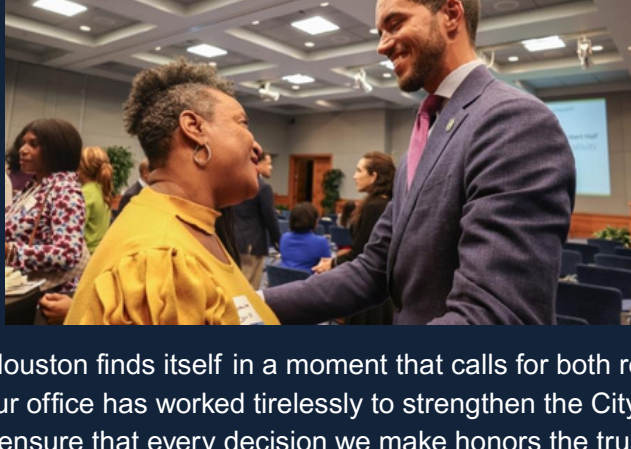


## A Message from the City Controller

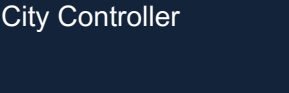


As 2025 draws to a close, Houston finds itself in a moment that calls for both reflection and renewed focus. Over the past year, our office has worked tirelessly to strengthen the City's financial position, increase transparency, and ensure that every decision we make honors the trust of the people we serve.

We know the challenges Houston faces—from increased budget deficits to growing service demands—cannot be solved overnight. But by working together, sharing knowledge, and telling Houstonians the financial truth, we can set the foundation for a stronger and more sustainable future.

This issue of The Controller's Corner highlights the latest updates on Houston's financial health, our community engagement efforts, and what's to come as we head into 2026. Thank you for reading, staying engaged, and helping us move Houston forward.

Yours in service,

  
Chris Hollins  
City Controller

## Financial Updates



### Disaster Preparedness Analysis

Early in hurricane season, our office completed a high-level review of the City's financial preparedness for natural disasters. The analysis assessed our ability to cover the costs of emergency services for Houstonians after a disaster and identified strategies to strengthen future readiness. With Houston experiencing nearly one federally-declared disaster each year, it is critical that we remain financially prepared to serve residents in their time of need.

Our [Weathering the Storm: Review of Houston's Financial Readiness for a Natural Disaster](#) found that Houston's financial policies call for only about half the recommended level of savings, even as the city grapples with frequent disasters and rising costs. In the past decade alone, Houston has weathered major events like Hurricane Harvey, Winter Storm Uri, and extreme flooding—each one exposing how thin the city's financial cushion really is.

Other financial pressures compound the challenge: a structural budget deficit, property tax caps, heavy reliance on volatile sales tax revenue, and fixed obligations that leave little room for flexibility. With public safety and debt service already consuming three-fourths of the city's general fund, there is little margin for error. Adding to the concern, continued uncertainty and dysfunction at the federal level make it increasingly unsound for Houston to rely on FEMA or other federal assistance as a dependable backstop in times of crisis.

We made three key recommendations to ensure Houston is financially equipped for future emergencies:

- **Raise minimum reserve requirements:** Houston's mandatory reserve policy of 7.5% of the General Fund is less than half of the Government Finance Officers Association (GFOA) best practice of at least 16.7% (representing two months of operations). Increasing our General Fund reserves would provide a greater financial cushion in the event of a disaster.
- **Strengthen the City's rainy-day fund:** Currently, 1% of expenditures (a minimum of \$20 million) is directed to the Budget Stabilization Fund (BSF). Increasing contributions to this fund would enhance Houston's ability to respond when disaster strikes.
- **Establish clearer rules for directing surpluses:** Automatically allocating year-end budget surpluses to the BSF would ensure that funds are set aside when they're needed most.

The Controller's Office continues to advocate for transparent, well-funded disaster reserves to safeguard the lives and livelihoods of all Houstonians—ensuring the City can step up and help residents when they need it most.

### Property Tax Rate

In October, City Council adopted Houston's annual property tax rate of \$0.519 per \$100 of assessed value—the same rate as last year.

This rate is projected to generate \$53 million less in revenue than what was passed in the FY2026 Budget. That figure increases the city's already staggering \$76 million deficit to \$129 million.

When our office released the [Ten Hard Truths](#) for the FY2026 budget back in May, we warned that the budget relied on a property tax increase. Now, with the City absorbing the shortfall and a growing structural imbalance expected in the coming years, it is vital that we find savings within City operations and identify new sources of sustainable revenue. Achieving a structurally balanced budget will prevent further depletion of our reserves and ensure the City can continue delivering the services Houstonians rely on.



### CFO Forum

This fall, the Controller's Office hosted the Milken Institute CFO Forum, bringing together public sector financial leaders from across the nation to exchange ideas and best practices. Discussions focused on building resilient city budgets, managing debt responsibly, and finding innovative solutions to structural imbalances. Collaboration and knowledge-sharing are key to addressing the financial challenges faced by large cities nationwide—and Houston is proud to help lead that conversation.

### National Awards

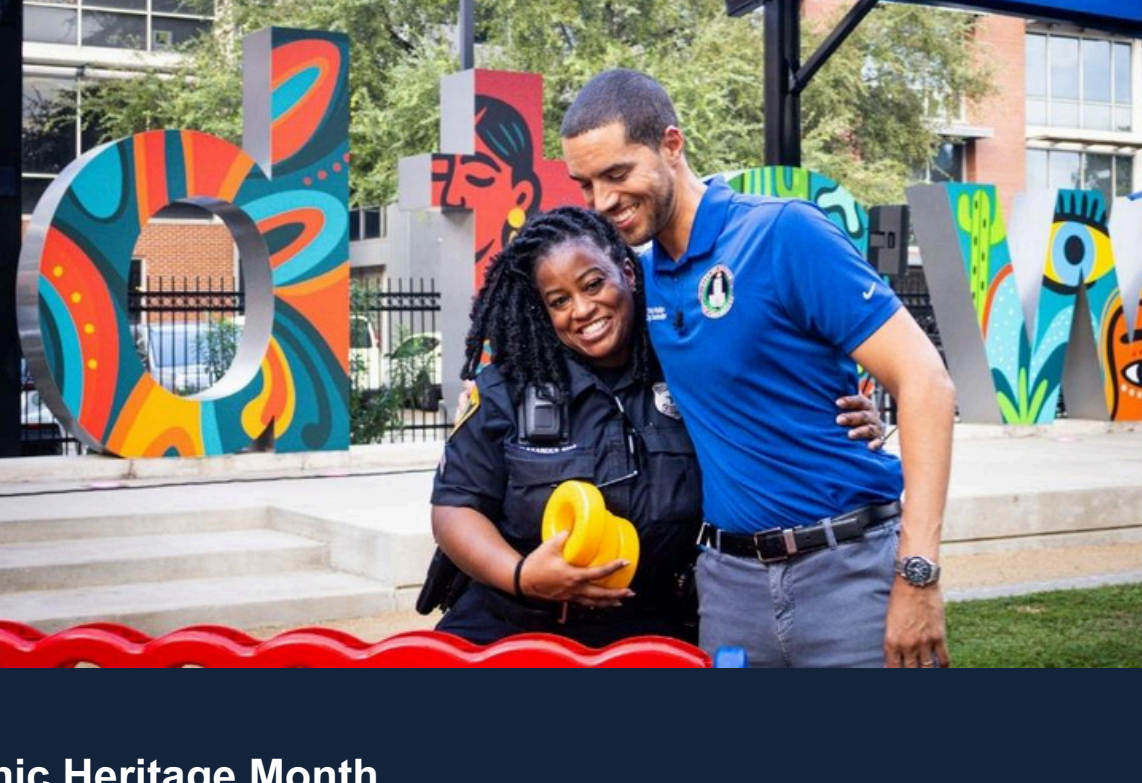
We are proud to share that the Controller's Office has received national recognition from the Government Finance Officers Association for Outstanding Achievement in Popular Annual Financial Reporting. The award recognizes Houston's inaugural [Popular Annual Financial Report \(PAFR\)](#), which breaks down the City's finances in a way that is accessible and easy to understand.

The PAFR simplifies complex financial data into an easy-to-read format, giving residents a clear picture of the City's financial position—without the jargon of traditional reports.

Houston also earned GFOA's Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR).

Our office will continue to work tirelessly to ensure Houstonians have access to straightforward, transparent information on how your tax dollars are spent.

## Engagement Updates



### Hispanic Heritage Month

On September 25, we celebrated Hispanic Heritage Month by honoring individuals and organizations that make lasting contributions to Houston's cultural and economic life. This year's honorees included:

- Dr. Ellen Ochoa, the first Latina astronaut in space and former Director of NASA's Johnson Space Center, who shared an inspiring message about encouraging future generations.
- Fabian Romo, 2024 Paralympic gold medalist, celebrated for his athletic accomplishments and advocacy for inclusion in sports.
- Dr. Ruth López Turley, Director of Rice University's Kinder Institute for Urban Research, recognized for advancing educational equity.
- Angelica Razo, National Director of Campaigns and Programs at Mi Familia Vota, honored for her leadership in civic engagement.

Now an annual tradition for the Controller's Office, this event showcased the vibrant contributions of Houston's Hispanic community at City Hall, with performances by Houston Azteca Dance & Drum, Kinder HSPVA Mariachi, Pasajeros, tango dancers Isadora Mangino and Melissa Ramirez, and the Mexico Folklórico Traditional Dance Ensemble.

### National Night Out

On October 7, the Controller's Office joined neighborhoods across Houston in celebrating National Night Out, strengthening partnerships between residents, law enforcement, and local leaders. These gatherings remind us that fiscal responsibility and community well-being go hand in hand—because when our neighborhoods are safe, connected, and supported, our entire city thrives.

We are deeply grateful to every civic club, law enforcement agency, and dedicated volunteer whose time, energy, and spirit helped make this year's events such a meaningful success.

## Looking Ahead

As we prepare for the new year, the Controller's Office is focused on:

- Releasing the FY2025 ACFR and PAFR, providing full transparency into the City's finances.
- Hosting the 10th Annual Investor Conference, spotlighting Houston's major projects and investment outlook.
- Continuing work and updates from our Audit Division, cracking down on waste, fraud, and abuse and identifying potential cost savings.
- Expanding proactive outreach through community town halls and educational social media campaigns.

### Follow Us!

Stay informed and engaged with your City's finances. Follow the City of Houston Controller's Office on social media for updates, insights, and opportunities to get involved:

- **Instagram:** [@HouController](#)
- **X (Twitter):** [@HouController](#)
- **Facebook:** [@HouController](#)
- **YouTube:** [@HouController](#)
- **LinkedIn:** [Houston Controller](#)
- **Bluesky:** [@HouController](#)



Thank you for taking the time to stay informed about our city. It's an honor to serve you, and we're grateful for the opportunity to keep you updated on the progress, initiatives, and services that matter most to our community. We look forward to continuing this journey together and welcome your feedback, ideas, and engagement every step of the way.