Growth Pays for Itself in MUDs

The Texas economy and Texas population are booming. We've all witnessed the growth associated with the "Texas Miracle." Thankfully, Texas continues to build thousands of new homes to accommodate growth.

470,708

According to the US Census Bureau, from 2021 to 2022, Texas was the largest growing state in the nation with 470,708 new residents added.

30,029,572

As of 2022, Texas reached a total population of 30,029,572.

MUDs provide affordably priced homes in amenity rich communities that help support the influx of new residents.

		Issue	Solution
1	**Existing Taxpayers vs. New Residents**	Many cities are unwilling or unable to extend basic infrastructure for new development, especially outside their city limits, because the existing taxpayers do not want to pay for infrastructure for new real estate development.	MUDs efficiently and equitably fill this void by allowing the residents and businesses who use the services and facilities to pay for them.
2	**Who should pay?**	Cities and counties with high rates of growth & existing financial burdens would be required to take on large amounts of debt, increasing the burden for their taxpayers.	As a MUD matures and pays for its own infrastructure, its tax rate declines. As a MUD pays for its growth, it gradually reduces its tax rate to focus on facility maintenance. Other MUDs can be created to accommodate the next wave of growth.
3	**Why the MUD Model Works**	Using MUDs for new developments allows existing communities to avoid the infrastructure burden of new real estate developments. None of the existing residents in a city or a county pay for the public utilities and infrastructure needed for a new subdivision in a MUD. In MUDs, growth pays for itself. The residents in the new subdivision pay for their own infrastructure improvements.	

This allows the state of Texas to grow at no expense to existing taxpayers.

An Economist's Perspective

Jim Gaines, Chief Economist of the Real Estate Center at Texas A&M University for 15 years until retirement in 2021, discusses the benefits of MUD growth paying for itself:

"During periods of rapid population growth that fuel the need for fast development of housing, counties and cities are often unable to keep pace to provide such services as roads and water/sewer capacity for new subdivisions."

"MUDs have been crucial in allowing an adequate housing supply and keeping home prices lower than in other high-growth states."

"Without MUDs, or something like them, Houston would probably be another very high cost housing market similar to the major markets in California."

"The debate on the best way to finance local, community infrastructure generally involves who pays for future growth – current residents or future residents. For existing residents, it may mean higher property tax rates or current user fees to pay infrastructure capital development costs to provide services to future residents. Current residents often want the future residents to pay for the facilities that newcomers will need and use."

Association of Water Board Directors - Texas