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# Serving Texas' Lowest -Income Households

November 7, 2024



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Texas Housers supports low -income Texans' efforts to achieve the dream of a decent, affordable home in a quality neighborhood of their choice.

**Ben Martin** Research Director

The Texans who cannot afford housing are overwhelmingly the Texans with the lowest-incomes.

# State of Affordability in Texas

 Glenn Hegar Texas Comptroller of Public Accounts

## The Housing Affordability Challenge



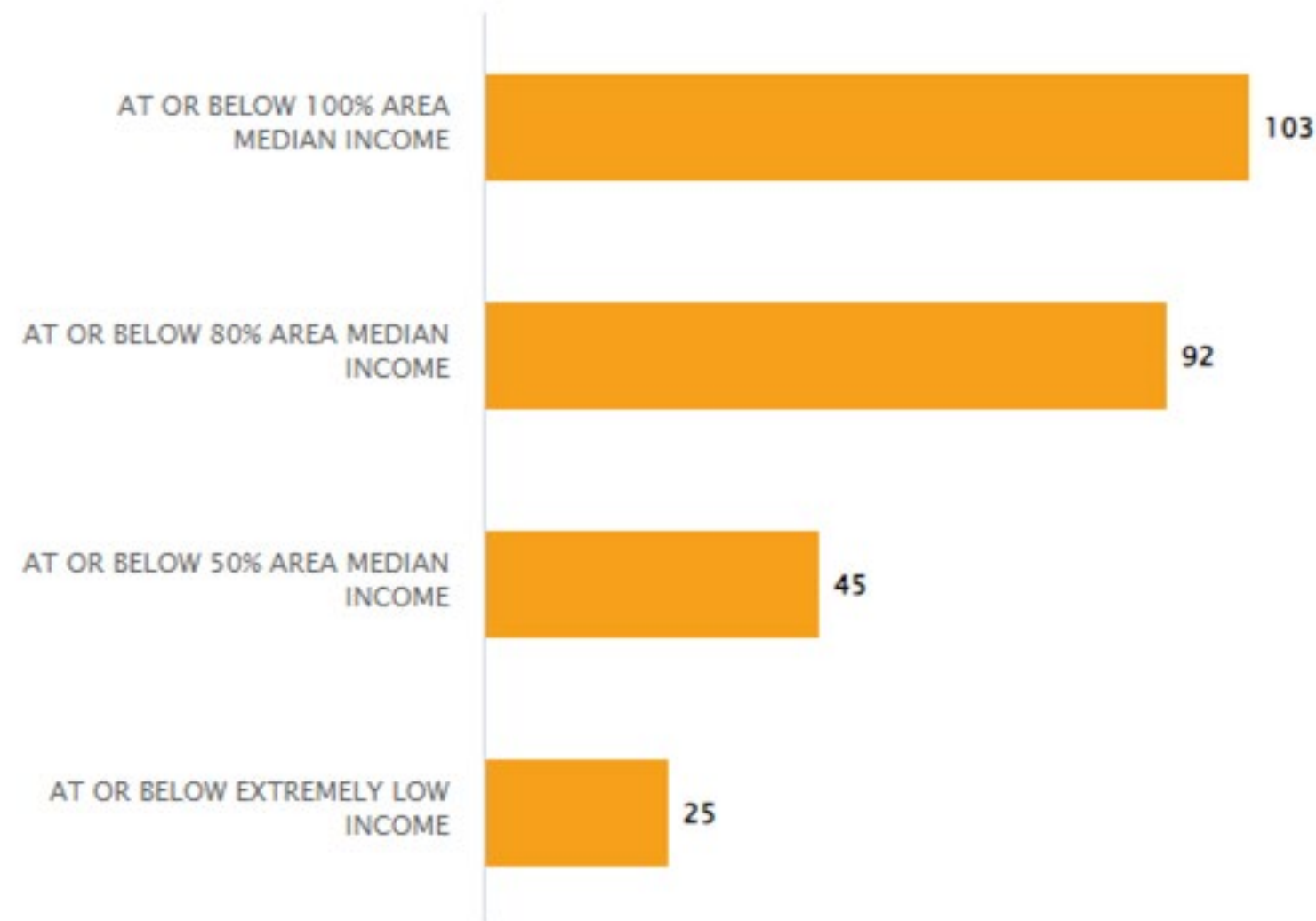
Texas Comptroller Report, August 2024

- **Cost burden concentrated among lowest income households** : “88 percent of households with annual incomes less than \$20,000 were cost burdened, compared to 8 percent of households with incomes of \$75,000 or more” (p. 8)
- “**Texas ranks 46 out of 51** on the national scale (including the District of Columbia) with only 25 affordable and available rental homes per 100 ELI [extremely low income, making 0 -30% of area median income] renter households” (p. 13)

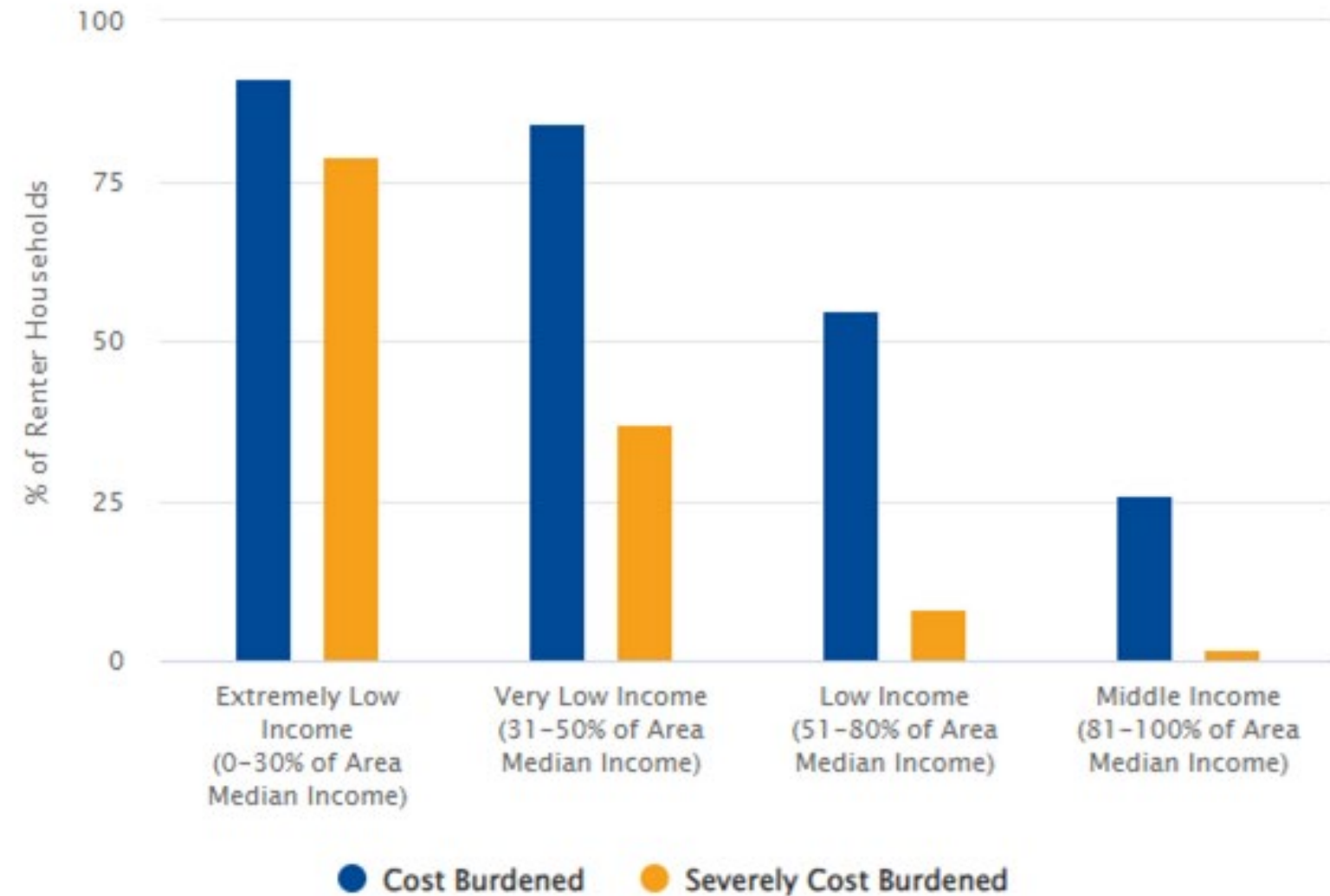
Source: The Housing Affordability Challenge, Texas Comptroller of Public Accounts

# Most severe housing needs among lowest -income

Affordable and Available Homes per 100 Renter Households



Housing Cost Burden by Income Group



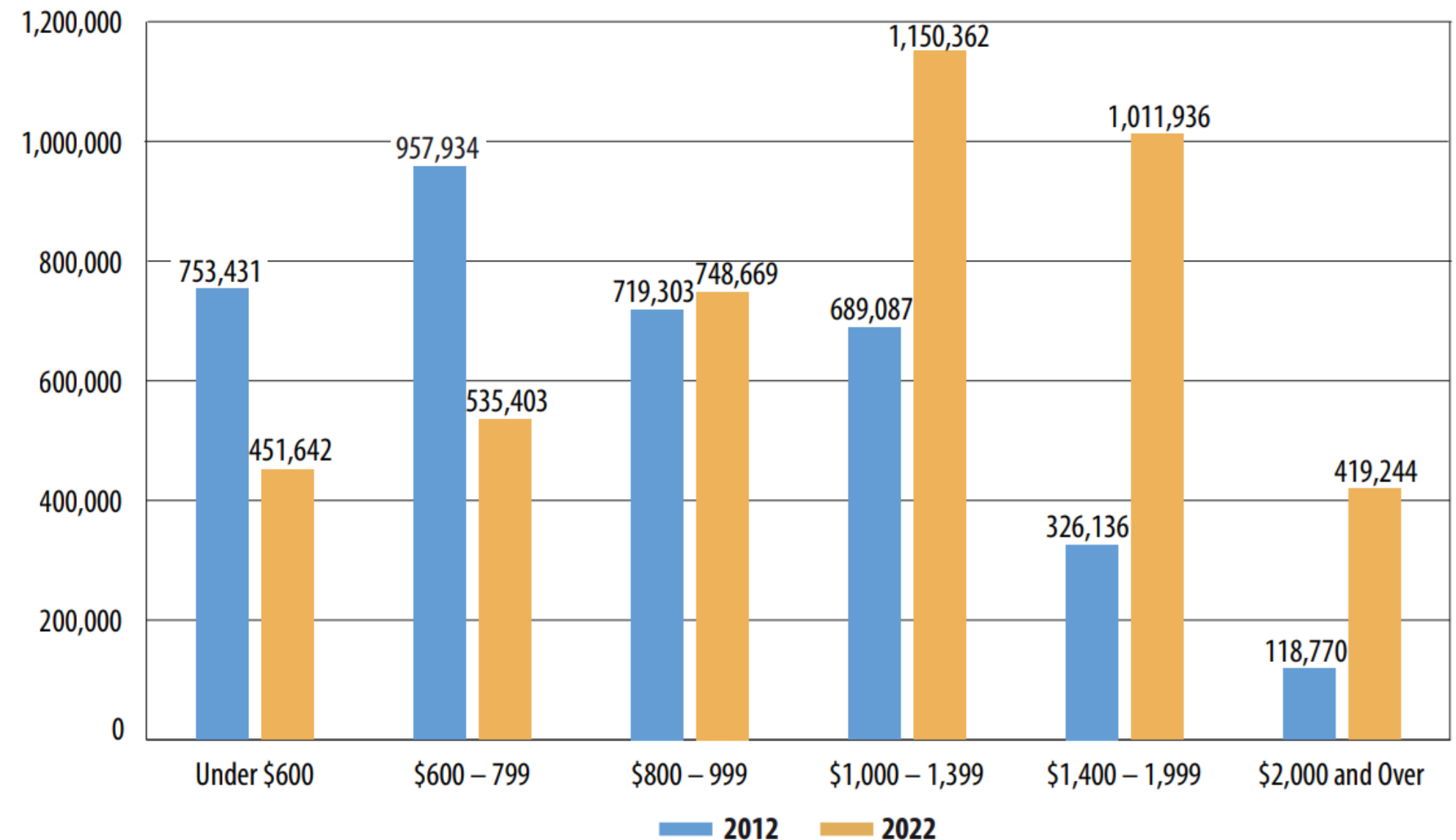
Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened.

Source: National Low-Income Housing Coalition, The Gap Report, Texas, 2024

# The supply of low -rent rental housing is shrinking

- Shortage of 670,000+ units affordable and available to ELI households
- Over the past decade, Texas has lost cheaper units and built more market rate housing for higher-income households, leading to a worsening shortage of deeply affordable units.

Number of Rental Units by Price Range, Texas, 2012 vs. 2022



Source: [Harvard Joint Center for Housing Studies](#) tabulations of U.S. Census Bureau, American Community Survey 1-Year Estimates

# Texas' workforce is low -income.

THE TOP 5 OCCUPATIONS IN TEXAS BY PROJECTED NUMBER OF JOBS ARE VERY LOW INCOME.

JOB	PROJECTED # OF JOBS IN 2030	AVERAGE WAGE & % OF AMI	RENT THIS JOB CAN AFFORD
FAST FOOD & COUNTER WORKERS	474,545	\$22,457 (28%)	\$461
HOME HEALTH & PERSONAL CARE AIDES	418,497	\$22,625 (28%)	\$466
RETAIL SALESPERSONS	394,087	\$30,236 (38%)	\$656
OFFICE CLERKS	312,355	\$36,202 (45%)	\$805
CUSTOMER SERVICE REPS	308,036	\$36,966 (46%)	\$824

Source: Texas Labor Analysis (Texas Workforce Commission) "Top 25 Occupations by Projections for Texas"

# Land use deregulation cannot fix this alone.

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- Mixed evidence about the ability of market rate production making housing costs affordable for low-income households, even in the long term.
- At a minimum, we need a “yes and” approach that also includes direct support for the lowest-income households who are the most cost burdened.
- For 30% AMI units, it is a rule of thumb in the industry that these units cannot be built and maintained without ongoing subsidy.



# The role of the Housing Tax Credit program

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- The HTC program is the single largest producer of income-restricted housing in Texas.
- Thus the program has an outsized role to play in meeting the housing needs of Texans.
- The HTC program must provide the highest and best public benefit in exchange for public subsidy by providing
  - The most units possible
  - With the deepest possible affordability
  - In high opportunity locations that give residents choice of where to live

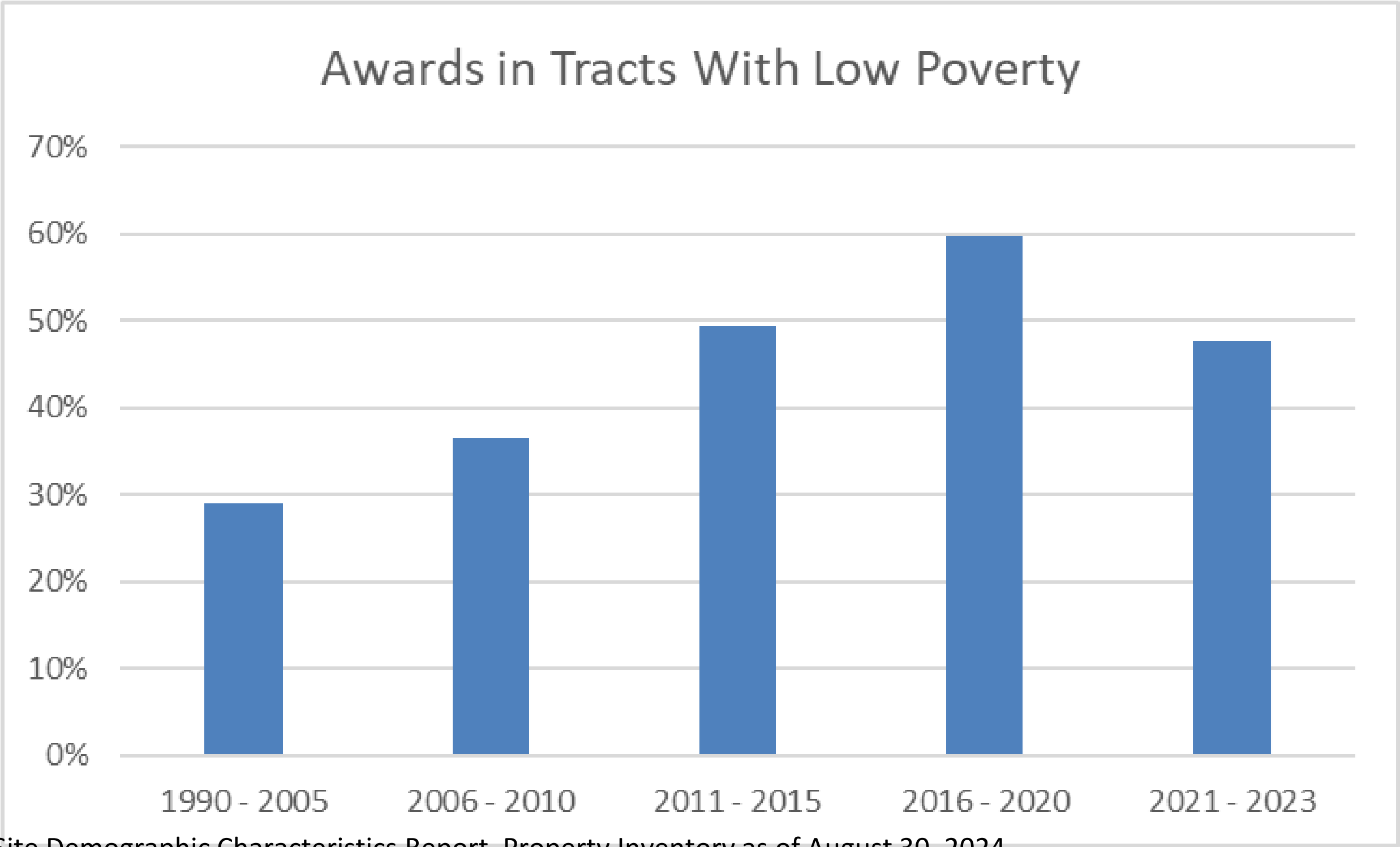
With decent quality and appropriate amenities

# Fair Housing in the Housing Tax Credit program

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- Texas must comply with civil rights and fair housing law, cannot use federal dollars in ways that promote segregation of protected classes.
- Moving to high opportunity areas has been linked to positive outcomes for low income families, especially children.
- This is critical to breaking cycles of intergenerational poverty.
- In the 2010s, the state housing agency made great progress in reducing the concentration of tax credit properties in high -poverty areas.

# More 9% awards in low poverty tracts in 2010s



Source: TDHCA Draft 2025 Site Demographic Characteristics Report, Property Inventory as of August 30, 2024

# How can the Legislature address low -income housing?

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**ONE: Kickstart low -income housing funding.**

- e.g., the State Housing Trust Fund, the State Housing Tax Credit
- What about land use deregulation? To reach lowest -income households, at minimum it's a "yes and".

# How can the Legislature address low -income housing?

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**TWO: Improve the effectiveness of state housing programs for low -income Texans**

## *Housing Tax Credits:*

- Strengthen the delivery of tax credit housing in high -opportunity areas.
- End veto choke points that make it harder to build Housing Tax Credit properties than other developments.
- End mid-lease rent increases at Housing Tax Credit properties.

# How can the Legislature address low -income housing?

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**TWO: Improve the effectiveness of state housing programs for low -income Texans**

## *Public Facility Corporations:*

- Improve multifamily property tax exemptions in Local Gov't Code, Chpts. 303, 392, and 394 to better serve taxpayers and low -income Texans.
- What is this tool supposed to do? Low -income housing? "Workforce" housing? Economic development?
- Taxpayers and local governments get a raw deal.
- Does not address Texas' real affordable housing crisis.
- Ripe for abuse. Industry targeting properties that do not need the exemption.

# How can the Legislature address low -income housing?

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## **THREE: Establish basic protections for renters under the law.**

- Junk fees: Require fee transparency and an “all -in” rent amount in advertising and leasing.
- Evictions: Help renters and landlords avoid unnecessary evictions and instability.
  - Seal eviction records when the tenant does not lose their case.
  - Give tenants the courtesy of a few days to pay the rent they owe before landlords can file an eviction (“opportunity to cure”).

# Thank you

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**Ben Martin** [ben@texashousing.org](mailto:ben@texashousing.org)