EVERY TEXAN

Testimony to Senate Local Government Committee on Housing Affordability

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Sept. 2, 2026 | halbrook@everytexan.org

For 40 years, Every Texan has advocated for expanding equity and opportunity for all Texans. Millions of homeowners and renters in Texas share major housing affordability concerns, with 84% of Texans saying they are either very concerned or somewhat concerned about the cost of housing.[1] Over half of Texas renters are housing-cost-burdened, paying more than 30% of their income in rent.[2]

All Texans deserve affordable housing, not only current property owners. In today's Texas, homeowners, renters, and aspiring homeowners are all struggling, but focusing on affordability for current property owners misses the 38% of Texas households who rent, and it ignores the fact that today's renters, with the right help, can be tomorrow's homeowners. Texans know that. According to the Texas Affiliation of Affordable Housing Providers (TAAHP), 69% of Texans support expanding tools to encourage the development of affordable housing.[3]

Preemption is not the solution to housing affordability.

As a general rule, Every Texan rejects state preemption of local government authority. Local elected officials should have broad authority to do the will of the people as expressed by communities. Every Texan did not support the recent bills attempting to force deregulation of local land-use codes:

- SB 15: Reducing minimum lot sizes
- SB 840: Mixed-use development
- SB 2477: Conversion of commercial property to residential
- SB 2038 (88(R)): Elections to release an area from municipal extraterritorial jursidiction

Our reasoning was that **housing is, first and foremost, a local issue**. Supply is important, but so are quality standards, affordable housing incentives, and other local matters. Rather than dictating solutions to problems, the state should instead work cooperatively with cities on best practices. Nevertheless, those bills passed.

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1 https://texaspolitics.utexas.edu/set/concern-about-the-cost-of-housing-august-2026
2 https://texashousers.org/2026/04/30/renter-cost-burden-record-highs-americas-rental-housing-2026-report-harvard/
3 https://taahp.org/build-texas-report-survey-shows-majority-of-texans-say-housing-costs-are-getting-worse-want-action-from-lawmakers-to-address-affordability/

Simultaneously, the City of Austin has been steadily working to deregulate its land-use code and encourage the construction of more multifamily housing. And it has paid off, with 120,000 new units added from 2015 to 2024. Austin rents have fallen 4% from 2021 to 2025, even as rents increased by 6% statewide and by 10% nationally.[4] We may finally be seeing some evidence of what supply-side advocates have said for a long time – building more housing supply just might lower rents.

All this was set into motion long before housing preemption bills passed in 2025. Now, Austin's success may inspire other cities to follow suit – whether the Legislature continues to force the issue via preemption or not.

Now that the Legislature has chosen to deregulate housing from the state level, it must assume some ownership of those policies and look for ill impacts of preemptive deregulation. Who benefits, who doesn't benefit, and what unintended consequences might or certainly will occur? Housing advocates have pointed out the pitfalls of simply relying on deregulation to fix the housing affordability problem, and they've warned what policymakers and local communities need to watch out for.[5]

Experts stress that deregulation can help deliver affordable housing for families at 80% of area median income (AMI). But even in Austin and Houston, where the lack of zoning has tended to keep housing more affordable, the number of units available to lower-income families – 50% of AMI or less – still falls short. Although rents in Austin have come down, they remain too high for many families. In short, deregulation is not the only tool we should use.[6]

Other, more immediate measures are also needed.

Whether it comes from city officials or is directed by the state, deregulation of local land-use codes will not solve the housing crisis for everyone, and it will certainly not do so immediately. Markets take time to work. We also need shorter-term, stopgap measures for more affordable housing now. A 2024 Texas comptroller report on housing affordability suggested the state provide "more funding for low- to moderate-income housing programs or incentives to increase the supply of housing at the price range where it is most needed."[7]

The Legislature should invest more state dollars into low-income housing assistance. Most funding for housing assistance comes from the federal government and passes through the

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[4] https://www.pew.org/en/research-and-analysis/articles/2026/03/18/austins-surge-of-new-housing-construction-drove-down-rents
[5] https://texashousers.org/2024/10/08/land-use-deregulation-report/
[6] https://www.urban.org/urban-wire/no-single-policy-will-increase-housing-affordability-we-need-comprehensive-strategy
[7] https://comptroller.texas.gov/about/media-center/news/20240827-texas-comptroller-glenn-hegar-releases-study-on-states-housing-affordability-challenge-1724699586337

Texas Department of Housing and Community Affairs (TDHCA), but the Legislature could choose to invest more state funds into affordable housing programs.

Housing Trust Fund

According to TDHCA, the Texas Housing Trust Fund, established in 1991, is the only authorized source of state funding for housing affordability programs. It was provided funding just over $10 million in the 2026-27 budget and is currently only used to fund two programs – the Bootstrap Loan Program and the Amy Young Barrier Removal Program for disabled homeowners.[8] Both programs are for homeowners. According to Texas Housers, the fund assisted only 126 single-family households in fiscal year 2025.

Texas, however, could put some more of its own dollars into the state housing trust fund. With the general stability of federal funding in doubt, this would help stabilize the fund. Furthermore, the state could direct those funds to be used for a much broader set of purposes, such as down-payment assistance, one-time emergency rental assistance, or utility assistance.

Low Income Housing Tax Credit

In 2024, Gov. Abbott signed into law the creation of a state Low Income Housing Tax Credit (LIHTC) to correspond to the federal version.[9] The state LIHTC has an annual cap of $25 million and, similar to the federal tax credit, it is split between 9% and 4% tax credits. Housing advocates have several recommendations to improve the complex state LIHTC program including, but not limited to:

1) Increase the incentives for building deeply affordable units or for construction in high-opportunity areas.[10]
2) The state could set up a similar tax credit program for developers without necessarily linking it to the federal program rules in the same way, providing more flexibility

Insurance

Much of the conversation on housing costs for homeowners revolves around property taxes, but dramatic increases in insurance rates are worth considering too. According to a report from Rice University's Kinder Institute for Urban Research, insurance premiums for Texas homeowners rose from 2.9% of median household income in 2009 to 4.6% in 2024. The average annual insurance premium that year was almost $3,000.[11]

Options for policymakers include giving the Texas Department of Insurance greater authority to regulate rates or to investigate big rate increases. For a more market-based approach, we would

[8] https://www.tdhca.texas.gov/htf-funding-sources-and-background
[9] https://www.novoco.com/news/texas-governor-signs-bill-creating-state-lihtc-25-million-annual-cap
[10] https://texashousers.org/2025/04/24/texas-housers-2025-qap-report/
[11] https://kinder.rice.edu/urbanedge/homeowners-insurance-premiums-continue-spike-these-texans-pay-biggest-price

be likely to support a program offering grants to homeowners to strengthen and fortify their roofs, protecting their property from disasters, and bringing down insurance costs. Alabama has implemented such a program. Strengthen Alabama Homes provides grants of up to $10,000 for homeowners to fortify their roofs and requires insurance companies to lower rates accordingly. Governor Abbott has proposed spending $400 million to create a similar program in Texas.

Property ownership and housing affordability

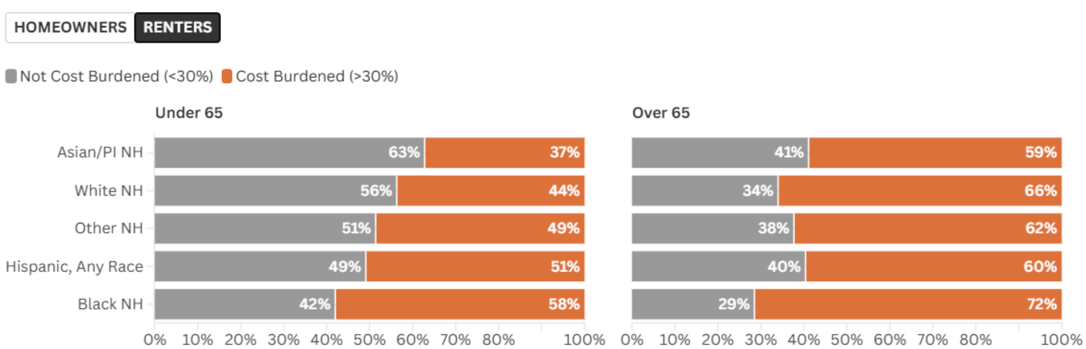
There are many ways to encourage housing affordability. If property ownership is one way to do it, then let's try to make it possible for more Texans to afford homes. Younger homeowners and renters are the most housing-cost-burdened. Policymakers could offer specific help to them via tax credits or rebates to first-time buyers. Meanwhile, the portion of Texans who will likely continue to rent should not be forgotten.

To get more people on the property ownership ladder, the solution isn't more tax breaks for established homeowners, year after year. It is looking for ways to help younger Texans and renters who would someday like to own a home of their own.

Housing Cost Burden Rates by Age, Race, and Tenure

Older, White Non-Hispanic (NH), Texas Homeowners are Less Likely to be Housing Cost Burdened

Toggle below to view Homeowners vs. Renters



Source: Every Texan Analysis of 2023 1-Year American Community Survey Public Use Microdata Sample •

Households are defined as "housing cost burdened" when they spend more than 30% of their monthly income on housing costs.

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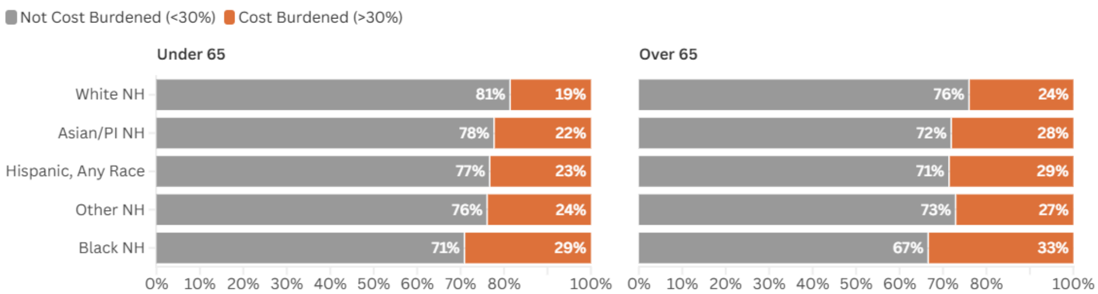

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Editor's Notes:

Every Texan works in an ecosystem of evolving policy work. As conditions and factors change, research and analysis may be updated and republished to respond appropriately.

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