

Growth Pays for Itself in MUDs

Texas is growing fast - and MUDs make that growth work for communities. New development gets the infrastructure it needs without straining existing taxpayers.



391,243

According to the US Census Bureau, Texas had the largest numeric population growth of any state from 2024 to 2025, adding 391,243 new residents.



31,709,821

As of July 2025, Texas reached a total population of 31,709,821, which represents a 1.2% increase from July 2024.

WHY THE MUD MODEL HELPS GROWING COMMUNITIES

Issue: Where will the growth go?

Many cities can't extend basic infrastructure for new development, especially outside their limits. Existing taxpayers don't want to subsidize new neighborhoods, which leaves little room for growth. This squeezes housing supply inside city limits and drives prices higher.

Why MUDs are the Solution

MUDs bridge this gap by funding new infrastructure where cities can't. They enable growth just outside city limits, expanding housing supply without shifting costs onto existing residents. MUDs allow communities to grow outward sustainably and relieve pressure on the real estate market.

Issue: Who should pay for infrastructure?

Cities and counties experiencing rapid growth often don't have the budget to extend utilities and services to new areas. Taking on more debt to support new development would increase the tax burden on existing residents, despite the fact that the demand is driven by new growth.

Why MUDs are the Solution

MUDs make growth self-funding by having new residents cover the cost of their own infrastructure. Existing taxpayers are protected, and communities can expand without added financial pressure.

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."