

WHAT IS A PID?

TEXAS PUBLIC IMPROVEMENT DISTRICTS

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Public Improvement Districts (PIDs) are defined geographical areas established to provide specific types of improvements or maintenance, which are financed by assessments against the property owners within the area.

HOW IS A PID CREATED?

Chapter 372 of the Texas Local Government Code authorizes the creation of PIDs by cities. The owners of the properties in the defined PID area can request the City to form a PID through a petition, which may include the establishment of an Advisory Body. Once an Advisory Body is established, the property owners within the PID have control over the types of improvements, level of maintenance, and amount of assessments to be levied against the property owners.

HOW DOES A PID GET APPROVED?

Commissioners Court will consider approval of a petition for a PID only if the PID supports real estate development projects that provide for greater community benefits than typically generated by real estate development projects that do not involve PID financing.

Examples include (but are not limited to):

- Projects that increase affordable housing
- Projects that create or enhance parks, hike and bike trails, recreational facilities, and open space
- Projects that improve environmental protection, storm water quality, and flood control benefits
- Increase or enhance mass transit, bicycle, pedestrian, carpooling
- Improve public educational or health programs and/or facilities
- Provide innovative, exceptional benefits to improve the public roadway network
- Projects featuring excellence in community design, including well connected streets, humane public spaces, on-site amenities, and a mix of land uses in walking distance.

PID OR HOA?

Some developers will use a PID instead of an HOA to fund infrastructure within a development. PID bonds are repaid with assessments that are tax deductible, whereas HOA dues are not. Most PID assessments run 20-40 years and unlike taxes, the rates are fixed and payments end when the bonds are paid. PID assessments can also be paid in full up-front by a buyer.

HOW ARE ASSESSMENTS CALCULATED?

Fixed assessments are based on size of the lots located within the District.

HOW ARE ASSESSMENTS PAID?

PID Assessments can be paid in full at any time by contacting the City's Finance Department or through annual installments in conjunction with your annual property taxes.

The information provided is deemed reliable but not guaranteed. BNT expressly disclaims all liability in respect to actions taken or not taken based on information contained.



HOW DO YOU KNOW IF A PROPERTY HAS A PID?

NEW CONSTRUCTION

Buyers of new construction homes will be informed if the property is in a PID at the time of contract.

RESALES

Resales of homes in newer neighborhoods are becoming more common. Sellers should notify their agents if the home is in a PID. Details of the PID may be listed in the MLS details, or shown in lieu of HOA dues. However, it is wise to not rely on the sellers as the primary source of information. Buyers agents and their clients should review the Tax Certificate provided by Boston National Title of Texas to determine if the property has a PID assessment.

WHY IS IT IMPORTANT TO KNOW BEFORE PURCHASING?

PID assessments often result in higher overall property taxes. Higher than expected taxes can cause a buyer who is at their spending limit to no longer qualify for the purchase once the higher payment is identified.

A home in a PID may be less expensive than a home in a competing development that does not include a PID, however the overall cost of ownership could be similar. Buyers should be sure to take this cost into consideration whether they are buying a new construction home or a resale.

WHAT HAPPENS AT CLOSING?

PID payments are collected as a tax. The amount due shows up on the tax certificate and is prorated and paid accordingly.

TRAVIS COUNTY PID MORATORIUM

On March 31, 2020, Travis County Commissioners Court placed a moratorium on applications for new PIDs. This moratorium is in effect until further notice.