

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: February 15, 2021

Topic:

Adopt on Second Reading, Ordinance No. 2021-11, an Ordinance of the City Council of Tomball, Texas, Levying an Assessment against Section Seven and Eight Properties within the City of Tomball Public Improvement District Number Two (Raleigh Creek Subdivision); and Making Certain Findings Related Thereto.

Background:

Public Improvement District Number Two was created in 2007 and comprises the entirety of the Raleigh Creek Subdivision which will ultimately contain 347 single family lots. Assessments were levied on Section One properties in 2014, Sections Two and Three in 2018, and Sections Four Five and Six in 2019. The developer has completed improvements for Section Seven and Eight properties and the assessments now need to be levied on those lots.

As with Section One through Six lots, the assessments proposed are on a per lot basis. Based on the public infrastructure costs for the development, the total, one-time assessment \$26,197.39 is proposed which represents the principal amount of the assessment. The annual installment (financed assessment) proposed is \$2,876.33 which is the principal amount of the assessment amortized over 15 years at 7% interest. With the annual administrative cost of \$71.91 per lot, the total annual payment will equal \$2,984.24 per lot.

Home values in Raleigh Creek are expected to average \$350,000. A \$2,984.24 annual assessment installment payment on a \$350,000 home is the equivalent of a \$0.85 property tax rate.

The annual payment, principal, and interest are demonstrated on the attached example amortization schedule 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.

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

As with other City Public Improvement Districts, Harris County will collect the PID assessments in the same manner as property taxes and transferred to a City-established PID revenue fund. A report on the reimbursable developer costs will be performed by a qualified CPA firm and the revenues will be disbursed to the developer once a year after administrative costs have been deducted.

EXAMPLE AMORTIZATION SCHEDULE

Duration	15
Interest Rate	7.50%
Annual Payment Amount	\$2,876.33
Total Lifetime Payment	\$43,144.99
Total Principal	\$26,197.39
Total Interest	\$16,947.60

Payment	Principal	Interest Payment	Payments collected	Principal Balance
				\$26,197.39
1	\$1,042.52	\$1,833.82	\$2,876.33	\$25,154.87
2	\$1,115.49	\$1,760.84	\$2,876.33	\$24,039.38
3	\$1,193.58	\$1,682.76	\$2,876.33	\$22,845.81
4	\$1,277.13	\$1,599.21	\$2,876.33	\$21,568.68
5	\$1,366.52	\$1,509.81	\$2,876.33	\$20,202.16
6	\$1,462.18	\$1,414.15	\$2,876.33	\$18,739.97
7	\$1,564.53	\$1,311.80	\$2,876.33	\$17,175.44
8	\$1,674.05	\$1,202.28	\$2,876.33	\$15,501.39
9	\$1,791.24	\$1,085.10	\$2,876.33	\$13,710.15
10	\$1,916.62	\$959.71	\$2,876.33	\$11,793.53
11	\$2,050.79	\$825.55	\$2,876.33	\$9,742.75
12	\$2,194.34	\$681.99	\$2,876.33	\$7,548.41
13	\$2,347.94	\$528.39	\$2,876.33	\$5,200.46
14	\$2,512.30	\$364.03	\$2,876.33	\$2,688.16
15	\$2,688.16	\$188.17	\$2,876.33	\$0.00
TOTAL	\$26,197.39	\$16,947.60	\$43,144.99	

Origination: Scott Bean, Hawes Hill Calderon, LLP

Recommendation:

Adopt, on Second Reading, Ordinance No. 2021-06

Party(ies) responsible for placing this item on agenda:

Tracylynn Garcia, Asst City Secretary

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

Yes: _____ No: _____ If yes, specify Account Number: # _____

If no, funds will be transferred from account # _____ To account # _____

Signed Doris Speer 2-2-2021
Staff Member Date

Approved by _____
City Manager Date