housing Authorities. Administrators must demonstrate competence in accessibility standards and applicable building codes further detailed in the Texas HTF Rule. Program beneficiaries must have a household income not exceeding 80% of the AMFI or the statewide income limits, whichever is greater. The Department will define household income limits in accordance with the U.S. Department of Housing and Urban Development HOME Investment Partnership Program Income Limits.

Administrative Fees: The Department will pay an administrative fee equal to 10% of the hard and soft costs to Administrators upon project completion.

Geographic Dispersion: As specified in Tex. Gov't Code Section 2306.111(d-1), funds are not required to be allocated according to the RAF if the funds or credits are allocated by the department primarily to serve Persons with Disabilities. The AYBR Program serves only households in which at least one member is a Person with a Disability; however, to promote geographic dispersion of the competitive AYBR Program funds, the funds will be released geographically to maximize opportunity for regions with historically low involvement to participate.

Each year of the biennium, each state region will receive at least \$100,000 (enough for four fully funded activities). The remaining funds shall be released as prescribed by the Texas HTF Rule. Over the course of the biennium, any additional funds beyond the original program allocations that derive from Texas HTF loan repayments, interest earnings, deobligations, and other Texas HTF funds in excess of those funds required under Rider 8 of the GAA may be programmed to the current ~~NOFA or made available statewide~~, and not geographically dispersed.

ⁱ Administrative Fees for programs provided under the Texas HTF (Bootstrap and AYBR) are permitted to the extent that the Statewide Procurement Division allows a variance to the Uniform Assurances or Standard Financial Management Conditions.