

## 2026-2027 REPORT OF FINDINGS AND RECOMMENDATIONS OF THE

### HOUSING AND HEALTH SERVICES COORDINATION COUNCIL

#### (HHSCC OR COUNCIL)

*TEX. GOV'T CODE §2306.1096 has three subsections: (a), lists the Council's duties, (b), requires creation of a biennial plan, and (c), requires by August 1 of each even numbered year a report to the Governor and the Legislative Budget Board (LBB) of findings and recommendations. Before 2016, the Council had combined the Plan required by (b) and the Report required by (c) into a single document. Since the 2016-2017 biennium, the Council has separated these documents. This document addresses (c), findings and recommendations to the Governor and the Legislative Budget Board. As the Plan is prepared and finalized, copies will be available from the Council by contacting Jeremy Stremmer at [jeremy.stremmer@tdhca.texas.gov](mailto:jeremy.stremmer@tdhca.texas.gov) or at 512.936.7803.*

#### FINDINGS

##### 1. Challenge: Housing Needs for Populations Served by Service-Enriched Housing

The Housing and Health Services Coordination Council (HHSCC or Council) finds that Texas, like the rest of the country, continues to experience an insufficient supply of safe, decent, affordable housing to meet existing need. Currently, there are approximately 641,516 units of subsidized housing throughout the state<sup>1</sup>. Competing for those units are approximately 773,954 Texas families living below 100 percent of the federal poverty level (in 2026, the income for a family of four living in poverty is \$33,000 or less)<sup>2</sup>. Of the 4,074,940 individuals in those households, approximately 794,613 (19.5%) also experience one or more disabilities<sup>3</sup>. The number of Texas renter households with incomes at or below 50% of the Area Median Family Income (AMFI) that are rent burdened, *i.e.*, paying more than thirty percent of their income on rent and utilities, is roughly 1,172,020<sup>4</sup>.

Significant subpopulations within the larger population of low- and moderate-income Texans experience specific conditions that are more likely to have improved outcomes when they connect with specific services in addition to accessing stable housing. This combination of housing and services has been defined by HHSCC as Service-Enriched Housing (SEH).

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<sup>1</sup> TDHCA, 2026 State of Texas Low Income Housing Plan and Annual Report

<sup>2</sup> Annual Update of the HHS Poverty Guidelines, 85 FR 3060.

<sup>3</sup> Census Bureau, ACS 5-year 2020-2024, Table S1811

<sup>4</sup> 2018-2022 Comprehensive Housing Affordability Strategy (CHAS)

<https://www.huduser.gov/portal/datasets/cp.html>

For the purpose of directing the work of the Housing and Health Services Coordination Council and its work products, including the biennial plan, Service-Enriched Housing is defined as community integrated, affordable, accessible rental housing that provides residents with the opportunity to receive on-site and/or off-site health-related and other services and supports that foster independence in living and decision-making for individuals including those with disabilities, people who are elderly, persons who are experiencing or have experienced homelessness, veterans, youth exiting foster care and Violence Against Women Act covered populations.

These subpopulations (which are not mutually exclusive) include:

- Older adults, many of whom have disabilities;
- People with disabilities in general, many of whom live on limited means such as Supplemental Security Income (SSI);
- Veterans, including veterans experiencing homelessness and veterans who have service-related injury or trauma;
- Individuals and families experiencing homelessness;
- Individuals living with behavioral health challenges, including those with substance use disorders (SUD);
- Individuals living with intellectual and developmental disabilities (IDD), and serious mental illness (SMI);
- Youth exiting foster care; and
- Violence Against Women Act (VAWA) covered populations.

The range of supportive services with which these subpopulations need to connect includes but is not limited to:

- Assistance with essential daily life activities such as eating, bathing, and dressing;
- Assistance with household management skills such as cleaning and cooking;
- Treatment for chronic diseases such as diabetes and hypertension;
- Treatment for alcohol or substance use disorders;
- Treatment for serious mental illness;
- Assistance in adapting to prostheses and other physical changes as a result of injury;
- Habilitation services to enhance independent living skills; and
- Tenancy support services to help people find housing and remain in housing.

## **2. Challenge: Community and Landlord Opposition**

HHSCC has identified stigma surrounding target populations and local opposition to SEH as a significant barrier to expanding the availability of SEH in Texas. This opposition comes often from landlords and from communities targeted for SEH expansion.

During prior HHSCC-led technical assistance and training opportunities, communities have uniformly reported insufficient affordable housing, which contributes to difficulty finding landlords willing and able to rent to SEH target populations. In all communities, not just larger cities, community members have noted the challenge of increasingly steep rental prices and low vacancy rates for affordable housing units. In the private market, landlords often seek rental rates higher than HUD's Fair Market Rents, which many landlords argue are too low to compete with local current market conditions. Landlords also find required compliance paperwork and inspection processes burdensome. Additionally, many landlords lack an understanding of SEH target populations, and avoid potential tenants who have been homeless or institutionalized or who experience SMI, SUD, IDD, or chronic health issues. Some property owners select leasing criteria that pose obstacles to many tenants in need of SEH, including leasing criteria that treat certain criminal history matters as disqualifying factors, ignoring widely recommended lookback periods, and suggested background-screening guidelines. This makes identifying units for individuals with a history of justice system involvement particularly difficult. Policies prohibiting pets may also pose a barrier.

Local attitudes such as “Not in My Back Yard” (NIMBYism) can present challenges to moving forward with housing development. Communities have noted opposition from immediate neighbors, businesses, and in some instances, local governments responding to the concerns of constituents. This opposition may be exacerbated when properties seek to ease leasing criteria, such as lowering the standards for certain criminal history.

### **3. Challenge: Limited Funding for Service-Enriched Housing**

The insufficiency of available affordable housing stems from both a limit on capital dollars – for funding new developments or for rehabilitation of existing substandard affordable housing units – as well as a shortage of available rental subsidies or vouchers. Even when there is a supply of vouchers available, landlords' reluctance to accept vouchers can negatively impact a household's ability to find affordable units. An increased number of higher income renters, electing to live in lower-rent units, has further limited the percentage of rental housing stock that is affordable and available to low-income renters. This dynamic has increased stress on housing navigators and relocation specialists trying to connect clients in SEH target populations with housing. In addition, some affordable housing programs on the state and local level may not have sufficient incentives to encourage the development of SEH, which requires greater effort and higher operating costs to implement.

SEH funding is limited not only for capital dollars, but for services and operational funding as well. The development and maintenance of SEH is costly, and funds are limited. Current programs

work to fully utilize funds that are available, but current and projected funding levels for programs that support SEH pose a challenge in increasing SEH availability to match the need.

#### **4. Challenge: Time and Capacity Required for Systems Change**

One of the greatest barriers to expanding SEH identified by HHSCC was ineffective and limited-service coordination. Housing developers fully understand the intricacies of operating affordable housing, but according to several Council members, few understand the intricacies of social service programs. Education for housing management or greater access by management to service providers, particularly focused on behavioral health services, will improve service coordination for tenants with disabilities and elderly tenants.

A system change required to bring SEH to scale would take time and enormous capacity and may compete with other priority populations and initiatives. Making measurable progress on any single goal – developing resources, strengthening partnerships, raising awareness, garnering buy-in among stakeholders, demonstrating value, and making policy changes – will require continued investment of time and resources. Through increased coordination of care, housing tenancy support services can help reduce homelessness and decrease use of costly emergency services by providing timely intervention when a tenant is experiencing a health or behavioral health crisis and is at risk of losing their housing. Local healthcare and social service agencies, housing developers, owners, and property managers all have important roles to play in service coordination.

### **RECOMMENDATIONS**

As part of a technical assistance opportunity during the 2016-2017 biennium, the Corporation for Supportive Housing (CSH) was hired to generate recommendations for Council and its member agencies. Several of the recommendations below continue to be carried over from those suggestions made by CSH.

#### **1. Response to Community and Landlord Opposition**

To increase the quantity of landlords in a community willing to take rent subsidies and provide Service-Enriched Housing, CSH recommended that local communities work towards the following:

- Creating Risk Mitigation funds to address landlord concerns by providing financial resources to offset supportive housing tenants' damage to units and reduce the need for eviction<sup>5</sup>,
- Developing communication and talking points to inform landlords of the value and cost benefit of the services and rent subsidies that are often available for SEH target populations, and
- Providing examples of marketing materials and activities to engage landlords as part of building and owner associations.

To combat possible opposition (or even lack of active support) to affordable housing and SEH, CSH has recommended that local communities work towards:

- Expanding opportunities to educate and present data on potential cost savings and positive outcomes; and
- Becoming part of neighborhood block groups and safety efforts, highlighting potential security expansion that can benefit the community.

## **2. Response to Limited Funding for Service-Enriched Housing**

To combat the lack of affordable housing and rental subsidies, CSH has recommended that local communities work towards:

- Understanding how to engage foundations, banks, local/state housing agencies and other potential funders to increase funding for the development of affordable housing in their communities; and
- Building partnerships with public housing authorities or other local businesses which can expand landlord networks, possibly increasing the availability of vouchers or rent subsidies, and possibly establishing lawful preferences for target populations. Possibilities may include exploring the use of hotels and the incorporation of service coordination.

At the state level, HHSCC members continue to support legislative incentives that could be enacted for the development of service-enriched housing under the Housing Tax Credit program. HHSC is also engaged in an Affordable Housing Partnership with the Texas State Affordable Housing Corporation to set aside units in affordable housing it finances for people transitioning from institutions.

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<sup>5</sup> TDHCA has successfully implemented the use of Risk Mitigation funds in the Section 811 program. TDHCA also utilized Emergency Rental Assistance funding from the Treasury for a Housing Stability Services Program, though this program has ended it was successful in overcoming barriers to help Texans secure housing.

Additionally, HHSC is encouraged to continue exploring ways in which Medicaid can cover housing tenancy support services.

### **3. Response to Time and Capacity Required for Systems Change**

HHSCC should continue supporting work to address the identified gaps and strategies stated in the 2022-2026 Statewide Behavioral Health Strategic Plan and to support the Statewide Behavioral Health Coordinating Committee's (SBHCC) efforts as they work to ensure the coordination of housing and supportive services for Texas' behavioral health population.

Over the next biennium, HHSCC member agencies will continue to support the progress being made toward:

- The reduction or elimination of barriers in creating Service-Enriched Housing;
- Increasing the coordination between state housing and health services agencies;
- Increasing the use of services in SEH settings;
- Increasing the number of state housing and health services staff who are cross-educated or who have expertise in both housing and health services programs; and
- The provision of technical assistance to local communities by state housing and health services staff to increase the number of service-enriched housing projects.

Additionally, Council and its member agencies should:

- Coordinate relevant staff activities of state housing and health services agencies by continuing to support interagency coordination on workgroups and councils including but not limited to:
  - SBHCC
  - State Community Resource Coordination Groups (CRCG) Workgroup
  - Re-Entry Task Force
  - Veterans Coordinating Council for Veterans Services
  - Texas Health Improvement Network

TDHCA regularly conducts training sessions for participants in the Housing Tax Credit Program (HTC), the Bond Program (BOND), and the HOME Investment Partnerships Program (HOME) to ensure compliance with all program requirements. These training sessions teach program regulations and will help ensure compliance when implementing TDHCA funded programs.

The Council recommends that HHSC:

- Collaborate with TDHCA to develop a training for housing developers and property managers about partnering with local organizations to connect their tenants with needed services and supports;
- Review current resources dedicated to coordinating housing efforts within HHSC and evaluate if there are opportunities for staff to focus on housing coordination; and
- Assess how health plans coordinate with providers and community organizations to assist members with obtaining and sustaining integrated, accessible, and affordable housing.

The state and local parties that oversee the creation and provision of service coordination should continue exploring ways to promote broad geographic coverage and awareness, so that local housing providers can readily identify and link with the appropriate coordinators.