

REVOLVING LOAN FUND PROGRAM FOR AFFORDABLE HOMEOWNERSHIP (SB208)

SPONSORS: SEN. ROYCE WEST, SEN. PETER FLORES, SEN. BORRIS MILES
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Texas is 306,000 homes short of demand, the state population growth is outpacing housing construction, deteriorating housing affordability, and skyrocketing home prices and interest rates are forcing Texas families to make impossible choices between home and basic needs. Texans need a proven solution to expand affordable homeownership and tackle existing barriers to home.

Based on proven models in Minnesota and Florida, a one-time appropriation of \$50 million in state funding will create an evergreen revolving fund to finance capital activities for the creation of larger scale, affordable homeownership opportunities, and skilled construction training.

1. Funding Affordable Homeownership Development

- Allows nonprofit homebuilders the capital needed to plan for long-term growth by acquiring land, building infrastructure, and mitigating flooding. Typically, financial institutions are unwilling to finance these projects below market rates.
- Funds will be safely administered by the Texas Department of Housing and Community Affairs (TDHCA) with a proven track record of serving the target population of households earning between 30% and 80% of the area median income (AMI).
- The loan fund will be combined with private donations to return \$3 for every dollar used in local economies.

2. Developing a Skilled Construction Workforce

- A critical shortage of skilled construction labor affects affordability at all income levels. The fund will use nonprofit homebuilders as apprentice grounds to train future builders in Texas using the Home Builders Institute (HBI) curriculum—the only TEA-approved residential construction curriculum.

Housing Trust Fund

- Limited support for increasing housing supply
- One-Time Grants and Loans **dependent on limited renewal capacity**
- Little flexibility for affordable housing organizations
- Limited scalability or strategic focus
- Proven to be **LESS** successful than Revolving Loan Funds
- Vulnerable to funding cuts and interruptions



Revolving Loan Fund

- Designed to **Increasing** Housing supply
- Evergreen, self-sustaining fund for the long-term
- Reduces risk and enables planning for housing organizations
- Targeted approach with scalability
- Proven to be **MORE** successful with real-life data
- Protected from funding and appropriation cuts

Key Benefits

- Expands affordable homeownership opportunities, stabilizing local economies.
- Increases efficiency for nonprofits to develop larger home projects.
- Reduces reliance on state services by fostering family economic independence.
- Creates pathways to stable, dignified homeownership for families earning 30–80% of AMI.

Accountability

- TDHCA will oversee loan disbursement, compliance, and annual reporting.
- Independent audits will verify fund use and safeguard taxpayer investments.