Strategic Annexation and Development of Dog's Head: A Vital Resource Opportunity

City Manager's Office | May 19, 2026

Current Challenge

- On the economic development stage, Austin is playing catch up.
- The City's economic development efforts need to level the playing field to support Austin's fiscal sustainability.
- A key element is having shovel-ready sites ready to match the speed of opportunity.
- Unfortunately, the existence of large shovel-ready sites is a competitive disadvantage in Austin. This is due in part to:
  - Fractionalized ownership of urban land
  - Holdout risk when selling
  - Outdated infrastructure
- This context creates an economic disadvantage when it comes to fostering economic growth and matching the speed of opportunity.

The Fiscal Context: The Need for Action

- The City of Austin is at a critical financial crossroads.
- With state-mandated property tax caps (Senate Bill 2) limiting the City's ability to raise revenue and the exhaustion of federal relief funds, Austin's fiscal challenges are no longer a distant threat—it's an immediate reality.
- **It is imperative to expand our tax base and establish new revenue sources that can be equitably shared across the community.**
- To mitigate this disadvantage, strategically annexing large sites within reach of the city's boundaries can serve as a competitive advantage in the world of economic development.
- It provides Austin the ability to be prepared when opportunity arrives.

Capturing a "Generational Economic Opportunity"

- The 2,614-acre **Dog's Head Mega-Site** in the Extraterritorial Jurisdiction (ETJ) under one ownership entity represents a **generational economic opportunity.**
- Bounded between the Colorado river, US 183 and SH 130
- The site sits within 15 minutes of downtown and 10 minutes from Austin-Berstrom International Airport (ABA), which is virtually impossible to find anywhere in the Austin MSA.
- This advantage makes the site a prime candidate for a massive mixed-use hub, employment centers, secondary corporate campus and sports and entertainment to name a few.

Dog's Head Mega-Site

A Generational Economic Opportunity

Annexing Dog's Head is one of the most effective ways to secure a new, robust tax base and deliver long-term stability to Austin.

- **Securing a Shovel-Ready Future:** In the global market, speed is the ultimate currency. Annexing Dog's Head creates a primed location to capture the next wave of investment.
- **Risk Mitigation:** A shovel-ready site removes the "unknowns" for investors. Austin becomes the default choice rather than a secondary option with a ready-to-develop location.
- **New Revenue Stream:** This is more than just land; it is a stable long-term funding source to support core City services.
  - Based on early conservative development scenarios, Dog's head has the potential to generate **$1.5 billion in new property tax revenue over 30 years**, providing a reliable **annual infusion** into the General Fund.
- **Tax Base Protection and Fiscal Resilience:** High-value commercial projects funding critical needs without placing the full cost on existing residents.

Strategic Impact: Offense vs. Defense

This is more than a real estate play; it is a defensive and offensive necessity to ensure Austin remains the economic heart of Central Texas

Category	The High-Stakes Impact of Dog's Head
Deficit Mitigation	Directly supports addressing projected general fund shortfall with long-term commercial revenue.
Market Advantage	Reclaims the "greenfield advantage" from suburbs, stopping the 30-year drain of tax dollars and prepares Austin to be prepared for opportunities when they emerge.
Infrastructure ROI	Directs growth into a concentrated, efficient district rather than costly, fragmented sprawl.
Generational Stability	Ensures Austin remains the economic heart of Central Texas for the next 50 years.

Proposed Development Agreement

- **45 Year Agreement between the City and Property Owner that applies today's Land Development Code except where modified by the agreement.**
- **Includes commitments to:**
  - Establish a publicly accessible trail along the Colorado River and open space throughout the property.
  - Provide Affordable Housing within the development.
- **Consents to annexation.**
- **Contemplates:**
  - Adoption of a regulating plan for the site.
  - Creation of tax increment reinvestment zone (TIRZ) to assist with constructing the infrastructure.
- **Failure to adopt a regulating plan or create a TIRZ allows for the property owner to be dis-annexed and released from the ETJ.**

Public Finance (TIRZ)

- Tax Increment Reinvestment Zone (TIRZ) proposal
  - Required economic/market analysis estimated to be complete by end of May/early June 2026
    - Staff will provide detailed briefings to Council in advance of July Council consideration and publish the preliminary project and financing plan as soon as possible
  - "But for" met due to extensive infrastructure needs in the area
  - Exploring potential Travis County participation
  - Developer will be required to include affordable housing in compliance with financial policy

- Initial City property tax revenue estimates (**SUBJECT TO CHANGE**)

	Without Potential Tenant	With Potential Tenant
Years 1-10	$40 million	$175 million
Years 11-20	$425 million	$950 million
Years 21-30	$1.0 billion	$2.4 billion
TOTAL	**$1.5 billion**	**$3.5 billion**

Development Agreement: Next Steps

- Development Agreement: May 21
- Annexation: May 21 and effective June 1
- TIRZ: July 23
- Contiguous Roadway Annexation: July 23

Secure Austin's Legacy

Annexing Dog's Head will:

- Enhance Austin's economic development competitive advantage
- Create new revenue sources and lock in long-term tax base
- Position Austin to attract major development and employers
- Strengthen Austin's regional economic leadership
- Deliver shovel-ready sites that will make a difference in site selection
- Provide an opportunity to collaborate and explore community benefits and amenities, given the broader economic potential the site will bring to the area.

Questions