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Serving the Greater Houston Area

Houston Buyer Assistance & Down Payment Help: Which Money Never Comes Back, and Which Is Only Deferred

Sort the four kinds of money first, then match yourself to a program

When the down payment comes up short, several official Texas and Houston programs can cover part of it: the state-level TDHCA, TSAHC and SETH programs run year-round, while the city and county programs are larger but open and close with funding. This guide first sorts out the four structures assistance can take, then walks through the programs that are open, the ones that are paused, and finally the step-by-step order for actually using one. Program statuses checked October 31, 2026; each program's official page governs.

Section 1: Four Kinds of Money — Assistance Does Not Always Mean Free

Structure First, Amount Second

Everything is called "assistance," but the money behaves very differently. Some of it never has to be repaid; some is forgiven only after you live in the home for a set number of years; some merely postpones repayment until the day you sell; and one kind is not cash at all, but a tax credit taken year after year. Sort these four out first, and for every program below you will know what to ask and what to count.

1. True grants: given once, never repaid

A **true grant** is funded once, at closing, and never has to be repaid; it leaves no lien on the home. It is also the scarcest structure: in this guide, only TSAHC's two programs (Home Sweet Texas and Homes for Texas Heroes) offer it.

2. Forgivable loans: live out the term, and the balance is wiped away

A **forgivable loan** is, on paper, a second-lien loan. Keep living in the home as your residence, do not sell and do not refinance during the forgiveness period, and at the end of it the whole balance is forgiven. Periods are commonly 3 years at the state level, and 5 or 10 years in the city and county programs. Sell, refinance or move out inside the period, and the unforgiven part must be repaid — the structure rewards staying put.

3. Deferred loans: no interest, no monthly payment — but due one day

A **deferred loan** charges no interest and no monthly payment, the easiest structure to hold — but the principal never goes away: it comes due, all at once, when you sell, refinance, or at the 30-year maturity. It is not forgiveness; it is postponement, and on sale day the amount comes out of your proceeds first.

4. The MCC tax credit: not cash, but a tax offset every year

A **Mortgage Credit Certificate (MCC)** pays out no money. Instead, 15% of the mortgage interest you pay each year becomes a direct credit against your federal income tax, year after year, as long as you have enough tax liability to absorb it. It works differently from the first three: they fill the cash gap at closing; an MCC lightens the tax load of holding the loan.

Section 2: Open Now — Five State-Level Channels

Per Each Program's Current Official Terms

1. TDHCA My First Texas Home

The Texas Department of Housing and Community Affairs' flagship first-buyer program. Assistance runs 2%–5% of the loan amount, delivered as a 0% second lien in one of two structures — deferred for 3 years and then forgiven if you stay, or deferred for 30 years and repaid at the end — whichever the official Rate Notice offers on the day you apply. First-time buyers only (no home owned in the past 3 years; veterans and target-area purchases have exemptions); the first loan must be FHA, VA or USDA; minimum credit score 620. Income and purchase-price limits are set by county and household size and published annually — this guide deliberately does not print figures that expire; check the current table on TDHCA's site, welcomehome.tdhca.texas.gov. A homebuyer education course is required before closing. One easily missed point: this program can involve the federal recapture tax — generally only triggered by selling within a set number of years while both income and price gains clear their thresholds; have a CPA check your own case.

2. TDHCA My Choice Texas Home: no first-time requirement

Also from TDHCA, with the same 2%–5% assistance and the same two structures, but four key differences: no first-time-buyer requirement — first purchases and repeat purchases both qualify; conventional loans are allowed; income limits apply but there is no purchase-price limit; and you must move in as your residence within 60 days of closing. One more point that favors long holds: it is not subject to the recapture tax. If you have owned before and are buying again, start here.

3. TSAHC Home Sweet Texas: the one with a true-grant option

From the Texas State Affordable Housing Corporation (TSAHC): assistance up to 5% of the loan amount, in one of two structures — a true grant that is never repaid, or a 3-year forgivable second lien (sell, refinance or move out inside the 3 years and the forgiveness is lost). It serves low- to moderate-income households; income limits are set by county and household size — see the current table at tsahc.org. Minimum credit scores: 620 for government loans, 640 for conventional.

4. TSAHC Homes for Texas Heroes: specific professions

The same up-to-5% assistance and the same two structures as Home Sweet Texas, restricted to specific professions: public school teachers, teacher aides, librarians, school nurses and school counselors; allied-health and nursing faculty; paid firefighters; EMS personnel; peace officers and public safety officers; correctional officers, juvenile correctional officers and county jailers; and veterans and active-duty military. If your profession is on this list, look here first.

5. SETH 5 Star Texas Advantage: statewide, minus three cities

From the Southeast Texas Housing Finance Corporation (SETH): a second loan of up to 5% of the final loan amount, in one of two structures — forgiven after 3 years, or deferred (no monthly payment, no interest accruing, due at sale, refinance or the 30-year maturity). The first loan is a 30-year fixed, FHA, VA, USDA or conventional. The program states plainly that there is no first-time homebuyer requirement, and combining it with SETH's MCC adds a \$3,500 grant. It works statewide except for properties inside the city limits of El Paso, Grand Prairie and McKinney. Details at sethfc.com.

6. The MCC tax credit: its own subsection, because it is the most misunderstood

Both TDHCA and TSAHC issue MCCs: 15% of the mortgage interest you pay each year converts into a federal income tax credit, usable year after year as long as you have enough tax liability. TDHCA's MCC carries a \$400 issuance fee, waived for military borrowers; it can be taken on its own or combined with My First Texas Home, and it is itself a first-time-buyer program (with exemptions such as veterans).

TSAHC's MCC has one hard rule: at present it can only be taken together with a TSAHC loan program, and it must be applied for before closing. Once the closing is done, there is no way to add it — if you want an MCC, say so at pre-approval (step 6 of Section 4 repeats this on purpose).

Section 3: Paused / Not Accepting — Check the Status Before You Go

Reopening Follows Official Announcements

The two programs below advertise larger amounts than the state programs, but neither is accepting new applications right now. They are written up here so you do not make a wasted trip on outdated information; when either reopens, the official announcement governs. Statuses checked October 31, 2026.

1. City of Houston HAP: the cap is now \$75,000 — and the funds are exhausted

The city housing department's Homebuyer Assistance Program (HAP), its cap raised to \$75,000 in 2026. The conditions, in brief: household income below 80% of area median income (AMI); first-time buyer; owner-occupied; the home inside Houston city jurisdiction, paying city taxes, and not tenant-occupied; single-family; a 30-year fixed-rate mortgage; a lender pre-approval letter dated within 120 days; an 8-hour homebuyer education certificate from a HUD-approved agency; at least \$350 of the buyer's own money in; and liquid assets below \$50,000. **Current status:** the city's official page announces that program funds are exhausted and that new applications are no longer being accepted or processed; applicants who already hold a pre-approval continue within their existing timeline, with no extensions, and going forward pre-approval letters are valid for 3 months. Reopening follows the city's announcement (houstontx.gov/housing).

2. Harris County DAP: a \$40,000 headline over a \$27,100 base — and the general channel is full

The county housing department's Down Payment Assistance Program (DAP). Read the structure first: of the \$40,000 headline maximum, the base amount actually available for down payment, prepaid items and closing costs is \$27,100; the rest is capped incentive items — a home warranty up to \$1,800 (3 years), flood insurance \$3,000 (1 year), homeowner's insurance including wind and hail up to \$5,700 (1 year), an elevation certificate up to \$500, HOA coverage up to \$1,500, and a county title policy of \$125–\$400. The assistance is a silent second mortgage, forgiven after an affordability period: 5 years under \$25,000, and 10 years from \$25,000 to \$40,000. Other conditions: first-time buyer (no home owned in the 3 years before applying); credit score 580 or above; housing ratio at or below 39% and total debt ratio at or below 42%; at least \$1,000 of your own money in; liquid assets no more than \$30,000; the home in an unincorporated county service area and in a qualified census tract, and not in a flood hazard area; purchase price capped at \$285,000 for an existing home and \$296,000 for new construction; and a HUD-approved homebuyer education course. **Current status:** the general channel has reached maximum capacity and is closed; at present only applicants affected by Hurricane Beryl / the Derecho are being accepted (hcd.harriscountytexas.gov; county line 832-927-4955).

3. Harvey Homebuyer Assistance 2.0 (HbAP 2.0): only for those Harvey touched

On the same city housing page: up to \$125,000 as a no-interest forgivable loan secured by a lien, with forgiveness tiered by award amount. Eligibility is very narrow: you must be able to show that you lived within Houston city limits on August 25, 2017, or lost a home to Hurricane Harvey; you must also be a first-time buyer with household income at or below 120% of AMI. Without that history, do not spend time on this program; whether new applications are currently being taken should be confirmed with the city.

1. Match yourself first: first-time status, profession, income band

Locate yourself with three questions: have you owned a home in the past 3 years (this decides the first-time-buyer programs); is your profession on the Texas Heroes list; and roughly which income band is your household in. Compare against Section 2 and circle the candidate programs. For income limits, always use the official current-year table for your county and household size — figures circulating online from prior years should not be applied to yourself.

2. Take the class early: the certificate must exist before closing

Most programs require a completed homebuyer education course and certificate before closing (from a HUD-approved provider; the city HAP program requires 8 hours). Certificates carry a validity window: too early and it can expire, too late and it can miss the closing. The steady rhythm is to finish the course before serious house hunting starts.

3. Find the right lender: assistance only rides with the first loan

There is no government window where you claim this money yourself: it must be applied for through a program-certified participating lender, packaged with your first mortgage. So when choosing a lender, ask first: do you actually do this program, and how often? Owen is a licensed loan broker (Loan Factory, NMLS #2541101) and can help check eligibility, match the program and coordinate the filing — lay out your income, profession and target area first, then choose the channel.

4. Lock it in at pre-approval: tiers and structures follow the day's official notice

The assistance percentage and the structures on offer follow the official Rate Notice on the day of application — it updates daily. The right move is to confirm, during pre-approval, which program and which structure (grant / forgivable / deferred) you are using, and to get it in writing. Ask after you have found a house, and there is usually no time left to switch channels.

5. Watch the boundaries while house hunting: verify the home qualifies before you offer

Some programs carry purchase-price caps (TDHCA's first-buyer program, the county DAP), and some limit geography or census tracts (the county DAP most sharply). When a home catches your eye, confirm it sits inside the program's eligible area first, then sign and offer — not the other way around.

6. MCC, once more: apply before closing; there is no after

If you want an MCC, apply for it and have it issued before closing. The moment closing completes, the application window shuts, with no make-up route. This was stated in Section 2's MCC subsection; it appears again here because it is the step most easily postponed past its deadline.

7. After closing: think through moves inside the term before you make them

Assistance normally carries occupancy and term requirements: selling, refinancing or moving out inside a forgiveness period can trigger repayment of the unforgiven part, and deferred structures come due at sale, refinance or the 30-year mark. If a move or a refinance is likely within a few years, fold that into the structure choice back at step 4.

If this is sitting inside your transaction right now, ask me — free consultation: (347) 774-5396 | owenrealestatetx.com

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This guide is general information only and is not a loan commitment or a guarantee of eligibility. Amounts, income limits and price caps follow each program's official terms on the day of application. Program statuses and figures were checked on October 31, 2026, against the official pages of TDHCA, TSAHC, SETH, the City of Houston and Harris County.

Feel free to share this guide with friends who may find it helpful.