

Texas Department of Housing and Community Affairs
2026-2027 Ending Homelessness 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

The Texas Department of Housing and Community Affairs (the "Department") anticipates receiving approximately \$218,367, and currently holds \$310,292 in prior year balances for the administration of the Ending Homelessness (EH) Fund for the 2026-2027 biennium. Pursuant to 10 Texas Administrative Code (TAC) §7.61(b), the Department is required to publish a Board approved plan each biennium detailing how EH Fund dollars will be expended. This plan promotes strategic, transparent, and timely use of EH Fund resources to address homelessness across Texas.

The EH Fund was established in 2017 by the 85th Texas Legislature via House Bill 4102, which amended Subchapter H, Chapter 502, Transportation Code to create §502.415, Voluntary Contribution to the EH Fund. The statute authorizes motor vehicle registrants to voluntarily contribute to the EH Fund when registering their vehicles.

Funding Details

The EH Fund is supported entirely by voluntary contributions collected by county assessor-collectors and remitted monthly to the Texas Comptroller. These funds are held in trust outside the state treasury and administered by the Department as trustee.

Because the EH Fund is based solely on voluntary contributions, the balance continues to grow incrementally each month. For the 2026–2027 biennium, the Department currently holds \$310,292 in prior year funding, and estimates receipt of approximately \$218,367 during FY 2026. An additional \$218,367 is anticipated to be collected during FY 2027. The Department will not retain any portion for administrative costs; all available funds will be directed to program activities.

Statutory Considerations for the EH Fund

The following statutory requirements govern the administration of the EH Fund and inform this biennial plan.

Requirement to Administer a Program to Combat Homelessness

Texas Transportation Code §502.415(g) requires the Department to adopt rules governing the application process and the issuance of grants under the EH Fund. The Department fulfills this requirement through 10 TAC Chapter 7, Subchapter D, which outlines the purpose and use of funds, minimum application requirements, and eligible activities.

Eligible Entities to Receive Funds

Under Texas Transportation Code §502.415(f), EH Fund grants may only be issued to counties and municipalities to combat homelessness.

Plan Administration

Upon approval of this plan, the Board authorizes Department staff to issue a Notice of Funding Availability (NOFA) and make necessary amendments to expedite the utilization of funds. EH

Fund resources will be committed and expended through 12-month contracts. The program may utilize different income limits in its written policies provided they do not exceed the moderate-income level.

The Board further authorizes that any funds recaptured from deobligations or received through additional voluntary contributions during the 2026–2027 biennium may be programmed into contracts awarded during the first year of the biennium, as permitted by statute.

EH Fund Program Design

Program Description: The EH Fund provides funds to counties and municipalities to combat homelessness through implementation of programs that deliver homeless assistance, prevention services, rental assistance as part of a rapid rehousing, essential services, supportive services, and shelter operations or improvements.

Funding Priorities: In accordance with 10 TAC §7.61(b), funding priority will be given to Subrecipients proposing to utilize EH Fund resources for the operating costs of non-congregate emergency shelters supported by an allocation of HOME American Rescue Plan (ARP) funds. Eligible operating costs include, but are not limited to, salaries and wages for shelter staff, utilities, insurance, and general maintenance. While HOME ARP funds may be utilized to construct non-congregate shelter, there is not an identified source of funds for shelter operations. Use of the EH Fund for this purpose meets the program priorities, and leverages existing resources for long-term impact.

Additional Eligible Activities: If funds remain after all priority projects are funded, the Department may make funds available to existing Emergency Solutions Grant (ESG) or Homeless Housing and Services Program (HHSP) Subrecipients which are eligible awardees and have demonstrated capacity to manage state or federal grants. Eligible activities may include:

- Administrative costs associated with program implementation;
- Costs associated with the Homeless Management Information System (HMIS) or a comparable database;
- Case management for households experiencing homelessness;
- Construction, rehabilitation, or conversion of buildings or dwelling units to serve persons experiencing or at risk of homelessness;
- Essential services;
- Homeless prevention or assistance activities;
- Operation of emergency shelters;
- Transitional living activities for Youth Headed Households, including supportive services.

Funding under this plan is available until August 31, 2027, or until all funding has been expended.

Application and Award Procedures for Priority and Non-Priority Projects

HOME ARP Non-Congregate Shelter Operations

Minimum Award Amount: Applicants must request at least \$100,000, and the maximum award amount will be determined in the NOFA. The Department may award less when available funds are insufficient to fully fund the application. Entities applying for operating costs of HOME ARP funded non-congregate emergency shelters must submit applications by the deadline noted in the NOFA. Applications will be reviewed on a first-received basis, and those successfully completing the review process may be presented to the Board for award recommendation with priority over incomplete applications.

Eligibility Requirement: Eligible Subrecipients for the funding priority must be counties or municipalities that own or operate a HOME ARP funded non-congregate emergency shelter and can demonstrate capacity to administer state or federal grants.

Furthermore, Applicants must have an existing use agreement or other binding written commitment under the HOME-ARP program that ensures the property continues to operate as a shelter for people experiencing homelessness. EH Fund resources may be used to support eligible operating costs during the federal affordability period established under the HOME-ARP use agreement, and may continue to be used beyond that period so long as the shelter continues to serve the same target population consistent with the original use agreement.

ESG and HHSP Subrecipient Projects

Minimum Award Amount: Eligible ESG or HHSP Subrecipients proposing non-priority projects are not subject to a minimum funding request amount. Applications may reflect the level of funding necessary to effectively implement proposed activities, consistent with EH Fund program requirements and available resources.

Eligibility Requirement: Counties or municipalities that are existing ESG or HHSP Subrecipients notified of eligibility by the Department must submit applications within 30 calendar days of the notice date. Participant households must have incomes not exceeding the moderate income level and must meet the definitions of homelessness or at risk of homelessness under 10 TAC §7.2.

FY 26 Appropriations Bill Summary Update

FY26 HUD Appropriations Bill Clears Congress

The House passed the FY26 HUD appropriations bill on a narrow **217–214 vote**, following months of negotiation and extensive advocacy. Passage allowed critical housing and homelessness investments to move forward while Congress continues separate negotiations on the Department of Homeland Security (DHS) budget.

Funding highlights

- **\$77.3 billion for HUD in FY26**, an increase over the FY25 yearlong continuing resolution.
- Protects and strengthens housing and homelessness programs nationwide.
- Supports supportive housing stability amid rising rents, operating costs, and service needs.

Continuum of Care (CoC) protections

- Establishes a **renewal structure to prevent funding gaps and eviction spikes**.
- Addresses uncertainty caused by litigation over the FY25 NOFO and its policy changes.
- Requires HUD to:
 - Renew all CoC grants expiring in **Q1 FY26 for a full 12 months**.
 - Issue automatic renewals on **April 1** for all grants with expiration/start dates falling withing Q2, and on July 1 all grants set to expire in Q3 and Q4 will be renewed by HUD unless a new, court-compliant NOFO is released.
 - Match prior award amounts and apply **cost-of-living and fair market rent adjustments**.
 - Fund **at least 60% of each CoC's Annual Renewal Demand** in the FY26 NOFO.

Implementation and next steps

- With the President's signature, the bill is now law.
- HUD will immediately begin implementing FY26 provisions, including renewals of FY25

Housing Solutions Update

LEAD: DIEGO GARZA | REPORT AS OF: FEBRUARY 12TH 2026

INNOVATION FUNDS PROJECT



GRANTED AGENCIES

- CATHOLIC CHARITIES DIOCESE OF LAREDO: \$45,000
- LAREDO HOUSING AUTHORITY: \$40,000
- MID-COAST FAMILY SERVICES: \$40,000
- SALVATION ARMY OF MCALLEN: \$35,000
- CATHOLIC CHARITIES OF RIO GRANDE VALLEY: 30,000
- GROUND FLOOR COLLECTIVE: \$25,000

WHAT'S NEXT

WE ANTICIPATE BEING ABLE TO SHARE EARLY INSIGHTS ON HOW AWARDED AGENCIES ARE CREATIVELY USING THIS FUNDING IN THEIR REGIONS BY THE NEXT BOARD MEETING.



FAMILY TRUST PROJECT

Where?

Laredo, TX

Partnering Agency

Laredo Housing Authority

Summary:

Family Trust is a direct cash transfer pilot that will serve 25 families. The Laredo Housing Authority will assist with identifying and referring eligible families. They will also provide wraparound services and benefits counseling to ensure families understand any potential implications related to benefits participation. Additionally, they will provide office space for our Family Case Manager.