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To: Legislative Budget Board

Re: TDHCA

From: Cyrus Reed, Legislative and Conservation Chair, Lone Star Chapter of the Sierra Club, cyrus.reed@sierraclub.org, 512-888-9411.

September 1, 2026

The Sierra Club supports the base budget request for the TDHCA, the Texas Department of Housing and Community Affairs. TDHCA is not asking for any exceptional item requests, though we would support restoration of the 3 percent cut to the extent it is needed. TDHCA is also requesting some capital budget items mainly related to information collection and outreach which we support. TDHCA is a very important agency for the state taking monies from the Department of Energy through both the Weatherization Assistance Program and LIHEAP (Low-Income Heating and Energy Assistance Program) and bringing it to the public, running low-income housing programs such as the Section 8, and federally funded tax incentives for affordable housing, and multiple housing projects. With housing affordability and utility (gas and electric) costs rising so much over the last five years, TDHCA's programs are more important than ever. Recently, TEPRI, the Texas Energy Poverty Research Institute, found that within the competitive energy market has risen some 30 percent over the last five years, with a similar increase expected over the next five years. This makes the work of the agency vitally important for hundreds of thousands of low and moderate-income households in Texas. While the Weatherization Assistance Program helps weatherize some 2000 to 2500 homes or apartments per year, utility payment assistance reaches some 150,000 Texas households per year making these programs of vital importance. It is worth noting however that LIHEAP and WAP funds only reach a fraction of the people in need - one recent study by the National Energy and Utility Affordability Coalition found that only 3% of households in Texas who might be eligible for funding utility payment assistance receive it on a yearly basis.

That same coalition noted that Texas has more disconnections of electric service due to non-payment than any other state. For example, in 2024, Texas ranked #1 for the number of disconnections and #2 for the percent of customers whose electricity was disconnected. Source: [U.S. Energy Information Administration 2024 Residential Utility Disconnections Report]

In the past few years, more federal funding has come to Texas through both the IIJA and IRA, and through COVID-relief funds, though those funds are now dwindling, meaning there is less federal funding expected for FY 2028 and FY 2029 as reflected in the budget being discussed in today's hearing. Despite less federal funding made available, it is important to note that "normal" WAP funds of $10 million are still being received under the new Administration, along with some $175 million per year of LIHEAP funds (known in Texas as CEAP). There still appears to be some additional COVID and IIJA monies remaining that can also be taken advantage of in FY 2028 and FY 2029. Because Texas has no state utility assistance funding program since elimination of the System Benefit Fund more than a decade ago, these dollars are vitally important to both urban and rural Texas.

Sierra Club Believes that TDHCA Should be Subject to a Reporting Requirement on Weatherization Efforts

While Sierra Club is a strong supporter of TDHCA and frequently participates in rulemaking and public meetings, we were not supportive of the removal last session of an annual report on Weatherization Efforts, "due to redundancy of the report and outdated required calculations."

The rider language might need some refreshing given that circumstances have changed but the fact remains that TDHCA has received substantially funding the last few years from the Biden Administration through the IIJA, IRA and COVID-relief funds and reporting on how this money was used and how many homes were weatherized either through WAP or LIHEAP/CEAP is important.

A link to the last report from TDHCA in 2025 can be found here: https://www.tdhca.texas.gov/sites/default/files/community-affairs/wap/docs/25-Rider14Report.pdf.

We believe it provides valuable information about the weatherization programs, how much energy they save, and other utility programs that are often tailored to expand the work of the federal funding. The information can also be useful to state agencies that work on reporting to the EPA about efforts to reduce energy and emissions. In fact, last session, the legislature created the Texas Energy Waste Advisory Committee, through actions by Chairman Ken King and former Senator Kelly Hancock. The Texas Energy Waste Advisory Committee is a state body created by House Bill 5323 (effective September 1, 2025) to coordinate programs that reduce energy waste, boost energy efficiency, and strengthen grid reliability in the ERCOT power region TDHCA is a member of the committee and part of the rationale of that committee is to identify and assess the efficiency of energy savings programs. An annual report prepared by TDHCA would be useful to the work of this committee. The Sierra Club is happy to suggest alternative language to ease the reporting requirement but believes the overall information is valuable and should be reestablished.

Here is the language of the previous rider which was removed last legislative session:

Rider 14. "Reporting on Weatherization Efforts. As part of its efforts to help low-income Texans eligible for weatherization to conserve energy and lower bills, Texas Department of Housing and Community Affairs (TDHCA) shall use funds appropriated above to coordinate with investor-owned utilities, from which TDHCA receives funds, and that offer energy efficiency programs for Texans meeting low-income eligibility criteria to make sure the monies available for low-income energy efficiency programs spent both through the agency and through utility programs are effectively and adequately spent. The TDHCA shall use funds appropriated above to produce an annual report with information about the number of low-income household benefiting from energy efficiency monies through state, federal and utility-funded programs, the total amount of federal, utility and state funds expended on the programs, the average amount spent per unit weatherized in each program, as well as the peak electricity demand reduction, the amount overall electric energy saved, the amount of money saved and the number of job and job years created. A copy of the annual report shall be delivered to the Lieutenant Governor, Speaker and Governor, as well as made available on TDHCA's website by March 15th of 2024 and March 15th of 2025."

The Sierra Club looks forward to working with the TDHCA and the committee to assure TDHCA has adequate funding to help Texans with their housing, community and electric and energy needs. We are happy to work with all parties to reestablish annual reporting requirements on the results of TDHCA's efforts to weatherize homes and apartments.