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# Nonprofit and Community Partner Perspectives on Changes to the HTC Program

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# Purpose

- Provide **low-income advocacy perspective** on calls to overhaul the QAP
- Review **housing needs** in Texas
- Review the **orientation and goals of the program** in meeting those needs, including location considerations and special populations
- Provide **recommendations** on appropriate orientation and approach to stakeholder engagement regarding changes to HTC rules

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## High Level Themes

- The program must orient toward achieving the **highest and best public outcomes** for the use of this public subsidy.
- That means achieving the most units possible *that have a positive impact for residents*, including affordability, location, quality, and amenity considerations.
- Deliberations should focus on the question: **“Will this have a positive impact on the clients of the program?”**
- Advocates and beneficiaries can **broaden the stakeholder conversation** and provide important perspectives to compliment the perspectives of industry.



Glenn Hegar Texas Comptroller of Public Accounts

## The Housing Affordability Challenge



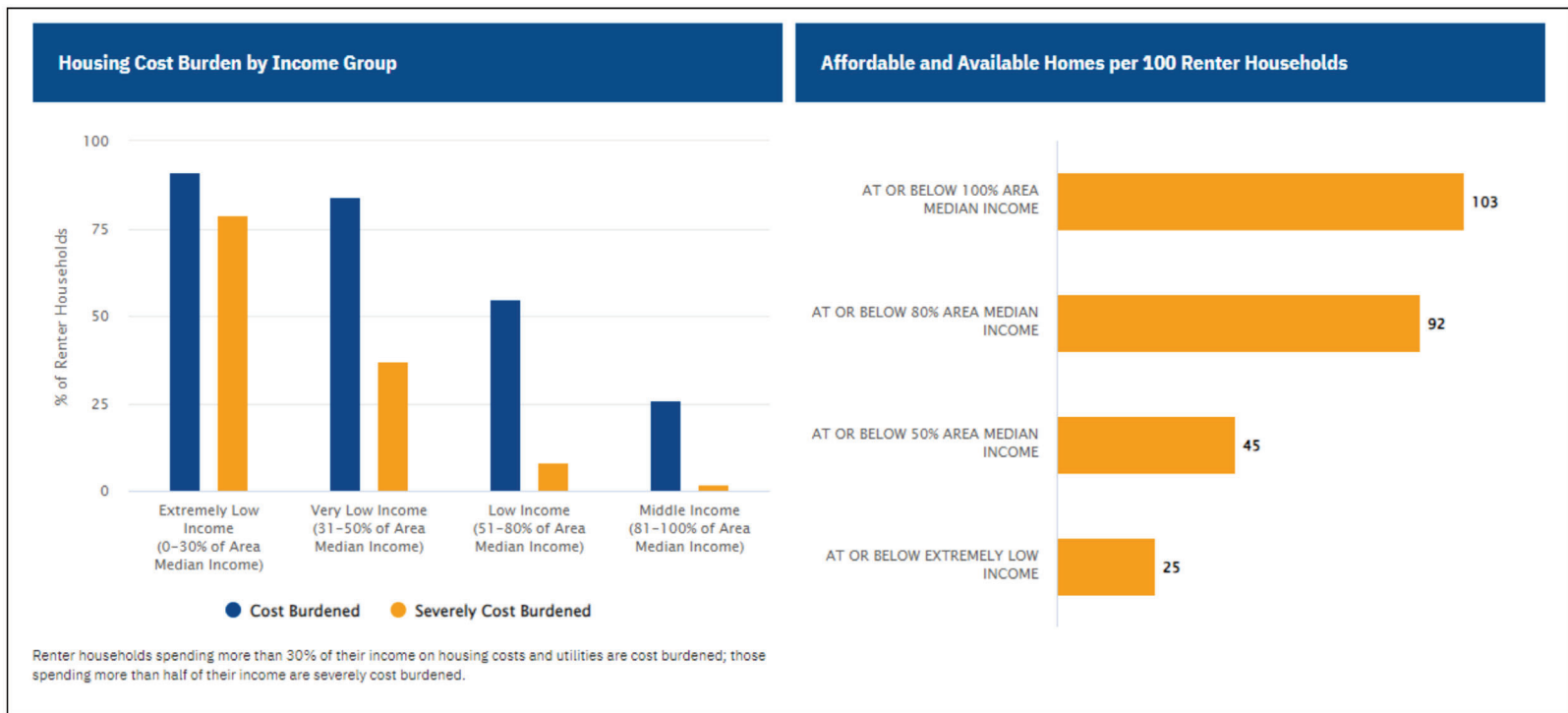
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# State of Affordability in Texas

## 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)

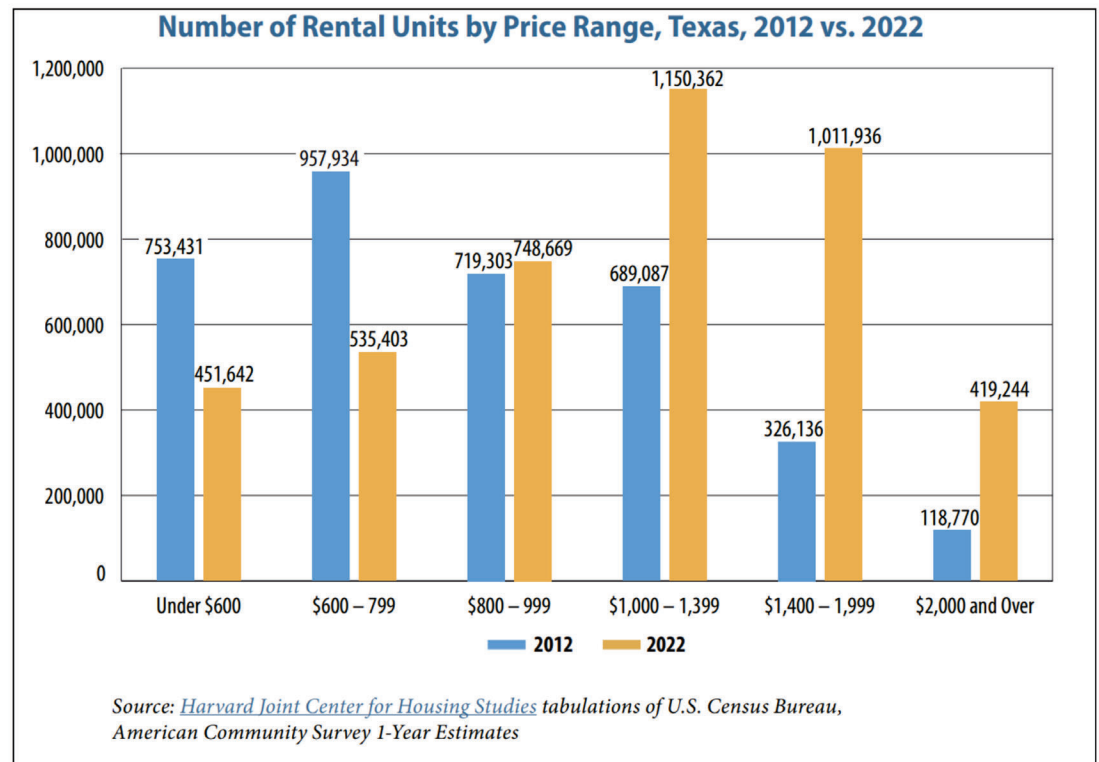
# Housing needs are most severe among the lowest-income households



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

# The supply of low-rent rental housing is shrinking

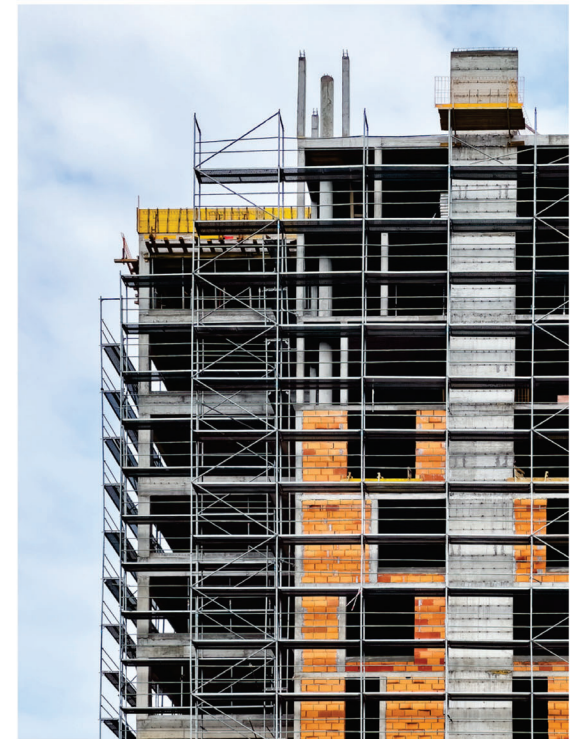
- Shortage of 670,000+ units affordable and available to ELI households
- Over the past decade, Texas has lost cheaper units and built more market rate housing for higher-income households, leading to a worsening shortage of deeply affordable units.



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# The Role of the HTC Program in Meeting the Need

- 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.
- Stable and decent housing is the foundation for successful individuals, households, and families.
- The HTC program must provide the highest and best public benefit in exchange for public subsidy by meeting the need for affordable, decent, stable, and fair housing as efficiently as possible.



# Benefits of High Opportunity Location

High-poverty, low-opportunity areas are harmful to tenant well-being.

- Poorer health outcomes and self-rated health
- Negative impact on high school graduation rates and annual earnings

Research shows that limiting HTC concentration is associated with tax credit awards in low-poverty areas, including in Texas.

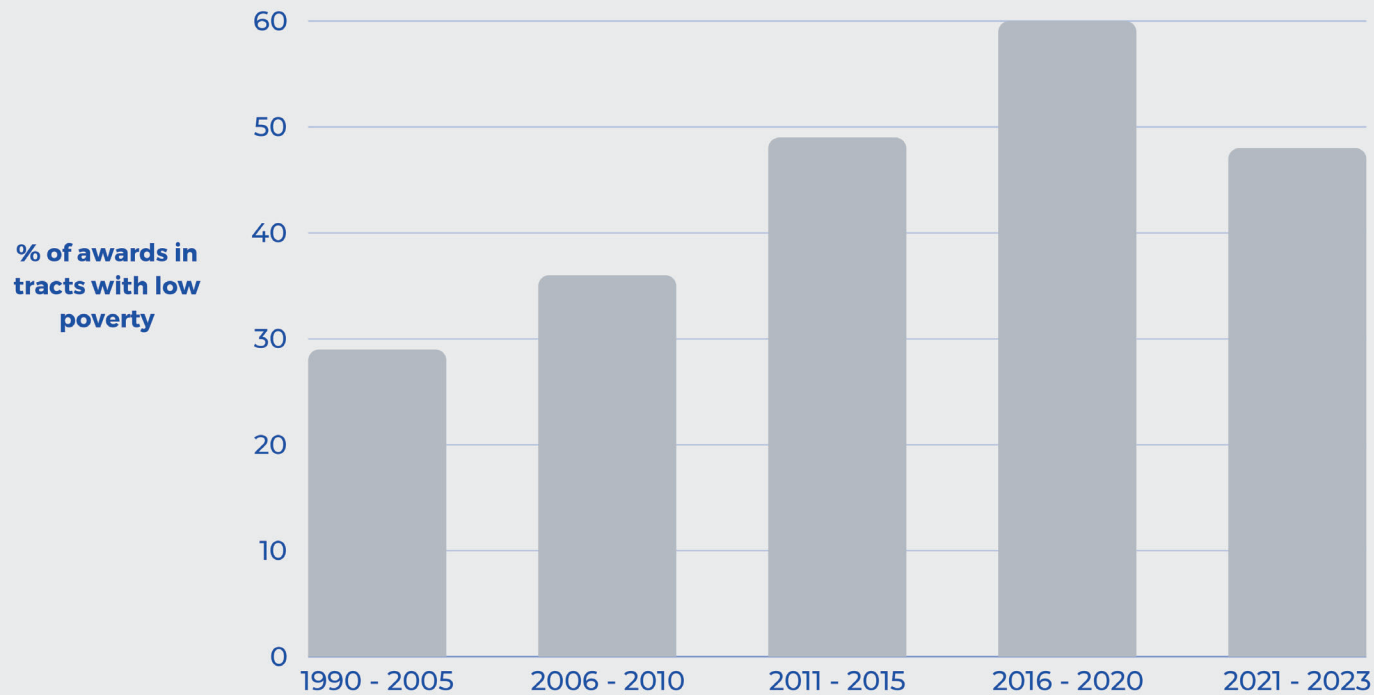
Location is critical to breaking inter-generational poverty.

Low-poverty, high-opportunity areas are linked to beneficial outcomes for children.

- Improved college attendance rates and earnings
- Likely to live in higher opportunity areas as adults
- Less likely to become single parents

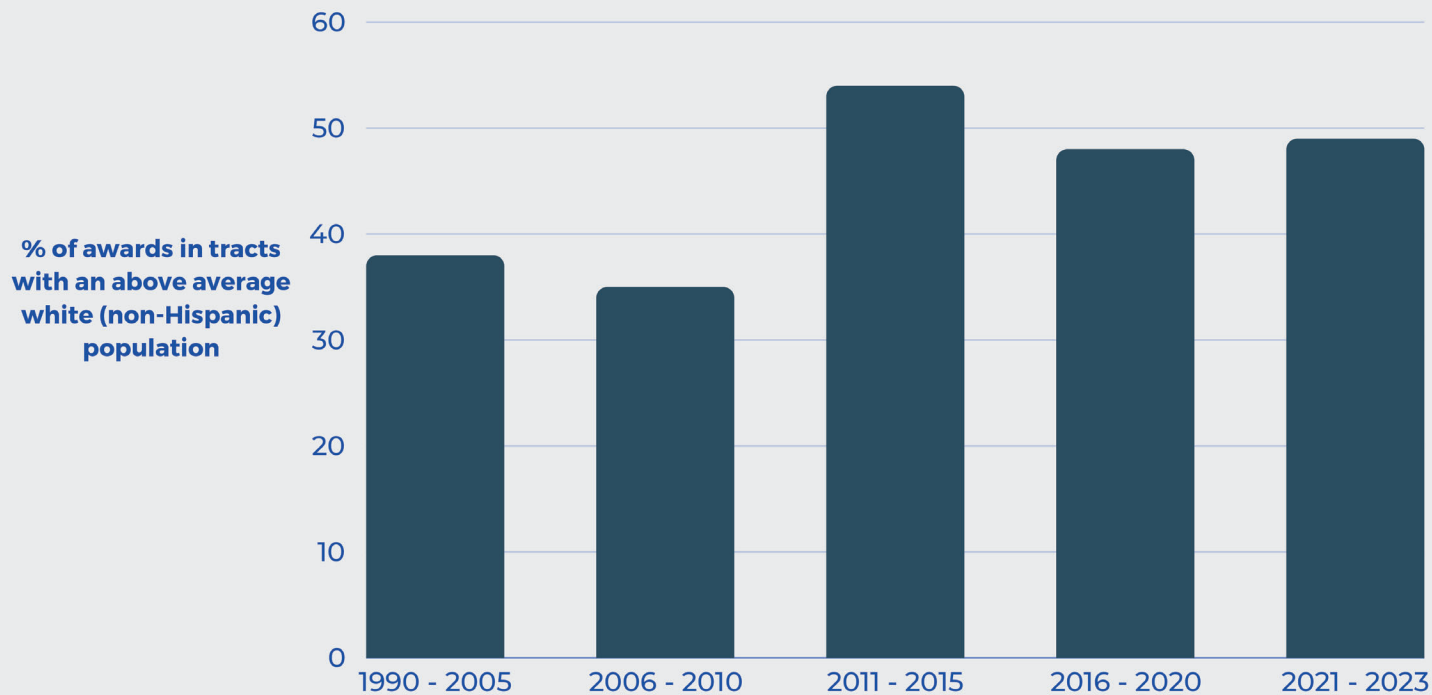


## There was an upward trend in 9% awards in low poverty tracts in the 2010s



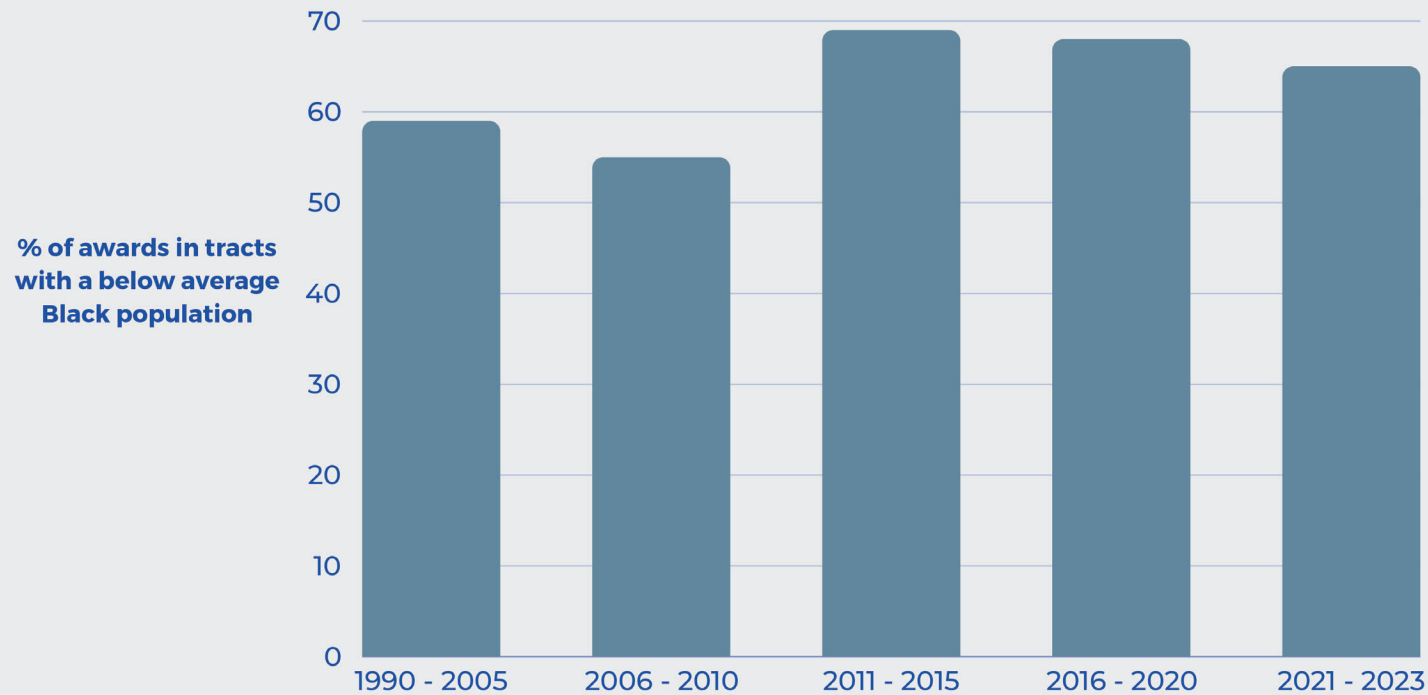
Source: TDHCA Draft 2025 Site Demographic Characteristics Report, Property Inventory as of August 30, 2024

## There were more 9% awards in tracts with an above average white population in recent years



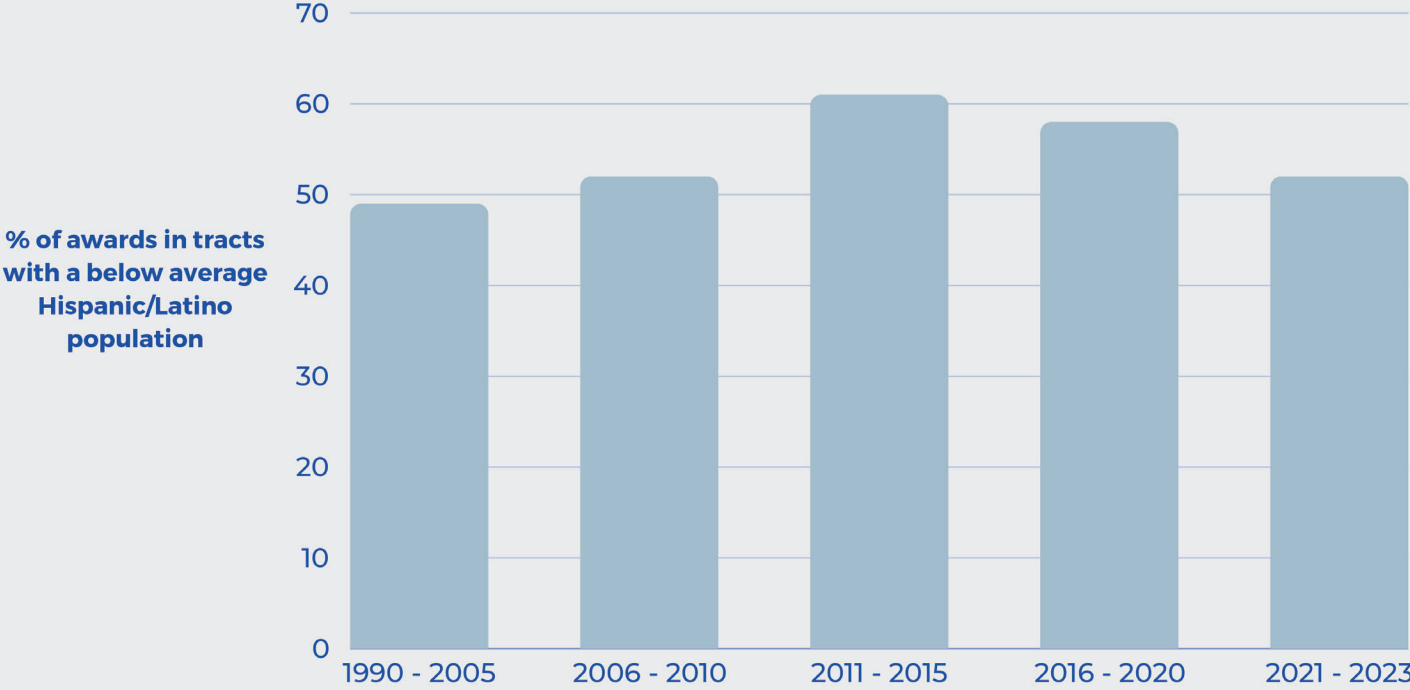
Source: TDHCA Draft 2025 Site Demographic Characteristics Report, Property Inventory as of August 30, 2024

## There were more 9% awards in tracts with a below average Black population in recent years



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

# There was a modest increase in awards in below average Hispanic/Latino population tracts in 2010s



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

# Large shares of the overall portfolio are still in high-poverty, majority non-white areas.

	All Units		Units Since 2017	
	Top Two Income Quartiles, Majority White Non-Hispanic	Bottom Income Quartile, Majority Non-white	Top Two Income Quartiles, Majority White, Non-Hispanic	Bottom Income Quartile, Majority Non-White
Houston	2.8%	59.6%	7.9%	47.2%
Austin	7.7%	43.1%	6.5%	35.1%
San Antonio	0%	56.4%	0%	45.0%
Dallas	2.6%	82.8%	2.9%	80.2%
Fort Worth	13.9%	59.9%	9.5%	61.4%

Source: TDHCA Property Inventory as of November 9, 2023; ACS 2017 - 2021 5 year estimates.

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# Impact of De-Concentration and Underserved Rules in Texas

Program successfully placed higher share of new properties in low-poverty tracts

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Disrupted prior pattern of awards trending to racially/ethnically segregated areas

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Successfully increased access for program clients to high opportunity areas

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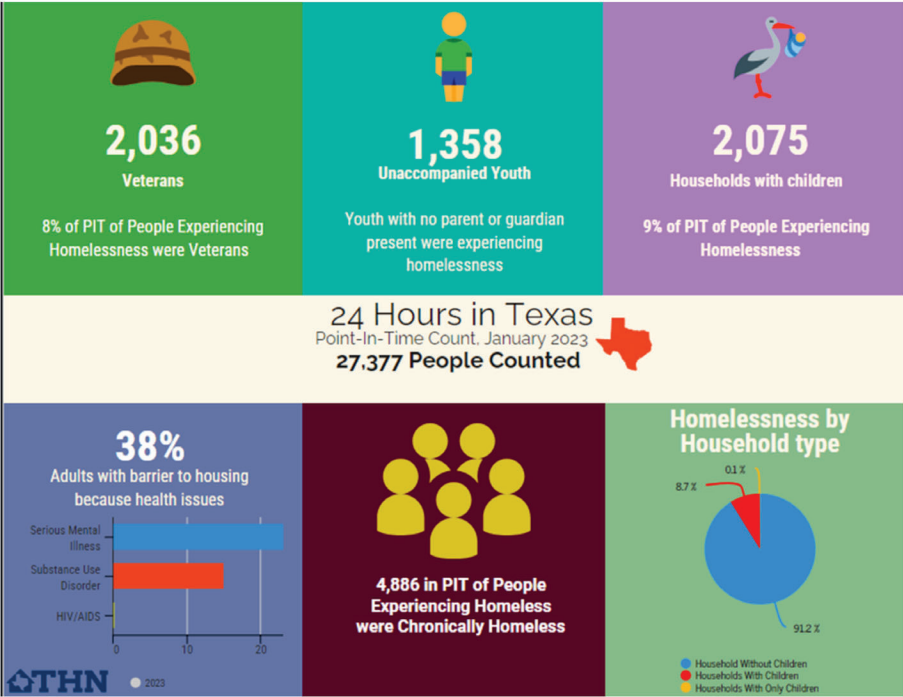
Positive trend already appears to be reversing in 2020s. Removing or altering location rules must be done with utmost care to ensure continuation of positive location outcomes.

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## Special Populations: People with Disabilities (PWD)

- Per the Texas Workforce Investment Council, 12% of the TX population has a disability: over 3.5 million people.
- Disability determination extends beyond the head of household to the spouse, children and extended family.
- PWD are often ELI because they receive government benefits, but some are also employed in low-wage jobs. PWD make up 18% of ELI households nationally.
- Discrimination is a primary barrier to stable housing for PWD:
  - general discrimination related to being low income, plus
  - discrimination related to simply having a disability (biggest problem with people experiencing mental illness)

# Special Populations: People Experiencing Homelessness (PEH)



Texas Homeless Network (2024). 2023 Point in Time Count Data. Available by request.



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## **Special Populations:** People Experiencing Homelessness (PEH)

- HTC program represents both diversion and prevention of homelessness:
  - Supportive housing is homelessness diversion - some tenants, including those exiting institutional-based settings, need paired services to be successful.
  - Eviction prevention program is homelessness prevention.
  - Provision of lowest-income housing is homelessness prevention.

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## Special Populations: Older Adults

Key Housing Issues for Older Adults:

- Independence: older adults want to live independently in their homes or remain in their communities as they age.
- Choice: older adults need housing choice that allows them to remain in their homes or find a safe and affordable home in their communities.
- Affordability: many older adults live on modest or fixed incomes and struggle to find and afford basic housing.

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## HTC and Special Populations

- These populations are particularly at risk of unaffordable and unstable housing.
- The HTC program plays outsized role in meeting the needs of these populations.
- Serving these populations requires understanding of nuanced needs including level of affordability, location, and amenities.
- Important to understand the needs of these special populations from advocates and individuals.



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## Recommendations

- If serious changes to the program rules are being proposed, the agency must commit to **broad stakeholder engagement** not limited to industry.
- Round tables and other discussions must **center on the impact to program clients/beneficiaries**. What is the highest and best public benefit we can get in return for this public subsidy?
- Due to the critical impact of the HTC program, we ask the Board and agency to commit to a vision for the program that balances more units, deepest possible affordability, good location, decent quality, and appropriate amenities as ongoing priorities.

# Engagement Issues

*Impact both QAP and general engagement.*

**1.**

Industry are most able to actively participate, but not the only stakeholder

**2.**

Participation among nonprofits, community groups, and program clients limited by:

- Location/geography and lack of ability to participate virtually
- Imbalance of expertise and challenges with the agency receiving non-expert feedback
- Time limitations

**3.**

Agency and Board engagement opportunities and culture heavily geared toward industry perspective and expertise. Challenging for many to participate.

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# Engagement Recommendations

- Engagement **facilitation** that balances industry perspective with other perspectives
- Lower the barrier to participation by expanding **virtual engagement** opportunities
- Offering **different ways to engage** in a single meeting (e.g., verbal, written, polling, etc., especially for virtual engagements)
- Improve agency **approach to receiving and absorbing non-expert engagement** and comments
- Regular **surveys of existing tenants** to better understand problems, concerns, and priorities, as recommended in Texas Analysis of Impediments
- **Proactive engagement with non-industry stakeholders**
- Create **materials meant to inform client and non-industry participants** (e.g., data that can help laypersons understand the goals that the program is operating under and how well it is achieving those goals)

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