

## **Council Item Information Sheet - Public Improvement District (PID) Information For The Stowe Tract (Proposed) Subdivision Development**

### Area

The proposed Public Improvement District would be approximately 86 acres representing the entirety of the proposed Stowe Tract development, a residential subdivision that will be developed in multiple sections containing 235 lots. The land is located along Old Dobbin Road and Old Plantersville Road as show on the attached map.

### Purpose

The purpose of the PID is to assist the developer with public infrastructure costs. Through the PID, the developer will recover certain 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. Unlike a MUD, however, there will not be a separate independent board and no municipal debt will be issued to fund the improvements or to reimburse the developer. The developer will be reimbursed strictly on an annual basis through the yearly collection of assessments, and the City will have no obligation to issue debt or fund the improvements from any other source other than the assessments actually collected on the lots.

### Assessment Rate

**The PID assessment is expected to be approximately \$2,000 per lot per year, or the equivalent of a 50-cent tax rate on a \$400,000 home. Included in the annual payment are financing and interest costs allowing for a level annual payment over the proposed twenty-five (25) year term of the PID. For planning purposes, the principal amount for each lot equals \$29,656.42 and the interest rate on financed assessments is 4.5%. The annual payment will not be subject to increase, and the principal amount of the assessment will be payable at any time by the homeowners which would terminate the assessment. An amortization schedule will be kept for each property covered by the assessment to track annual payments and the outstanding principal balance. An example amortization schedule is attached. An additional City administrative fee and private sector management fee will be assessed and added to the annual payment.**

### Disclosure

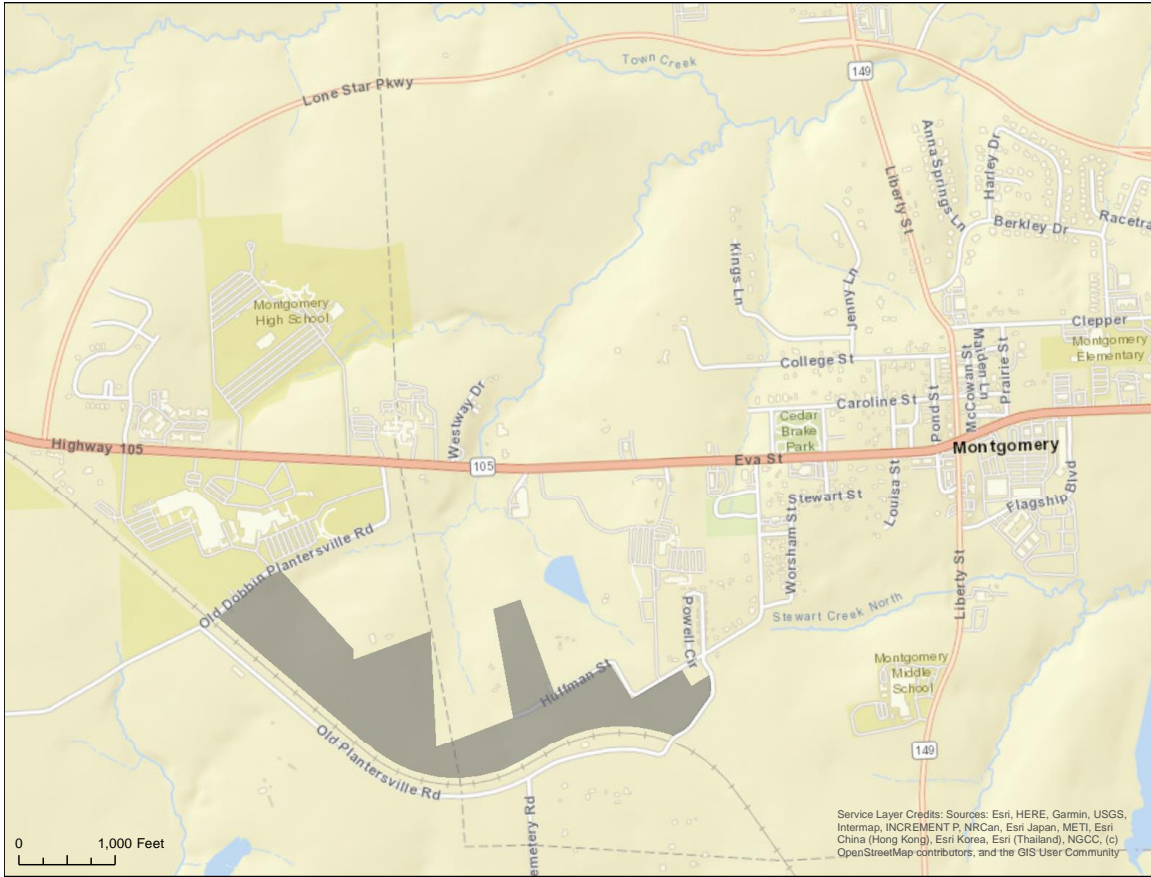
Proper disclosure notices detailing the assessment will be presented to potential homebuyers by the builders, and for acknowledgement at closing in the same manner as disclosure notices used in MUDs and other special districts with an ad valorem tax rate.

### Future Actions

If received favorably, It is requested that City Council accept the required petition and hold a public hearing to consider the proposed PID. A development agreement between the city and developer will also be presented for consideration. The development agreement describes the terms of the PID and the reimbursement of public infrastructure costs.

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.



EXAMPLE AMORTIZATION SCHEDULE

\_\_\_\_\_ Public Improvement District, City of Montgomery

Subdivision

Section

Block

Lot

Address

Montgomery, Texas

CO Issue Date

1st Payment Date

PID TERMS AND AMORTIZATION

Duration (in years)	25
Interest Rate	4.50%
Annual Payment Amount	\$2,000.00
Total Lifetime Payments	\$50,000.00
Total Principal	\$29,656.42
Total Interest	\$20,343.58

	Payment	Principal	Interest	Payment	Principal Balance
					\$29,656.42
1		\$665.46	\$1,334.54	\$2,000.00	\$28,990.96
2		\$695.41	\$1,304.59	\$2,000.00	\$28,295.55
3		\$726.70	\$1,273.30	\$2,000.00	\$27,568.85
4		\$759.40	\$1,240.60	\$2,000.00	\$26,809.45
5		\$793.57	\$1,206.43	\$2,000.00	\$26,015.87
6		\$829.29	\$1,170.71	\$2,000.00	\$25,186.59
7		\$866.60	\$1,133.40	\$2,000.00	\$24,319.99
8		\$905.60	\$1,094.40	\$2,000.00	\$23,414.38
9		\$946.35	\$1,053.65	\$2,000.00	\$22,468.03
10		\$988.94	\$1,011.06	\$2,000.00	\$21,479.09
11		\$1,033.44	\$966.56	\$2,000.00	\$20,445.65
12		\$1,079.95	\$920.05	\$2,000.00	\$19,365.71
13		\$1,128.54	\$871.46	\$2,000.00	\$18,237.16
14		\$1,179.33	\$820.67	\$2,000.00	\$17,057.84
15		\$1,232.40	\$767.60	\$2,000.00	\$15,825.44
16		\$1,287.86	\$712.14	\$2,000.00	\$14,537.58
17		\$1,345.81	\$654.19	\$2,000.00	\$13,191.77
18		\$1,406.37	\$593.63	\$2,000.00	\$11,785.40
19		\$1,469.66	\$530.34	\$2,000.00	\$10,315.75
20		\$1,535.79	\$464.21	\$2,000.00	\$8,779.95
21		\$1,604.90	\$395.10	\$2,000.00	\$7,175.05
22		\$1,677.12	\$322.88	\$2,000.00	\$5,497.93
23		\$1,752.59	\$247.41	\$2,000.00	\$3,745.34
24		\$1,831.46	\$168.54	\$2,000.00	\$1,913.88
25		\$1,913.88	\$86.12	\$2,000.00	\$0.00
TOTAL		\$29,656.42	\$20,343.58	\$50,000.00	