Austin

MEMORANDUM

To:	Mayor and City Council
Through:	Ed Van Eenoo, Chief Financial Officer
From:	Diana Thomas, Deputy Chief Financial Officer, Austin Financial Services
Date:	November 9, 2026
Subject:	**Mueller Tax Increment Reinvestment Zone Closure**

The purpose of this memorandum is to provide information on the closure of Tax Increment Reinvestment Zone No. 16, established by the Austin City Council in 2004 for the redevelopment of the former Robert Mueller Municipal Airport property into the Mueller Community. The TIRZ closure process requires actions by both the Mueller Local Government Corporation (LGC) and the Austin City Council during their respective meetings on December 3, 2026.

Mueller Redevelopment and TIRZ No. 16 Overview

In December 2004, the City entered into a Master Development Agreement (MDA) with Catellus Austin, LLC to redevelop the former Robert Mueller Municipal Airport property as part of a public-private partnership and created Tax Increment Reinvestment Zone (TIRZ) No. 16 for the property through Ordinance No. 20041216-083. In August 2009, Austin City Council approved Ordinance No. 20090806-011, which amended the 2004 ordinance and adopted the Final Project Plan and Reinvestment Zone Financing Plan for TIRZ No. 16. The plan identified public infrastructure projects and funding sources to redevelop the 700-acre site in accordance with the Mueller Master Plan. The public infrastructure projects in the Project Plan included roads, utilities, and parks. In May 2024, the City Council authorized an amendment to the MDA with Catellus to extend the termination date from December 2, 2024 to December 31, 2027.

The Mueller project has delivered 144 acres of publicly accessible parks and open space, and to date, 1,667 affordable for sale and rental homes at Mueller have been completed or are under construction, which represents 25.3% of the total 6,598 units at Mueller. The non-profit Mueller Foundation was established in 2007 to oversee and provide long-term stewardship of the for-sale affordable units built at Mueller, including managing the resale of homes in the program to income-qualified owners. The Mueller project is nationally recognized for its planning, sustainability, and community development achievements and is widely regarded as a national model for sustainable, walkable, and inclusive community design.

At this time, all the major infrastructure projects at Mueller identified in the Project Plan have been completed and paid for under the terms of the Project Plan and Reinvestment Zone Financing Plan.

Therefore, in a manner consistent with State law and the City Council's adopted financial policy governing TIRZ closures, staff recommend defeasance of the remaining project bonds and closure of TIRZ No. 16.

Closure of the Mueller TIRZ is fiscally responsible and beneficial to the City's General Fund. By defeasing the bonds in December 2026, it is anticipated that the City will save approximately $2 million in future interest payments. In addition, there is an estimated $575 million of future development on three parcels in Mueller's Town Center, including an estimated $200 million multifamily property currently under construction. By closing the TIRZ, the taxable value from these parcels and the associated property tax revenue—estimated at approximately $3.0 million annually once fully built out—will accrue to the City's General Fund over-and-above the statutory 3.5% revenue cap. Furthermore, through the closure of the TIRZ, the 3.5% revenue cap that applies to existing property value can be achieved at a tax rate marginally lower than if the TIRZ remains open, saving taxpayers money.

It is important to note that the City Council has adopted a fiscal policy that limits the aggregate of all TIF zones to 10% or less of the City's total tax base. As City Council contemplates future TIF zones, including Homestead Preservation District Zones to prevent displacement and invest in affordable housing and associated infrastructure, it is important that the portion of the tax base dedicated to TIF zones versus the portion dedicated to the General Fund be proactively managed.

Mueller TIRZ No. 16 Remaining Funds and Recommendations for Use

The City collects tax increment from Mueller and holds it in the Mueller Tax Increment Fund reserved for TIRZ No. 16. These funds are used to pay the annual debt service, interest, and associated costs related to the TIRZ bonds issued by the City. As Mueller has built out, the amount of property tax collected has increased and now exceeds the annual debt service obligations. Currently, there is $18.1 million in outstanding principal on the 2009, 2012, and 2014 bonds, with approximately $76 million projected to be available in the TIRZ fund after the final transfer of incremental tax revenues from properties within TIRZ No. 16 are deposited into the Mueller Tax Increment Fund in spring of 2027.

Consistent with the City Council's approved financial policy governing TIRZ closures, staff recommends allocating the balance of the Mueller Tax Increment Fund (less the bond defeasance and associated costs) to support various affordable housing programs, permanent supportive housing, and homeless initiatives. Approval of the staff recommendation, or any alternative budget allocation, will require future action by the City Council, either as part of the FY 2028 budget process or as a mid-year budget amendment.

Item	Project Name and Description	Funding
(a)	**Mueller Affordable For-Sale Housing support**: Establish a fund with City oversight to help support the sustainability and retention of affordable homes in Mueller overseen by the Mueller Foundation. The program currently contains 686 for-sale homes. The funds may be used to support repurchasing homes in the shared equity program that was established at the start of Mueller and transition them upon resale to the modified 2% cap on appreciation program in place since 2013; funding would also focus on family-friendly, multi-bedroom homes.	$7M
(b)	**Eviction Prevention Rental Assistance:** Pursuant to recent City Council direction 20260827-069, Resolution, provide additional one-time funding to existing citywide eviction prevention programs, which include legal services, navigation, and negotiated eviction settlements.	$2M

c)	**City-wide Home Repair Programs**: Provide additional one-time funding to the City's Home Repair Programs, based on available funding and needs in programs. Consider expansion of existing programs or creation of new programs to serve homeowners who earn between 80% to 120% of the area's Median Family Income.	$3M
(d)	**City Council-directed Affordable Housing Fund**: Provide funding to seed a new fund to implement City Council-directed affordable housing initiatives, including the preservation of Naturally Occurring Affordable Housing (Resolution No. 20250911-041) and Green and Social Housing (Resolution No. 20260205-047).	$8M
(e)	**Down Payment Assistance Program**: Provide additional one-time funding for the existing program to respond to affordability challenges created by increased home prices, mortgage interest rates, and fees.	$3M
(f)	**House Our People Endowment (HOPE) Fund**: Provide additional one-time funding to the HOPE Fund (Resolution No. 20230831-136) in support of programs and projects serving the needs of individuals experiencing homelessness.	$10M
(g)	**Reserve for FY 2028 Funding Needs:** Given the uncertainty around future tax revenue growth and General Fund expenditure requirements, it is prudent to preserve a portion of these funds for future budget considerations.	$25M
	Total Funding	**$58 M**

Next Steps

Staff will include the necessary items for the closure of TIRZ No. 16 on the December 3rd agendas of the City Council and the Mueller Local Government Corporation (LGC). Approval of these actions will allow staff to take the necessary administrative actions to close the TIRZ. Approval of a budget allocation for the TIRZ balance to City programs and the appropriation of funds will require further action by the City Council at a future meeting.

Should you have any questions or concerns, please contact Mandy DeMayo, Real Estate and Asset Strategy Officer, Austin Financial Services, at Mandy.DeMayo@austintexas.gov or 512-974-1091 or Belinda Weaver, Treasurer, Austin Financial Services at Belinda.Weaver@austintexas.gov or 512-974-7885.

cc: T.C. Broadnax, City Manager
Erika Brady, City Clerk
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