

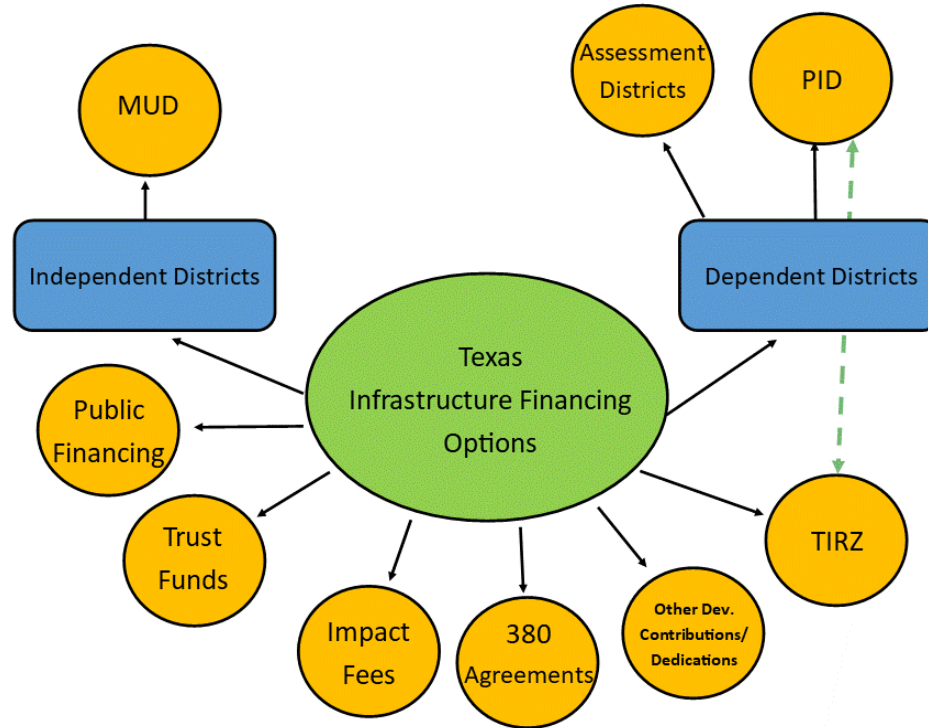
# **Public Improvement District (PID) Policy**



**Planning Commission Presentation  
August 7, 2019**



# Texas Infrastructure Financing Options





# Background

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1. Authorized by Ch. 372 of the Texas Local Government Code
2. Majority of property owners must petition city or county for creation of a PID
3. City or County can create a PID, but City must authorize creation of PID within City limits or ETJ
4. Elected officials serve as governing body – review PID assessments and budget
5. PIDs must provide public benefit – improvements in a gated community would not qualify
6. Revenues come from special assessments on properties in district – either fixed amount or a rate
7. May issue special assessment revenue bonds



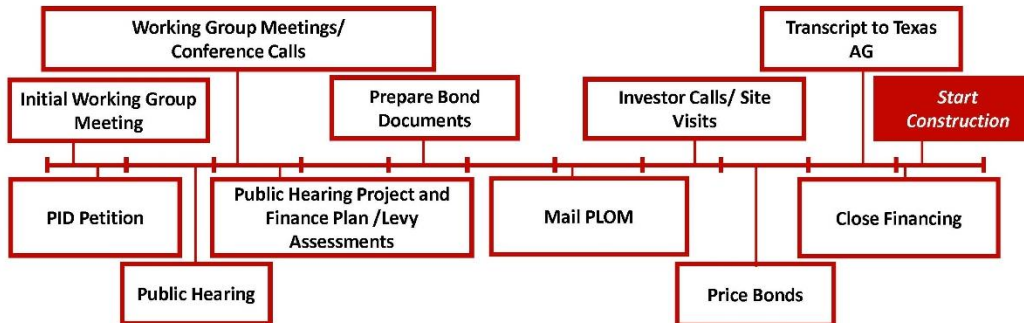
# PID Process

## Possible Transaction Participants / Process

Representing Issuer	Developer / Landowner	Investors
City Staff	Developer's Counsel	Underwriter
Financial Advisor	Assessment Consultant / FA	Underwriter's Counsel
Bond Counsel	Engineer	Trustee
Assessment Administrator (Post-Issue)	Market Feasibility	Trustee's Counsel
Appraiser*	Dissemination Agent	Appraiser*
Dissemination Agent		Dissemination Agent

\* Appraiser will prepare a report for the benefit of the underwriter and issuer

Process may take 9 – 12 Months from introduction of project through close



***“Process may take 9-12 months from introduction of project through close”***

Source: R.R. “Tripp” Davenport, III, fms bonds, “Public Improvement Districts” presentation. February 2016.



# Top 10 Texas Cities

City	Population*	Use PIDs	Have a PID Policy
Houston	2,308,000	Yes ✓	No ✗
San Antonio	1,521,000	Yes ✓	No ✗
Dallas	1,362,000	Yes ✓	Yes ✓
Austin	959,000	Yes ✓	No ✗
Ft. Worth	876,000	Yes ✓	Yes ✓
El Paso	685,000	Yes ✓	No ✗
Arlington	394,000	Yes ✓	No ✗
Corpus Christi	325,000	Yes ✓	No ✗
Plano	284,000	Yes ✓	No ✗
Laredo	264,000	No ✗	No ✗

\* January 1, 2018 population estimates from Texas Demographic Center.



# Comparison of PID Policy Components

	Dallas (pop 1,362,000)	Ft. Worth (pop 876,000)	Lubbock (pop 254,000)	Grand Prairie (pop 196,000)	Kyle (pop 43,000)	Sealy (pop 7,000)	Marble Falls (pop 7,000)
<b>Minimum Size</b>	Must be existing, developed area	1,500 acres	None	175 parcels	None	50 acres	None
<b>Limitation on Assessment Rate</b>	\$0.15 per \$100	None	None	None	None	\$0.60 per \$100	None
<b>Limitation on Terms</b>	None	20 years	None	None	20 years	25 years	30 years
<b>Administration</b>	Internal and 3 <sup>rd</sup> party	Internal and 3 <sup>rd</sup> party	Internal	Internal	Internal and 3 <sup>rd</sup> party	3 <sup>rd</sup> party	Internal and 3 <sup>rd</sup> party
<b>Value/Lien Ratio</b>	None	3:1 ratio	None	None	3:1 ratio	None	3:1 ratio
<b>Limitation on Project Type</b>	Limitations on improvements allowed in single-fam dist.	Major infrastructure only (arterials & mains)	Bond financing poss. for projects of at least \$20M	No standard construction typical of new subdivisions	Public Improvements	None	Preference for improvements that exceed development req.
<b>Annexation Requirements</b>	Within City limit & existing developed areas	City limits	None	None	Annexation required immediately after PID approval	None	Preference for PIDs within city limits
<b>Application Fee</b>	\$15,000	\$35,000 + \$150,000 for 3 <sup>rd</sup> party & addt'l amount as req.	\$5,000 & addt'l amount as req.	None	\$15,000	\$5,000 (not incl. in policy)	\$15,000 & addt'l amount as req.



# Corpus Christi PID Policy Components

	Corpus Christi
<b>Limitation on Size</b>	None
<b>Limitation on Assessment</b>	None
<b>Limitation on Terms</b>	20 years
<b>Administration</b>	Internal or Third Party
<b>Value/Lien Ratio</b>	3:1 ratio
<b>Limitation on Project Type</b>	Preference for projects that exceed development standards, provide enhanced benefits, and meet community needs
<b>Annexation Requirements</b>	Yes or Development agreement for future voluntary annexation
<b>Application Fee</b>	\$15,000

\*Chapter 372 of the Texas Local Government Code



# Recommendation

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Staff Recommends Approval of the Resolution  
Adopting the PID Policy