

# Public Improvement Districts (PIDs)

## Potential for a PID in Northcliffe

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# Aerial Map of Former Northcliffe Golf Course with Zoning



# Public Improvement Districts (PIDs)

- Authorized by Chapter 372 of the Texas Local Government Code.
- PIDs are used to fund new or improve inadequate or substandard infrastructure and public services in a specific area.
- The City may create a PID by initiating the petition process or receiving a petition requesting a PID be established.
- Council must find that the promotes the interest of the City.

# Authorized Improvements

A public improvement project may include:

- (1) landscaping;
- (2) erection of fountains, distinctive lighting, and signs;
- (3) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
- (4) construction or improvement of pedestrian malls;
- (5) acquisition and installation of pieces of art;
- (6) acquisition, construction, or improvement of libraries;
- (7) acquisition, construction, or improvement of off-street parking facilities;
- (8) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (9) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (10) the establishment or improvement of parks;
- (11) projects similar to those listed in Subdivisions (1)-(10);
- (12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (13) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (14) payment of expenses incurred in the establishment, administration, and operation of the district; and
- (15) the development, rehabilitation, or expansion of affordable housing.

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(12) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;

(14) payment of expenses incurred in the establishment, administration, and operation of the district; and

# Petition Requirements

Sec. 372.005. PETITION. (a) A petition for the establishment of a public improvement district must state:

- (1) the general nature of the proposed improvement;
- (2) the estimated cost of the improvement;
- (3) the boundaries of the proposed assessment district;
- (4) the proposed method of assessment, which may specify included or excluded classes of assessable property;

# Petition Requirements

Sec. 372.005. PETITION continued

(5) the proposed apportionment of cost between the public improvement district and the municipality or county as a whole;

(6) whether the management of the district is to be by the municipality or county, the private sector, or a partnership between the municipality or county and the private sector;

(7) that the persons signing the petition request or concur with the establishment of the district; and

# Optional Advisory Body

Sec. 372.005. PETITION continued

Sec. 372.005. PETITION. (8) that an advisory body may be established to develop and recommend an improvement plan to the governing body of the municipality or county.

# Petition Sufficiency

Sec. 372.005. PETITION continued

(b) The petition is sufficient if signed by:

(1) owners of taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and

(2) record owners of real property liable for assessment under the proposal who:

(A) constitute more than 50 percent of all record owners of property that is liable for assessment under the proposal; or

(B) own taxable real property that constitutes more than 50 percent of the area of all taxable real property that is liable for assessment under the proposal.

# Findings

Sec. 372.006. FINDINGS. If a petition that complies with this subchapter is filed, the governing body of the municipality or county may make findings by resolution as to the advisability of the proposed improvement, its estimated cost, the method of assessment, and the apportionment of cost between the proposed improvement district and the municipality or county as a whole.

# Feasibility Report

## Sec. 372.007. FEASIBILITY REPORT.

(a) Before holding the hearing required by Section 372.009, the governing body of the municipality... may prepare a report to determine whether an improvement should be made as proposed by petition or otherwise or whether the improvement should be made in combination with other improvements authorized under this subchapter. The governing body may also require that a preliminary estimate of the cost of the improvement or combination of improvements be made.

# Feasibility Report

Sec. 372.007. FEASIBILITY REPORT continued

(b) For the purpose of determining the feasibility and desirability of an improvement district, the governing body may take other preliminary steps before the hearing required by Section 372.009, before establishing a public improvement district, or before entering into a contract.

# Public Hearing

Sec. 372.009. HEARING. (a) A public improvement district may be established and improvements provided by the district may be financed under this subchapter only after the governing body of the municipality or county holds a public hearing on the advisability of the improvement.

Section 372.009 (C) and (D) outline the notice requirements (Legal and Property Owner)

# Findings

Sec. 372.009. HEARING. Continued

(b) The hearing may be adjourned from time to time until the governing body makes findings by resolution as to:

- (1) the advisability of the improvement;
- (2) the nature of the improvement;
- (3) the estimated cost of the improvement;
- (4) the boundaries of the public improvement district;
- (5) the method of assessment; and
- (6) the apportionment of costs between the district and the municipality or county as a whole.

# Improvement Order

Sec. 372.010. IMPROVEMENT ORDER. (a) During the six-month period after the date of the final adjournment of the hearing under Section 372.009, the governing body of the municipality or county may authorize an improvement district if, by majority vote of all members of the governing body, the members adopt a resolution authorizing the district in accordance with its finding as to the advisability of the improvement

# Determination of Assessment

Sec. 372.015. DETERMINATION OF ASSESSMENT. (a) The governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district. The apportionment shall be made on the basis of special benefits accruing to the property because of the improvement.

(b) Cost of an improvement may be assessed:

(1) equally per front foot or square foot;

(2) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or

(3) in any other manner that results in imposing equal shares of the cost on property similarly benefitted.

# Levy of Assessment

## Sec. 372.017. LEVY OF ASSESSMENT.

(b) After all objections have been heard and the governing body has passed on the objections, the governing body by ordinance or order shall levy the assessment as a special assessment on the property. The governing body by ordinance or order shall specify the method of payment of the assessment. The governing body may defer an assessment until a date the governing body specifies in the ordinance or order.

# Levy of Assessment

Sec. 372.017. LEVY OF ASSESSMENT continued

The governing body may provide that assessments be paid in periodic installments, at an interest rate and for a period approved by the governing body. The provision that assessments be paid in periodic installments may, but is not required to, result in level annual installment payments. The installments must be in amounts necessary to meet annual costs for improvements and must continue for:

- (1) the period necessary to retire the indebtedness on the improvements; or
- (2) the period approved by the governing body for the payment of the installments.

# Interest on Assessment; Lien

## Sec. 372.018. INTEREST ON ASSESSMENT; LIEN.

(e) The assessment lien may be enforced by the governing body in the same manner that an ad valorem tax lien against real property may be enforced by the governing body. Foreclosure of accrued installments does not eliminate the outstanding principal balance of the assessment. Any purchaser of the property in foreclosure takes the property subject to the assessment lien and any associated obligations.

(f) Delinquent installments of the assessment shall incur interest, penalties, and attorney's fees in the same manner as delinquent ad valorem taxes. The owner of assessed property may pay at any time all or any part of the assessment, with interest that has accrued on the assessment, on any lot or parcel.

# Payment of Costs

Sec. 372.023. PAYMENT OF COSTS. (a) Costs of improvements may be paid or reimbursed by any combination of the methods described by this section if the improvements are dedicated, conveyed, leased, or otherwise provided to or for the benefit of:

(1) a municipality or county;

(2) a political subdivision or other entity exercising the powers granted under this subchapter as authorized by other law; or

(3) an entity that:

(A) is approved by the governing body of an entity described by Subdivision (1) or (2); and

(B) is authorized by order, ordinance, resolution, or other official action to act for an entity described by Subdivision (1) or (2).

# Payment of Costs

Sec. 372.023. PAYMENT OF COSTS continued

- (g) The cost of more than one improvement may be paid:
- (1) from a single issue and sale of bonds without other consolidation proceedings before the bond issue; or
  - (2) under a single installment sales contract, reimbursement agreement, temporary note, or time warrant.

# Discussion

## Questions and Discussion