

Administrative Policy No. 18

Development Policy for Special Financing Districts

October 20, 2025



Background

- A public improvement district (PID) is a public financing tool created under Chapter 372 of Texas Local Government Code.
- Allows a neighborhood or commercial development to fund public improvements.
- Public improvements are funded by an assessment levied against properties within the PID that is paid annually by the property owner.
 - PIDs assessments are set by the annual Service and Assessment Plan, required to be updated annually.



Types of PIDs

- **Cash PID** – Developer is reimbursed for public infrastructure through annual collection of assessments.
 - Developers pay for infrastructure as constructed, no debt issued
 - Property owners pay annually over the term of the PID for the assessment and administrative cost
 - No interest incurred since project is cash funded
- **Debt PID** – Developer is reimbursed through the issuance of non-recourse debt and annual assessments pay the debt service.
 - Local government issues municipal bonds to fund development upfront
 - Property owners pay annually over the term of the PID for the assessment with interest included and administrative cost
 - Property owners pay interest on bond and that is factored into the annual assessment



City of Tomball PID Policy: PID Eligibility

- Generate economic and superior development benefits to the City beyond what normal development would generate
 - Parks, walking trails, amenity centers, pools, landscaping, arts, specialty lighting, signage, etc.
- Exceed development requirements
 - Architectural standards, enhanced landscaping, enhanced amenities, and provide superior design of the lots or buildings.
- Provide for improvements in the public right of way
 - Landscaping, entryways, fountains, specialty lighting, multi-use trails, etc.
- Meet community needs
 - Enhanced drainage improvements, pedestrian connectivity, utility improvements, etc.
- Provide a unique or special development that provides benefits to the Tomball community.



City of Tomball PID Policy: PID Requirements

Cash & Debt PIDs

- Minimum of 50 acres
- Minimum appraised value to lien (LTV) ratio of 3:1
- No annual assessment increases once assessments are levied

Debt PID requires the following guidelines be adhered to, in addition to the previous considerations:

- All improvements to be funded with PID bonds must be fully engineered and competitively bid
- All PID bonds subject to City Council approval and agreed upon once Development Agreement is approved



City of Tomball PID Policy: Maximum Term

Cash & Debt PID

- 30 years with \$0.48 per \$100 assessment cap
- 15 years with \$0.96 per \$100 assessment cap
 - Most cash PIDs are generally 15-years
 - Most debt PIDs are generally 30-years



Current Cash PIDs

- Pine Country
 - 15 years; Equivalent tax rate is \$0.50
- Raleigh Creek
 - 15 years; Equivalent tax rate is \$0.85
- Reserve at Spring Lake
 - 15 years; Equivalent tax rate is \$0.90
- Alexander Estates
 - 15 years; Equivalent tax rate is \$0.90
- Yaupon Trails
 - 15 years; Equivalent tax rate is \$0.65
- Copper Cove
 - 15 years; Equivalent tax rate is \$0.75
- Grand Junction
 - 15 years; Equivalent tax rate is \$0.75
- Timber Trails
 - 15 years; Equivalent tax rate is \$0.75
- Pine Trails
 - 15 years; Equivalent tax rate is \$0.75



Current Debt PIDs

- Raburn Reserve
 - 30 years; Equivalent tax rate is \$0.96
- Wood Leaf Reserve
 - 30 years; Equivalent tax rate is \$0.90
- Winfrey Estates
 - 30 years; Equivalent tax rate is \$0.95
- Seven Oaks
 - 30 years; Equivalent tax rate is \$0.72

*PIDs in red were created after the PID policy was created



Discussion

