

PUBLIC IMPROVEMENT DISTRICT

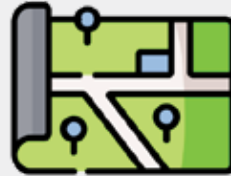
What is a Public Improvement District (PID) and how can it help residential communities & developers?



What is a Public Improvement District (PID)?

A PID is a defined geographical area established to provide specific types of improvements or maintenance within the area which are financed by assessment against the property owners within the area.

Chapter 372 of the Texas Local Government Code authorizes the creation of PIDs by cities.



What Improvements Can be Provided in a Public Improvement District (PID)?

- ▶ A PID may include:
 - ▶ Landscaping and irrigation
 - ▶ Erecting foundation, distinctive lighting, & signs
 - ▶ Constructing or improving perimeter fencing
 - ▶ Constructing or improving side walks
 - ▶ Acquiring and installing pieces of art or decorations;
 - ▶ Acquiring, constructing, or improving entry features
 - ▶ Establishing or improving parks
 - ▶ Projects similar to those listed previously
- ▶ Acquiring, by purchase or otherwise, Real property in connection with an authorized improvement
- ▶ Using special supplemental services for improving and promoting the district, including service relating to advertising, promotion, public safety, security, business recruitment, development, recreation, and cultural enhancement
- ▶ Paying expenses incurred in establishing, administering, and operating the district



What are the Steps Required to Establish a Public Improvement District

Any property owner group, developer, home owner's association, etc., can initiate the PID establishment process. A petition for the establishment of a PID must be submitted to the city and include the following:

- ▶ The general nature of the proposed improvement
- ▶ The estimated cost of the improvement
- ▶ The boundaries of assessable property
- ▶ The property apportionment cost
- ▶ Whether the management of the district is to be by the municipality, or a partnership between the municipality and the private sector
- ▶ That the persons signing the petition request concur with the establishment of the district
- ▶ That an advisory body may be established to develop and recommend an improvement plan to the City Council

The petition must be signed by:

- ▶ Owners of taxable real property representing more than 50% of the appraised property within the proposed PID
- ▶ Either more than 50% of the property owners or owners representing more than 50% of the land area within the PID.

City staff is available to assist with this process for existing home owners association.

What are the Benefits of a Public Improvement District?

A PID allows for improvements and a higher degree of maintenance within the PID area which presumably enhances the property values.

With the establishment of an advisory body, the property owners within the PID have control over the types of improvements, level of maintenance, and amount of assessments to be levied against the property owners.

Assessments are collected by the city's tax collecting agent and are deposited into a specific PID fund. Revenue collection is simple since a home owner's association does not have to perform fee collection. Also, the PID allows for an interest charge and lien on unpaid assessments. This ensures a dependable revenue source for the PID. In most instances, mortgage companies include PID assessments within the property owner's escrow payment and pay the assessment at the same time that ad valorem taxes are paid.

What Happens Next?

1. The petition is submitted to the City Secretary for filing. The city staff will review the petition to determine compliance with the state statutes.
2. The municipality may appoint an advisory body with the responsibility for developing and recommending a district improvement plan to the City Council. The composition of the advisory body should include record owners of real property within the district who are liable for assessments under the proposal.
3. The City Council will hold a public hearing on the advisability of the improvement planned within the district.

4. Within a six month period after the date of the public hearing, the City Council may authorize the improvement district by adopting a resolution in accordance with its findings as to the advisability of the improvement.

How Long Does the Resolution Process Take?

In general, the establishment process can take from three months to one year depending upon the timing of the submittal for review, the thoroughness of the information, and the cooperation of the petitioners.

How Does a PID Function After Establishment?

The PID advisory board is responsible for the preparation of a service plan that is presented to the city. The service plan must cover a period of at least five years and must also define the annual indebtedness and the projected costs for improvements. This service plan shall be reviewed and updated annually for the purpose of determining the annual budget for improvements.

The yearly assessments are based on the annual budget. The City Council must hold a public hearing each year prior to the adoption of the service plan, the assessment rate, and approval of the assessment roll.

The PID Advisory Board is then directly responsible for managing the improvements outlined in their petition. The board can hire contractors, maintenance personnel or purchase materials necessary to develop and/or maintain their improvements. The level of quality of the improvements rests with the PID Board and is managed based on the assessment rate adopted annually.

What are Public Improvement Districts Doing?

Currently approved PIDs are performing landscape improvements and maintenance functions along rights-a-way, landscape irrigation service, maintenance of common property decorative fencing, sign maintenance, funding decorative street lighting, and park & playground maintenance service within their defined areas.



Need More Information?

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or

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or

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