

City of Dallas Public Improvement Districts (PIDs)

**Economic Development
and Housing Committee
September 20, 2005**

Background

- On June 8, 2005, the Business & Commerce Committee discussed authorizing three new PIDs. The South Side PID was approved by City Council on August 10, 2005; the Preston Hollow North PID was created on September 14, 2005. The method of assessment and the rate will be considered on September 28, 2005.
- On August 1, 2005, the Economic Development and Housing Committee continued the discussion and asked staff to develop a policy related creating new PIDs.
- The purpose of this briefing is to review PID rules and discuss and resolve policy issues related to the use of PIDs in Dallas.

Overview of Public Improvement Districts (PIDs)

- **What is a PID?**
 - Designated area where property owners petition city to pay special assessment that is used to pay for improvements and services in the area.
- **How is it set up?**
 - The creation of a PID must be approved by City Council.
- **What can it fund?**
 - PIDs can fund public improvements and services that benefit the entire area or designated sub-districts.
- **How are funds collected?**
 - Funds are collected by the City – typically as part of the property tax bill.

Overview of Public Improvement Districts (PIDs)

- **What is the legal authority for creating a PID?**
 - Chapter 372 of the Texas Local Government Code sets the statutory rules for PIDs.
- **If an area wants to create a PID, where do they begin?**
 - Residents meet with city staff and discuss public improvement and improved service needs for their area. Staff asks the residents to develop cost estimates for these improvements and services for a period of 5-7 years. Staff develops a property tax roll for the proposed area.
- **How is a petition developed?**
 - After staff and the residents have developed a proposed budget and method of collection for a proposed PID, the residents develop a petition to distribute to property owners in the district.

Overview of Public Improvement Districts (PIDs)

- **Who develops the list of property owners for a petition?**
 - City staff develops a property tax roll for a proposed new PID and a set of mailing labels.
- **Who distributes the petitions?**
 - The residents interested in creating a PID distribute the petition.
- **Who verifies the validity of the signed petitions?**
 - City staff verifies the signed petitions.

Overview of Public Improvement Districts (PIDs)

- **What are the legal requirements for a successful petition?**
 - A municipality may establish a PID if property owners of record sign petitions representing:
 - more than 50% of the total value of property in the specified area and
 - more than 50% of the number of property owners of record, or more than 50 percent of the land area.
- **What is the general rule for PID improvements?**
 - PIDs are designed to supplement City services and improvements – not replace them.

Overview of Public Improvement Districts (PIDs)

- **What are eligible public improvements that can be funded by a PID?**
 - **Landscaping**
 - **Distinctive lighting and signage**
 - **Sidewalks, streets**
 - **Business recruitment and development**
 - **Recreation and cultural programs**
 - **Code enforcement**
 - **Community service**
 - **PID administration**

Overview of Public Improvement Districts (PIDs)

- **What are eligible services that can be funded by a PID?**
 - Advertising and promotion
 - Security and public safety
 - Health and sanitation
 - Water and wastewater improvements
 - Pedestrian amenities, parks, fountains
 - Public art, libraries
 - Off-street public parking
 - Mass transportation facilities
 - Real property acquisitions associated with the above improvements

Overview of Public Improvement Districts (PIDs)

- **How are PID assessments collected?**
 - **Assessments on property in PIDs are typically collected by the County Tax Office along with ad valorem taxes annually. Revenue, less County and City administrative costs, is disbursed to the PIDs.**
 - **The PID budgets are executed and expenditures for the improvements and services are managed by the PID management entity under contract with the City and under City staff supervision.**
 - **Special collection arrangements can be made for flat rate collections.**

History of Dallas PIDs

- **Dallas Downtown Improvement District**
 - Called DID
 - Created in 1989
 - Business district focus
 - Multi-functional: capital improvements and increased services
- **Uptown Public Improvement District**
 - Called UPID
 - Created in 1993
 - Business district focus – changed over time as more residential development occurred
 - Multi-functional: capital improvements and increased services

History of Dallas PIDs

- **Vickery Meadow Improvement District**
 - Called VMPID
 - Created in 1993
 - Residential district focus
 - Multi-functional: security, community services, code enforcement
- **Prestonwood Public Improvement District**
 - Called PPID.
 - Created in 1997
 - Single-family district focus
 - Single-function: security

History of Dallas PIDs

- **Deep Ellum Public Improvement District**
 - Called DEPID
 - Created in 1999
 - Business district focus
 - Multi-functional: capital improvements, security, marketing, other services
- **South Side Public Improvement District**
 - Called SSPID.
 - Created in 2005
 - Business district focus
 - Multi-functional: security, capital improvements, services

History of Dallas PIDs (cont.)

- Preston Hollow North PID
 - called PHN-PID
 - created September 14, 2005
 - Residential
 - Security and Security related services
 - Method of assessment and assessment rate to be considered September 28, 2005.

Tax Value History 2000 - 2004

- **Downtown Dallas Improvement District.**
2000 \$3.3 billion - 2004 \$2.9 billion **-12.0%**
- **Uptown PID.**
2000 \$1.3 billion - 2004 \$1.7 billion **3.0%**
- **Vickery Meadow PID.**
2000 \$446.4 million - 2004 \$462.5 million **3.6%**
- **Prestonwood PID.**
2000 \$274.2 million - 2004 \$312.3 million **13.8%**
- **Deep Ellum**
2000 \$92.5 million - 2004 \$107.9 million **16.6%**
- **South Side PID**
Newly created - 2004 \$69.5 million **N/A**
- **City as a whole**
2000 \$59.5 billion - 2004 \$67.0 billion **12.6%**

Current Conditions

- **Requests for new PIDs are increasing**
 - 2000-2002 – Three requests
 - 2003-2005 – Thirteen requests of which:
 - Two considered by City Council
 - One pending Council review
 - One on hold until next year
 - Nine did not meet threshold for petitions or the potential revenue generated was insufficient
- **PID requests are more varied**
 - Few requests for business districts
 - Residential focus on new requests
 - Request for undeveloped land

Current Conditions

- **Why did so many of the recent PID proposals fail?**
 - Value of property in district is insufficient to fund requested improvements
 - Lack of owner consensus
 - Property owners with adjacent walls think common area maintenance is important – owners in the interior of subdivisions do not.
 - Some property owners thought the city should be providing a higher level of service.
 - Property owners did not agree on the assessment rate
 - Some property owners did not think it was an appropriate role of government to collect PID fees – should be handled by a home owners association.

Policy Discussion – PID creation

- **Prior to drafting a PID policy for City Council review, staff requests that this committee discuss and come to a consensus on the following issues:**
 - **Existing Program**
 - **What are strong points about the six established PIDs?**
 - **What are points of concern regarding the six established PIDs?**

Policy Discussion – PID creation

- **Discussion questions related to PID policy (continued):**
 - **Purpose of the PID program**
 - » **Is the purpose for creating a PID to preserve property values in an area? Increase values?**
 - » **Is the purpose for creating a PID to stabilize a residential area? A commercial area?**
 - » **Is the purpose of a PID to fund improvements and/or services?**
 - » **Are there other purposes for creating a PID?**

Policy Discussion – PID creation

- **Discussion questions related to PID policy (continued):**
 - **What improvements and services should a PID fund?**
 - **Security?**
 - **Capital improvements – streetscape improvements, distinctive lighting, park improvements, public art?**
 - **Landscaping, maintenance, beautification?**
 - **Additional services – trash pick-up, area marketing, promotion, events, community services, business recruitment, code enforcement?**
 - **Maintenance of Common areas in neighborhoods and business parks?**

Policy Discussion – PID creation

- **Discussion questions related to PID policy (continued):**
 - **How should the petition process work?**
 - **Continue to require that residential areas collect a higher proportion of signatures than is required by state law?**
 - **Set a time limit on how long a signature is valid?**
 - **Require copy of driver's license or other identification with signature?**
 - **Require two signatures for jointly owned property?**
 - **Keep standards consistent with state law?**

Policy Discussion – PID creation

- **Discussion questions related to PID policy (continued):**
 - **Other issues**
 - **Should there be a minimum/maximum size requirement for a PID?**
 - **Should PIDs be allowed in cases where a developer creates the PID prior to development and subsequent sale of individual properties?**
 - **Should there be a fee for processing a PID application?**
 - **Should the standard term for PIDs continue to be 5-7 years?**
 - **Is a flat rate assessment appropriate?**

Policy Discussion – PID creation

- **Discussion questions related to PID policy (continued):**
 - **Other issues**
 - **Should administrative fees be limited to no more than 15% of the total annual PID budget?**
 - **Should the maximum assessment rate allowed continue to be set at \$0.15 per \$100 valuation?**
 - **Should there be a process, like with a zoning case, if 20% of property owners in a proposed PID area do not want a PID that a 2/3rds vote is required for City Council approval.**

Next Steps – Development and final review of City of Dallas PID policy

- Staff will summarize this discussion and prepare a policy document related to the creation and administration of PIDs in Dallas.**
- Staff will review this policy with the Economic Development and Housing Committee in September 2005.**
- Provided that the committee concurs with this policy, staff will prepare an item for City Council consideration of a policy related to the creation and administration of PIDs in Dallas for a Council meeting in October 2005.**