



Public Improvement Districts (PID)

Financial Services Department

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(1)





Public Improvement District (PID)

- Texas Local Government Code Chapter 372 allows creation of **special purpose districts** by a city or county
- **Economic development tool** to fund public improvements and/or municipal services in a defined geographic area
- **Created only at request of land owners via petition** of more than 50% of owners of taxable real property liable for assessment under proposed petition
- **Special assessments** are source of funding
 - Costs apportioned and paid by land owners that benefit from public improvements and/or services
- PID creation - **discretionary act** of City or County governing body

Types of PIDs (Operating)

Operating/Maintenance PID (Operating)

- Special assessments pay for **services** that supplement City services in PID
- City of Austin's three authorized operating PIDs
 - Austin Downtown PID (Creation Resolution 19930415-088)
 - East Sixth Street PID (Creation Resolution 20040826-065)
 - South Congress Preservation and Improvement District PID (Creation Resolution 20141016-062)





Types of PIDs (Capital)

Capital Improvement and Debt PID (Capital)

- Special assessments pay for **public improvements** related to PID land development
 - “Pay as you go” basis
 - Debt (special assessment revenue tax-exempt bonds) issued by city or county
- City of Austin’s three authorized capital PIDs
 - Whisper Valley PID (Creation Resolution 20100826-026)
 - Indian Hills PID (Creation Resolution 20100826-023)
 - Estancia Hill Country PID (Creation Resolution 20130613-054)

Austin's Policy Objectives

- Promote economic development
- Support superior development in Desired Development Zone
- Gain land use control in extraterritorial jurisdiction (ETJ) and plan for long-term annexation
 - Limited purpose annexation & planned unit development zoning
 - PID Examples - Whisper Valley, Indian Hills, Estancia Hill Country
- “Growth pays” for public improvements that it benefits from
- Potential to redirect City capital improvement program funds to other high priority needs by using alternative PID financing





Austin's Policy Objectives

- PID supported development should provide ***extraordinary public benefits*** in exchange for ***use of tax-exempt debt***
 - Public infrastructure extensions or enhancement
 - Environmental improvement
 - Open space
 - Affordable housing
 - Public transportation facilities
- City ultimately takes ownership of PID public improvements
 - Requires construction to City's specifications coupled with inspections and acceptance by City



City of Austin PIDs

| Project | Austin Whisper Valley PID | Austin Indian Hills PID | Austin Estancia Hill Country PID |
|--------------------------------------|--|--|--|
| PID Created | Resolution # 20100826-026 | Resolution # 20100826-023 | Resolution # 20130606-054 |
| Size of District | 2,066 acres | 240 acres | 254 acres |
| Current Zoning | PUD approved | PUD approved | PUD approved |
| Annex Status upon PID Creation | Limited Purpose in the City's extraterritorial jurisdiction. | Limited Purpose in the City's extraterritorial jurisdiction. | Limited Purpose in the City's extraterritorial jurisdiction. Full purpose annexation at end of 15 years (term of first bond issue) |
| Description of Development | 700 acres of parks and open space, 7,500 housing units and over 2,000,000 square feet of retail and commercial uses | Over 1,200 multifamily units and just under 2,000,000 square feet of high quality industrial, commercial and retail uses. | Phase IA #1 – 216 Acres with 386 detached single family residential units, 26.6 acres of multifamily residential units, 82.6 acres of office and commercial development. |
| Description of Public Infrastructure | Extension of Braker Lane Water/Wastewater utility extensions and facilities 600 acres public park | Extension of Decker Lake Road Water/Wastewater utility extensions | Roads, water and wastewater improvements, drainage improvements, landscape, trails |
| Bonds Issued | \$15,500,000 Special Assessment Revenue Bonds, Senior Series 2011 due September 1, 2026 <u>and</u> \$18,485,168.10 Special Assessment Revenue Bonds, Subordinate Series 2011 due December 1, 2016. | \$2,860,000 Special Assessment Revenue Bonds, Senior Series 2011 due September 1, 2026 <u>and</u> \$2,332,349.75 Special Assessment Revenue Bonds, Subordinate Series 2011 due December 1, 2016. | \$12,590,000 Special Assessment Revenue Bonds, Series 2013 with 15 year term |
| Term of Bonds | 15 years (Senior Bonds) and 5 years (Subordinate Bonds) | 15 years (Senior Bonds) and 5 years (Subordinate Bonds) | 15 years |
| Capitalized Interest | First 3 years | First 3 years | First 3 years |
| Interest rate on Bonds | 7.875% - 8.500% | 7.875% - 8.500% | 4.500% - 6.000% |

- Key facts about Austin's three existing PIDs (Capital)



Special Assessment Bonds

- Issued by City as Special Assessment Revenue Bonds
- Source or repayment is special assessments
 - Land Owner pays until property is developed and homes are sold, then special assessments billed to homeowner
- Security - pledge of special assessment revenue and land value
 - Not secured by full faith and credit of city
 - Land appraisal and Value to Lien are key bond evaluation factors
 - Foreclosure and/or land sale are sole security in event of default
- Debt service reserve fund required to provide added security for bondholders

\$12,590,000
CITY OF AUSTIN, TEXAS,
(Travis, Williamson and Hays Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2013
(ESTANCIA HILL COUNTRY PUBLIC IMPROVEMENT DISTRICT)



PID Special Assessments

- Paid in addition to ad valorem tax
- Authorized for specific period of time to fund public improvements or related debt service
- Method of assessment may be determined by
 - Property value
 - Any other manner that equally assesses property similarly benefited (e.g., flat fee), if the collection entity is in agreement
- Liens against assessed property
 - Superior to all liens, except those for ad valorem taxes
 - Personal liability and charge against owners of assessed property
 - Delinquent installments incur interest, penalties, attorney's fees similar to delinquent ad valorem taxes



PID Annual Process

- Annual statutory process required of PID's creator to ensure property owners have an opportunity to speak on PID's plans

Council Meeting #1

- Approve ordinance setting PID's assessment rate and approving proposed assessment roll
- Approve resolution adopting PID's service plan and budget
- Set a public hearing to consider PID assessments and levy

Council Meeting #2

- Conduct public hearing on PID assessment roll and levy
- Approve ordinance authorizing assessment roll and levying special assessments

Council Meeting #3

- Amend City's Operating Budget to incorporate PID's budget



Questions