

Issue Brief From THE FAMILY BUDGET ESTIMATOR Project

HOUSING



WHAT CHALLENGES DO LOW-INCOME FAMILIES FACE AFFORDING HOUSING IN TEXAS?

The U.S. Department of Housing and Urban Development (HUD) has determined that housing, including utilities, should represent no more than one-third of a family's gross income. However, the cost of housing has risen faster than the earnings of low-wage workers, making it difficult for low-income families to find affordable, safe housing. A full-time worker earning minimum wage could not afford the Fair Market Rent for a housing unit in any metropolitan area of the state without exceeding the one-third rule.

- *Low-income housing is scarce:* Although some low-income families own their homes, most live in rental housing. Affordable apartments are often scarce. In fact, five out of six low-income Texas families who qualify for government housing assistance do not receive it because of Texas' shortage of subsidized housing.¹
- *Low wages and unaffordable housing trap families in a vicious cycle:* Families who spend more than one-third of their earnings on housing may be unable to afford such work-related expenses as child care and transportation. They may also be forced to move frequently, preventing them from keeping the jobs that sustain their families.

WHAT PROGRAMS ARE AVAILABLE TO HELP FAMILIES SECURE AFFORDABLE, SAFE, AND STABLE HOUSING?

- *Housing Vouchers:* Federal housing vouchers help low-income families afford private housing.
- *Housing Trust Fund:* This state fund helps public and private entities develop affordable housing for low-income families. Since 1993, it has financed more than 2,600 housing units.
- *Low-Income Housing Tax Credit Program:* The top producer of subsidized housing in Texas, this federal program awards tax credits to developers who offer below-market rents to families earning less than 60% of the median family income in their area.
- *Bootstrap Program:* This home construction program provides very low-income families an opportunity to achieve homeownership through "sweat" equity. Participants contribute at least 60% of the labor necessary to construct or rehabilitate their home; in return, families receive up to \$30,000 in a 0% interest mortgage.
- *The Texas First Time Homebuyer Program:* Offers below-market interest rates on mortgages for eligible first-time homebuyers or those who have not owned a home in the past three years.

¹ Texas Low-Income Housing Information Service (www.texashousing.org).

WHAT CAN TEXAS DO TO ADDRESS THE AFFORDABLE HOUSING CRISIS?

- **Increase funding for housing subsidies:** The number of housing vouchers available in Texas has been reduced by more than 5,000 over the past two years, leaving many families on the waiting list for years. Greater investment in the Texas Housing Trust Fund and increased funding for such programs as the Section 8 voucher program would help more families secure affordable and safe housing.
- **Increase the State Housing Trust Fund:** This program is the state's sole contribution to affordable housing, yet it is currently funded at less than \$6 million per year. Funding should be increased to at least \$50 million a year so that the program can assist more families.

HOUSING PROGRAMS AND RESOURCES

First Time Homebuyer Mortgage Qualifier: Online calculator determines eligibility for the first time homebuyer program and estimates monthly payments based on home prices and interest rates.

<http://www.tdhca.state.tx.us/homeownership/ftfb/prequalify.htm>

HOME Program: Provides grants and loans to help local governments, nonprofit agencies, private entities, and public housing agencies provide safe, affordable housing to low-income families. <http://www.tdhca.state.tx.us/home-division/index.htm>

Housing Resource Clearinghouse: Helps families find local organizations that provide financial assistance for buying a home, paying rent, or repairing a home. <http://hrc-ic.tdhca.state.tx.us/hrc/index.jsp>

Housing Trust Fund: <http://www.nlihc.org/oor/oor2006?CFID=11458546&CFTOKEN=90301850>

Income and Rent Limits: Provides eligibility guidelines and maximum rents for programs administered by the Texas Department of Housing & Community Affairs. <http://www.tdhca.state.tx.us/pmcomp/irl.htm>

Property Inventory: Helps people locate affordable rental units in their area.

<http://hrc-ic.tdhca.state.tx.us/hrc/VacancyClearinghouseSearch.m>

Rental Assistance: Provides vouchers to assist with rental payments, rental properties, and/or assistance with security deposits.

http://www.tdhca.state.tx.us/assist_rental.htm

Texas Department of Housing & Community Affairs Homebuyer Assistance: Offers low interest mortgage loans and/or down payment assistance. http://www.tdhca.state.tx.us/assist_homebuying.htm

Texas First Time Homebuyer Program: <http://www.tdhca.state.tx.us/homeownership/ftfb/index.htm>

Texas Loan Star Program: Designed to help borrowers overcome the two primary barriers to homeownership: lack of funds for a down payment and qualifying income. <http://www.tdhca.state.tx.us/homeownership/loan-star/index.htm>

U.S. Department of Housing and Urban Development Homeownership Resources: Resources for buying, maintaining and keeping a home. <http://www.hud.gov/local/index.cfm?state=tx&topic=homeownership>

Utility Bill Help: Connects families who need help paying their utility bills to a variety of local organizations that provide assistance. http://www.tdhca.state.tx.us/assist_energy.htm