

Public Improvement District (PID) Policy



**City Council
March 31, 2020**



Background

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
 - Elected officials can appoint a PID Advisory Body to develop and recommend an improvement plan
 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 or can be set up as “cashflow” PIDs.
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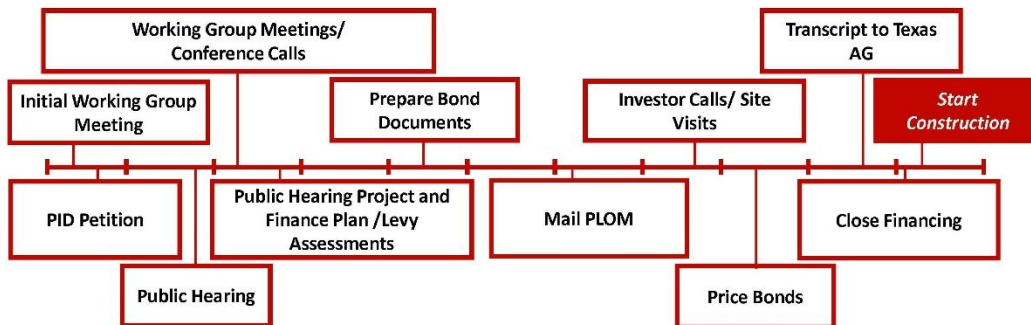
PID Process

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



City has discretion in who participates as Representing Issuer and may have input on who participates as representing Investors in Chapter 372 PIDs

“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 ✓	Yes ✓
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)
Minimum Size	Must be existing, developed area	1,500 acres	None	175 parcels	None	50 acres	None
Limitation on Assessment Rate	\$0.15 per \$100	None	None	None	None	\$0.60 per \$100	None
Limitation on Terms	None	20 years	None	None	20 years	25 years	30 years
Administration	Internal and 3 rd party	Internal and 3 rd party	Internal	Internal	Internal and 3 rd party	3 rd party	Internal and 3 rd party
Value/Lien Ratio	None	3:1 ratio	None	None	3:1 ratio	None	3:1 ratio
Limitation on Project Type	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.
Annexation Requirements	Within City limit & existing developed areas	City limits	None	None	Annexation required immediately after PID approval	None	Preference for PIDs within city limits
Application Fee	\$15,000	\$35,000 + \$150,000 for 3 rd 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
Limitation on Size	None
Limitation on Assessment	None
Limitation on Terms	20 years
Administration	Internal or Third Party
Value/Lien Ratio	3:1 ratio
Limitation on Project Type	Preference for projects that exceed development standards, provide enhanced benefits, and meet community needs
Annexation Requirements	Yes or Development agreement for future voluntary annexation
Application Fee	\$15,000

*Chapter 372 of the Texas Local Government Code



Recommendation

Staff and Planning Commission
Recommend Approval of the Resolution
Adopting the PID Policy

www.cctexas.com/pidpolicy
