

Council Item Information Sheet – Section Two (87 Lots) Assessment Roll for Public Improvement District Number Four (Alexander Estates Subdivision)

Action Requested

Approval of the Section Two Assessment Roll for Public Improvement District Number Four.

Information

Public infrastructure improvements are nearly complete for Section Two (87 lots) of Alexander Estates Subdivision within Public Improvement District Number Four created by the City in 2019. Per Chapter 372 of the Local Government Code, a service and assessment plan was already approved and the assessment roll for Section One was approved by City Council in 2020 that levied the assessment on each of the lots in Section One (164 lots) . It is requested that the assessment roll for Section Two be approved in the same manner as Section One. This will complete the assessments for each of the 251 total lots in Alexander Estates.

The assessments prescribed in the Plan are by lot and for two (2) different lot categories and are the same in Section One and Section Two. The total, one-time assessment per lot is specified in the plan as well as the annual installment (financed assessment rate at 4.5% annual interest) as follows:

50-Foot Lots

Total Assessment	Annual Assessment Installment	Financed Assessment Term	Annual Administrative Cost	Total Annual Payment
\$ 26,052.50	\$2,425.85	15 years	\$ 121.29	\$ 2,547.14

60-Foot Lots

Total Assessment	Annual Assessment Installment	Financed Assessment Term	Annual Administrative Cost	Total Annual Payment
\$ 31,263.00	\$2,911.02	15 years	\$ 121.29	\$ 3,032.31

The annual payment, principal, and interest are demonstrated on the attached example amortization schedule for a 50-foot lot which will be kept for each property covered by the assessment. The principal amount of the assessment is payable at any time by each homeowner which would terminate the assessment.

The assessments are formulated to reimburse the developer for the public infrastructure costs of the development plus interest while staying around the equivalent of a \$0.75 tax rate. For illustration, the attached amortization schedule details the amortization for each lot in Section One. It is estimated that the average price of the homes in the 50-foot lot category to be constructed will be \$315,000. The annual assessment payment \$2,425.85 is the equivalent of a \$0.77 tax rate on a \$315,000 home.

Proper disclosure notices detailing the assessment will be presented to potential homebuyers by the homebuilders, 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

The District Administrator will work with City staff on the collection of the assessments. 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. A reimbursement report will be performed by an independent CPA firm prior to reimbursement to the developer. The revenues will be disbursed to the developer once a year after administrative costs have been deducted.

Amortization Schedule

Duration (in years)	15
Interest Rate	4.50%
Annual Payment Amount	\$2,425.85
Total Lifetime Payments	\$36,387.71
Total Principal	\$26,052.50
Total Interest	\$10,335.21

	Payment	Principal	Interest	Payment	Payments collected	Principal Balance
						<u>\$26,052.50</u>
1	\$1,253.48	\$1,172.36	\$2,425.85	\$2,425.85		\$24,799.02
2	\$1,309.89	\$1,115.96	\$2,425.85	\$2,425.85		\$23,489.12
3	\$1,368.84	\$1,057.01	\$2,425.85	\$2,425.85		\$22,120.29
4	\$1,430.43	\$995.41	\$2,425.85	\$2,425.85		\$20,689.85
5	\$1,494.80	\$931.04	\$2,425.85	\$2,425.85		\$19,195.05
6	\$1,562.07	\$863.78	\$2,425.85	\$2,425.85		\$17,632.98
7	\$1,632.36	\$793.48	\$2,425.85	\$2,425.85		\$16,000.61
8	\$1,705.82	\$720.03	\$2,425.85	\$2,425.85		\$14,294.79
9	\$1,782.58	\$643.27	\$2,425.85	\$2,425.85		\$12,512.21
10	\$1,862.80	\$563.05	\$2,425.85	\$2,425.85		\$10,649.41
11	\$1,946.62	\$479.22	\$2,425.85	\$2,425.85		\$8,702.79
12	\$2,034.22	\$391.63	\$2,425.85	\$2,425.85		\$6,668.57
13	\$2,125.76	\$300.09	\$2,425.85	\$2,425.85		\$4,542.81
14	\$2,221.42	\$204.43	\$2,425.85	\$2,425.85		\$2,321.39
15	\$2,321.39	\$104.46	\$2,425.85	\$2,425.85		\$0.00
TOTAL		\$26,052.50	\$10,335.21	\$36,387.71		

