



City of Austin

Recommendation for Action

File #: 25-2343, **Agenda Item #:** 63.

11/20/2025

Posting Language

Conduct a public hearing and consider an ordinance amending Ordinance No. 20151217-099 to extend the term of Homestead Preservation Reinvestment Zone No. 1 by 10 years and increase the City's tax increment amount to be deposited into the tax increment fund for development, construction, and preservation of affordable housing, adopting a preliminary financing plan supplement for the extension term, and amending Ordinance No. 20190411-006 to appoint the Mayor as chairman of the board of directors of the zone and clarify the chairman's term. Funding: increasing the reinvestment zone increment from 20% to 40% directs a larger share of captured property-tax revenue to the zone fund. The City's voter-approval rate will increase slightly to generate the same amount of property tax revenue for operations and maintenance and for debt service. The typical homeowner impact would be marginal, while the change provides additional resources for affordable housing.

Lead Department

Austin Housing

Fiscal Note

Increasing the reinvestment zone increment from 20% to 40% directs a larger share of captured property-tax revenue to the zone fund. The City's voter-approval rate will increase slightly to generate the same amount of property tax revenue for operations and maintenance and for debt service. The typical homeowner impact would be marginal, while the change provides additional resources for affordable housing.

Prior Council Action:

September 11, 2025 - Council approved Resolution No. 20250911-046 directing the City Manager to bring an ordinance to Council for consideration to extend the term of Homestead Preservation Reinvestment Zone No. 1 (HPRZ No. 1) an additional ten years and increase the portion of the tax increment from HPRZ No. 1 to fund affordable housing from 20 percent to 40 percent.

April 11, 2019 - Council approved Ordinance No. 20190411-006 approving the final project and financing plan for HPRZ No. 1.

March 28, 2019 - Council approved Ordinance No. 20190328-010 creating a board of directors for HPRZ No. 1 and designating its members and chair.

March 7, 2019 - Council approved Ordinance No. 20190307-042 approving the final project and financing plan for HPRZ No. 1, adopting the 20% ad valorem tax increment set-aside for affordable housing in Districts 1, 3, and 9.

January 31, 2019 - Council approved Resolution No. 20190131-045 directing the City Manager to bring an ordinance increasing the tax increment for HPRZ No. 1 from 10% to 20%.

December 17, 2015 - Council approved Ordinance No. 20151217-099 establishing HPRZ No. 1 with a 10% tax increment from City ad valorem taxes in the zone dedicated to affordable housing.

January 11, 2007 - Council approved Ordinance No. 20070111-053 establishing Homestead Preservation District A, the City's first such district under Chapter 373A of the Texas Local Government Code.

For More Information:

Deletta Dean, Director, Austin Housing, (512) 978-1410

Additional Backup Information:

This ordinance would amend the City's existing Homestead Preservation Reinvestment Zone No. 1 by extending its duration by an additional 10 years and increasing the City's tax increment contribution from 20% to 40%. These changes are intended to strengthen long-term funding for affordable housing strategies within the boundaries of Homestead Preservation District A.

Created under Chapter 373A of the Texas Local Government Code, HPRZ No. 1 allows the City to capture and reinvest a portion of the tax increment in support of housing affordability and displacement prevention efforts.