

AGENDA



Thursday, December 18, 2008

**Watershed Protection and Development Review
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 69

Subject: Approve a resolution establishing a policy and general criteria under which the City Council will consider requests to create public improvement districts.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Pat Murphy, 974-2821; Tom Nuckols 974-2568

Prior Council Action: Council postponed action on November 6, 2008. Council postponed action on November 20, 2008.

Public improvement districts (PIDs) are a tool cities can use to fund public services and improvements in a defined geographic area by apportioning the cost among the owners of the land that benefits from those services or improvements. The City of Austin has created two PIDs, the Downtown PID and the East 6th Street PID. In these PIDs, the City assesses the owners of offices, restaurants, retail stores, and other existing development to fund City services that benefit their property.

Within the last year, several owners of undeveloped land in the City of Austin or its extraterritorial jurisdiction have approached the City with the concept of creating PIDs to fund capital improvements for the initial development of their land. In these PIDs, the City would assess the land owners and the revenue would be used to pay the debt service on bonds issued to finance the new parks, public facilities, and infrastructure for the development project. Cities in other states have used PIDs to fund capital improvements for new development, and some other Texas cities now appear to be doing so.

City staff has drafted a policy, with general criteria, for the City Council to consider using if and when the City Council is requested to decide whether and under what conditions the City would create a PID in association with a specific development project in the City's Desired Development Zone. Because using a PID to finance public improvements benefits private development, staff proposes that the development must confer extraordinary benefits to the public in exchange for PID bond financing. Such benefits could include, for example, affordable housing, open space, environmental improvements, public transit, and enhanced infrastructure or other public facilities. City staff will establish guidelines that will outline specific administrative requirements and issues that developers would have to address before creation of such a PID would be recommended to the City Council.

The attached resolution establishes the proposed City Council policy regarding PIDs.