
City of Dallas Public Improvement Districts (PIDs) – Recommended PID Policy

**Economic Development
and Housing Committee
October 3, 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.
- On August 1, 2005, the Economic Development and Housing Committee continued the discussion and asked staff to provide additional information for review at a future committee meeting.
- The status of the proposed Southeast Dallas PID is pending.

Background (continued)

- On September 20, 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 outline the proposed PID Policy developed by staff, make any additions and corrections desired by the committee and outline a timetable for City Council adoption of a PID Policy.

Policy Discussion – Existing PID Program

❑ Existing PID Program

- What are strong points about the established PIDs?
 - ❑ PIDs work well in commercial districts.
 - ❑ Commercial districts require a variety of additional services and improvements not typically required in residential areas
 - Landscaping, Special Lighting and Maintenance
 - Marketing
 - Promotions, Special Events, Concerts
 - Business Recruitment
- These improvements and services provide a good fit with the mission of the Office of Economic Development. They typically add value to commercial districts or help stabilize property values in areas with declining values.

Policy Discussion – Concerns with Existing PID Program

- **What are points of concern related to existing and proposed PIDs?**
 - Many concerns are related to PIDs in Single-Family Districts.
 - Lack of Property Owner Consensus
 - Maintenance and Improvements to walls and common areas
 - Method and rate of PID assessment
 - The appropriateness of using PIDs for functions traditionally handled by a neighborhood association on a voluntary basis

Policy Discussion – Concerns with Existing PID Program (continued)

- ❑ Many concerns are related to PIDs in Single-Family Districts. (continued)
 - Petition Process
 - ❑ Signatures of all property owners need to be required.
 - ❑ A high proportion of property owners should be required to support creation of a PID.
 - ❑ If a significant minority of the property owners oppose the creation of a PID, a process should be available to require a higher level of City Council support to create a PID.
 - ❑ The time period for collection of signatures for a PID petition should be limited.

Policy Discussion – Concerns with Existing PID Program (continued)

- ❑ Many concerns are related to PIDs in Single-Family Districts. (continued)
 - PIDs for new subdivisions
 - ❑ Is it fair for a developer to create a PID with the intention of having future property owners pay the PID assessment?
 - ❑ Property in non-contiguous subdivisions should not be allowed to be included in a single PID.
 - Regulatory Issues
 - ❑ There should be a minimum and maximum size allowed for an individual PID.
 - ❑ There should be a fee associated with staff review of a PID application.
 - ❑ There should be a standard time period allowed for the duration of a PID.

PID Policy – Overall Recommendations

- **The City of Dallas should continue to support and upgrade the use of Public Improvement Districts for Commercial and Mixed Use Areas.**
- **The City of Dallas Office of Economic Development will phase out the use of Public Improvement Districts for Single-Family Districts.**

PID Policy – Specific Recommendations

- Office of Economic Development supported PIDs will only be Commercial and Mixed Use Districts.
- Existing PIDs for Single-Family Districts will be supported until their expiration.
- In Commercial and Mixed Use Districts, the City will require that 60% of Property Owners support the creation of a new or renewing PID.
 - Petitions will not be required to be notarized.
 - Staff will verify that the person signing the petition has the authority to sign.

PID Policy – Specific Recommendations (continued)

- PID petitions will be due on April 1st annually for approval by October 1st. Signatures for PID petitions must be gathered between October 1 and April 1 prior to the submission of the petition.
- PID assessments will be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
- PIDs in Dallas will be allowed to fund any item provided by state law.
- PIDs must be self-sufficient and not adversely impact ordinary service delivery of the City.
- Administrative expenses for a PID shall not exceed 15% of the total budget in any year.

PID Policy – Specific Recommendations

(continued)

- A PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Dallas.
- The City of Dallas will not participate financially in any additional PID, excluding the DID.
- Anyone selling land in a PID must include a 'title encumbrance which notifies any prospective property owner of the existence of a assessment on the property.
- An application fee of \$15,000 will be required for all new or renewing PIDs. This fee may be reimbursed to the PID management entity out of PID assessments when collected.
- A PID application for creating or renewing a PID shall also include a current tax roll.

PID Policy – Specific Recommendations (continued)

- PID applications shall include a map acceptable to the Office of Economic Development and a legal description of the property included in the District.
- A PID application for creating or renewing a PID shall include a section that clearly identifies the benefit of the PID to the affected property owners and to the city as a whole and also evidence of insurance.
- Any management firm for a PID shall be required to submit quarterly reports of all activities and expenditures; an annual independent audit of all PID expenditures; and shall hold an annual meeting of all property owners to consider and approve the PID Budget and Service Plan.

Next Steps –PID Policy

- **Staff will prepare an item for the November 9, 2005 City Council meeting to adopt the PID Policy described in this briefing.**
- **This policy will go into effect at that date.**

Appendix I - 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.

Appendix I - 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.

Appendix I - 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.

Appendix I - 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.

Appendix I - 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

Appendix I - 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

Appendix I - 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.

Appendix II - 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

Appendix II - 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

Appendix II - 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

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%**