

Council Item Information Sheet - Proposed Meadow Ridge Subdivision Public Improvement District (PID)

Council Action Requested

It is requested that City Council approve the PID through adoption of the findings and creation resolutions. A development agreement between the City and Developer is also presented for consideration. The development agreement lays out the terms of the PID and the reimbursement of certain public infrastructure costs. As stated in the agreement, the only source of reimbursement to the developer is through the assessments.

Area

The Meadow Ridge Subdivision PID would cover 28.8 acres representing Sections 1 and 2 of Meadow Ridge Subdivision. The land will be developed as single family residential in two (2) sections totaling between 96 and 100 homes.

Purpose

The purpose of the PID is to assist the developer with public infrastructure costs. Through the PID, the developer will recover a certain percentage of those costs through an assessment on each lot. This arrangement is similar to a municipal utility district (MUD) and the MUD tax used for the same purpose.

Through the use of a PID, the developer will be able deliver lots to the homebuilders for a price that aligns with the housing market at the location, while meeting City standards for water, sewer, drainage, and paving infrastructure.

Assessment Rate

The PID assessment rate is projected not to exceed the equivalent of a \$0.50 tax rate. It is currently estimated that the average home price in the subdivision will be \$350,000, which would amount to a \$1,750.00 annual assessment using the \$0.50 tax rate as a benchmark. It is estimated that this level of assessment will allow reimbursement to the developer of approximately 50% of the development costs related to public infrastructure.

The assessment will be set one time on the lots in each section and includes financing resulting in a level annual payment for twenty-five (25) years. The principal amount of the assessment is payable at any time by each homeowner which would terminate the assessment.

Disclosure

Proper disclosure notices detailing the assessment will be presented to potential homebuyers by the builders, and for acknowledgement at closing in the same manner as disclosure notices used in MUDs and other special districts with an ad valorem tax rate.

Future Actions

If created, the PID would still need City Council approval of the Service and Assessment Plan and all Assessment Rolls (i.e. no assessments can be implemented without City Council approval). The District Administrator will write the Service and Assessment Plans and formulate the Assessment Rolls for consideration by City Council. The District Administrator will work with the City and the Montgomery County Tax Assessor to have the assessments placed on the County tax bills. The PID assessments will be collected on an annual basis in the same manner as property taxes and transferred to a City-established PID revenue fund. The revenues will be disbursed to the developer once a year after administrative costs have been deducted.

Example Public Improvement District Statement

Subdivision		Statement Date
Section	1	1-Jan-24
Block	1	
Lot	1	
Address		, Texas
CO Issue Date	2023	
Ist Payment Date	2024	

PID TERMS AND AMORTIZATION

Duration (in years)	25
Interest Rate	4.50%
Annual Payment Amount	\$1,750.00
Total Lifetime Payments	\$43,750.01
Total Principal	\$25,949.37
Total Interest	\$17,800.64

	Payment	Principal	Interest	Payment	Payments collected	Principal Balance
						<u>\$25,949.37</u>
	1	\$582.28	\$1,167.72	\$1,750.00		\$25,367.09
	2	\$608.48	\$1,141.52	\$1,750.00		\$24,758.61
	3	\$635.86	\$1,114.14	\$1,750.00		\$24,122.75
	4	\$664.48	\$1,085.52	\$1,750.00		\$23,458.27
	5	\$694.38	\$1,055.62	\$1,750.00		\$22,763.89
	6	\$725.63	\$1,024.38	\$1,750.00		\$22,038.27
	7	\$758.28	\$991.72	\$1,750.00		\$21,279.99
	8	\$792.40	\$957.60	\$1,750.00		\$20,487.59
	9	\$828.06	\$921.94	\$1,750.00		\$19,659.53
	10	\$865.32	\$884.68	\$1,750.00		\$18,794.21
	11	\$904.26	\$845.74	\$1,750.00		\$17,889.95
	12	\$944.95	\$805.05	\$1,750.00		\$16,944.99
	13	\$987.48	\$762.52	\$1,750.00		\$15,957.52
	14	\$1,031.91	\$718.09	\$1,750.00		\$14,925.61
	15	\$1,078.35	\$671.65	\$1,750.00		\$13,847.26
	16	\$1,126.87	\$623.13	\$1,750.00		\$12,720.39
	17	\$1,177.58	\$572.42	\$1,750.00		\$11,542.80
	18	\$1,230.57	\$519.43	\$1,750.00		\$10,312.23
	19	\$1,285.95	\$464.05	\$1,750.00		\$9,026.28
	20	\$1,343.82	\$406.18	\$1,750.00		\$7,682.46
	21	\$1,404.29	\$345.71	\$1,750.00		\$6,278.17
	22	\$1,467.48	\$282.52	\$1,750.00		\$4,810.69
	23	\$1,533.52	\$216.48	\$1,750.00		\$3,277.17
	24	\$1,602.53	\$147.47	\$1,750.00		\$1,674.64
	25	\$1,674.64	\$75.36	\$1,750.00		\$0.00
TOTAL		\$25,949.37	\$17,800.64	\$43,750.01		