Exhibit B

Homestead Preservation Reinvestment Zone No. 1

Preliminary Amendment to the Financial Plan for the Extension

Austin Housing, Austin Financial Services

November 2025

Introduction

In 2005, the 79th Texas Legislature passed House Bill 525, adding Chapter 373A to the Texas Local Government Code and establishing the legal framework for the creation and operation of Homestead Preservation Districts (HPDs) and related Tax Increment Reinvestment Zones (TIRZs). Chapter 373A created three affordable housing tools for eligible census tracts: the Homestead Land Trust, the Homestead Preservation Reinvestment Zone (HPRZ), and the Homestead Land Bank Program.

On January 11, 2007, the Austin City Council established a Homestead Preservation District (HPD District A), generally within the 78702 zip code, which met the eligibility criteria in Local Government Code Section 373A.052 at the time of designation. HPD District A consists of approximately 2,900 acres and 7,900 parcels.

In December 2015, the City Council created and designated the City of Austin Homestead Preservation Reinvestment Zone No. 1 (HPRZ #1) through Ordinance No. 20151217-099. The creation of a HPRZ 1 was authorized pursuant to Chapter 373A of the Texas Local Government Code, as well as the Tax Increment Financing (TIF) Act, Chapter 311 of the Texas Tax Code. At its creation, 10 percent of the tax increment generated in the Zone was dedicated to affordable housing efforts, and the termination date was set for December 31, 2025. In 2019, Council took additional action through Resolution No. 20190131-045 and Ordinance No. 20190307-042 to increase the increment from 10 percent to 20 percent. That same year, Council also created the Board of Directors for HPRZ #1 and appointed its members through Ordinance No. 20190328-010. The Final Project and Financing Plan for the Zone was subsequently approved by both Council and the HPRZ #1 Board of Directors through Ordinance No. 20190411-006 and Agenda Item 20190411-HPRZ1001.

In September 2025, Council adopted Resolution No. 20250911-046 directing the City Manager to prepare and bring forward an ordinance extending the term of HPRZ #1 for an additional ten years beyond its original 2025 termination date and increasing the portion of the tax increment dedicated to affordable housing from 20 percent to 40 percent. This updated Preliminary Amendment to the Financial Plan for the Extension reflects that direction and provides the financial framework for the Zone's continuation.

Preliminary Reinvestment Zone Financing Plan

This Preliminary Amendment to the Zone's Financing Plan is intended to supplement the Final Project and Financing plan For Homestead Preservation Reinvestment Zone Number #1 that Austin City Council adopted in April of 2019 for an extension period and an increased increment if approved by the Austin City Council until the Board of Directors for the Zone and City Council approve final amendment of the Final Project and Financing Plan.

Tax increment financing is the primary funding mechanism for HPRZ No. 1 as designation of an area as a homestead preservation reinvestment zone is also designation of the area as a tax increment financing reinvestment zone (TIRZ). A TIRZ captures a portion of the increase in property tax revenue above a set base year and dedicates those funds to a specific public purpose—in this case, the development, construction, and preservation of affordable housing within HPD District A. See Exhibit A for HPRZ #1.

The tax base value will remain at the 2015 tax year value of $2,335,766,057. The following table illustrates the tax increment that could be generated, assuming a 40% capture rate and 5% annual growth in taxable value, and 3.5% annual growth in revenue over a ten-year period. Actual increment collections will vary annually based on certified taxable values.

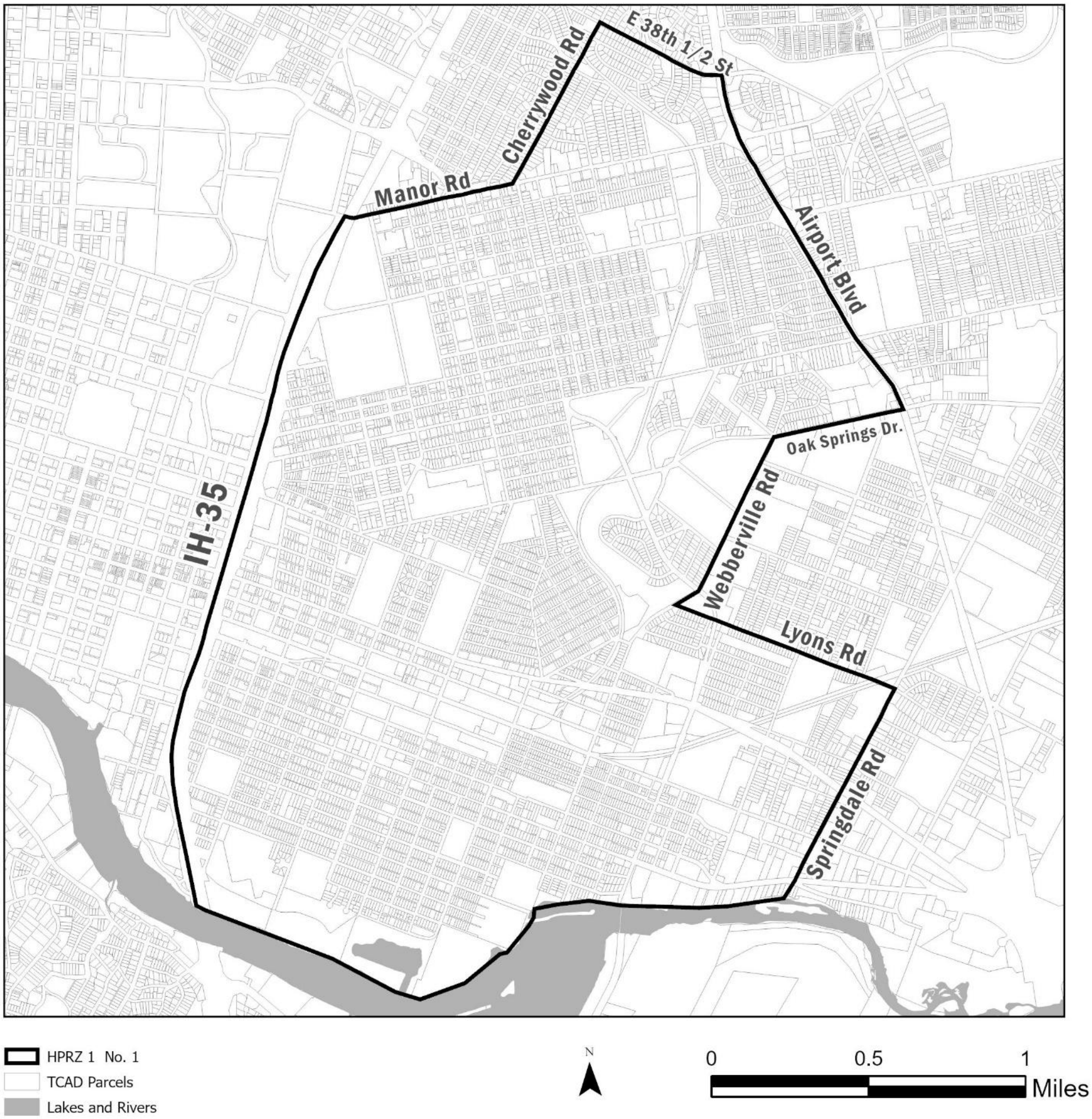
Fiscal Year	Captured Value (Taxable Value - Base)	Annual Revenue Generated (40% Increment)
FY27	$8,440,636,099	$13,552,628
FY28	$8,862,667,904	$14,026,970
FY29	$9,305,801,299	$14,517,914
FY30	$9,771,091,364	$15,026,041
FY31	$10,259,645,932	$15,551,952
FY32	$10,772,628,229	$16,096,271
FY33	$11,311,259,640	$16,659,640
FY34	$11,876,822,622	$17,242,728
FY35	$12,470,663,754	$17,846,223
FY36	$13,094,196,941	$18,470,841

Revenue collected will be deposited into the established Homestead Preservation Reinvestment Zone No. 1 Fund (the "Fund"). The extended TIF will continue as a pay-as-you-go model, meaning revenues collected each year will be used directly for eligible affordable housing programs within District A, as authorized by Texas Local Government Code §373A.157.

Next Steps on Final Financing Plan

Following consideration of the HPRZ #1 Board of Directors' recommendations, the City Council will review and may approve the Final Amended Project and Financing Plan in Late Spring 2026. Per 373A.157 all revenue would need to be expended to benefit families that have a yearly income at or below 70% of the area median family income (MFI), with at least 50% being spent on families at or below 50% MFI, and with at least 25% being spent on families at or below 30% MFI, all as adjusted for family size.

Exhibit A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Airport Blvd
Oak Springs Dr.
Webberville Rd
IH-35
Lyons Rd
Springdale Rd
HPRZ 1 No. 1
TCAD Parcels
Lakes and Rivers
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