



Travis County

Potential WildHorse Ranch

Public Improvement District (PID)

Financial Services Department

August 9, 2016



(1)



Purpose

- Provide information on Travis County's potential creation of its 1st public improvement district (PID) - WildHorse Ranch
- Respond to Council Members' questions
- WildHorse PID – Community Benefits related to Proposed PID
- Policy Questions
- Next Steps





Public Improvement District (PID)

- Texas Local Government Code Chapter 372 allows creation of **special purpose districts** by a **city or county** in City's corporate limits or extraterritorial jurisdiction (ETJ) to **fund public improvements** and/or services **in a defined geographic area**
- Created **only** at **land owners' request via petition** of more than 50% of owners of taxable real property liable for assessment
- **Costs paid by special assessments** levied on property owners in PID that benefit from public improvements and/or services
 - Equal shares of cost imposed on property similarly benefitted



Travis County considers PIDs

- Three PID petitions received since October 2015
 - WildHorse Ranch (northeast Travis County; full purpose annexed)
 - Turner's Crossing (southeast Travis County; in Austin ETJ)
 - Third PID noted in County Commissioners' August 2 briefing; not identified by name or location
- WildHorse Ranch – 1st potential Travis County PID
 - County developed PID Policy; then performed due diligence
 - August 9 County agenda - discuss and take action to create PID
 - 1st Texas county PID in a city full-purpose annexed area, if created
- Other Texas County PIDs
 - Hays County – La Cima (September 23, 2014; in San Marcos ETJ)
 - Comal County – The Crossings (April 14, 2016; near New Braunfels)

WildHorse Ranch Development

- 2,164 acres in eastern Travis County in City's Desired Development Zone; south of U.S. Highway 290 East at intersection of State Highway 130 and U.S. Highway 290 East
 - 1,600 acres of development is proposed WildHorse PID
- City approved Planned Unit Development (PUD) zoning February 2002 (*Ordinance 20020214-028*)
 - PUD requires no affordable housing
- City approved full purpose annexation November 2013 (*Ordinance 20131121-112*)
 - Property undeveloped at time of full purpose annexation
 - Annexed per owner's request and regulatory plan adopted at time of limited purpose annexation

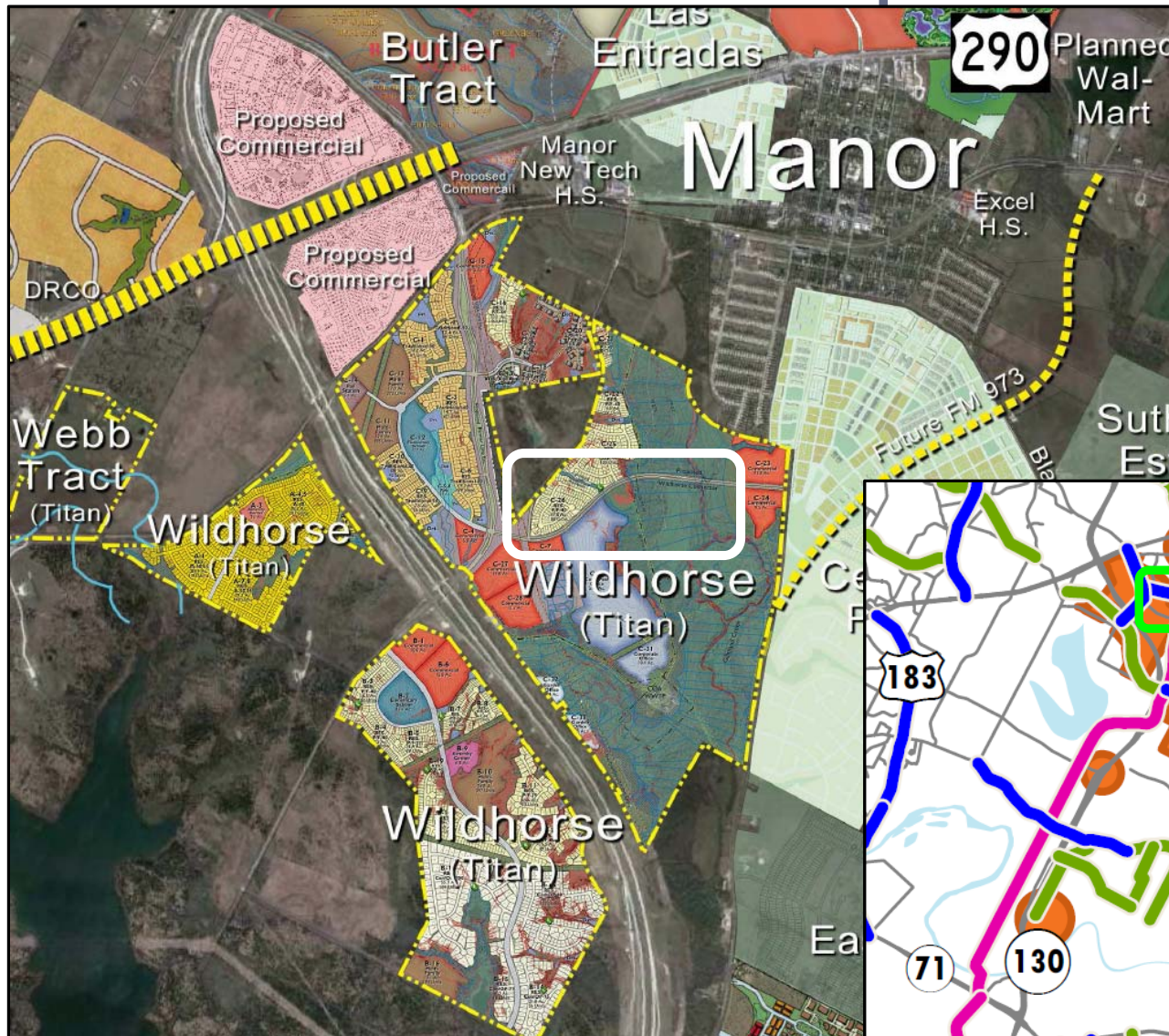




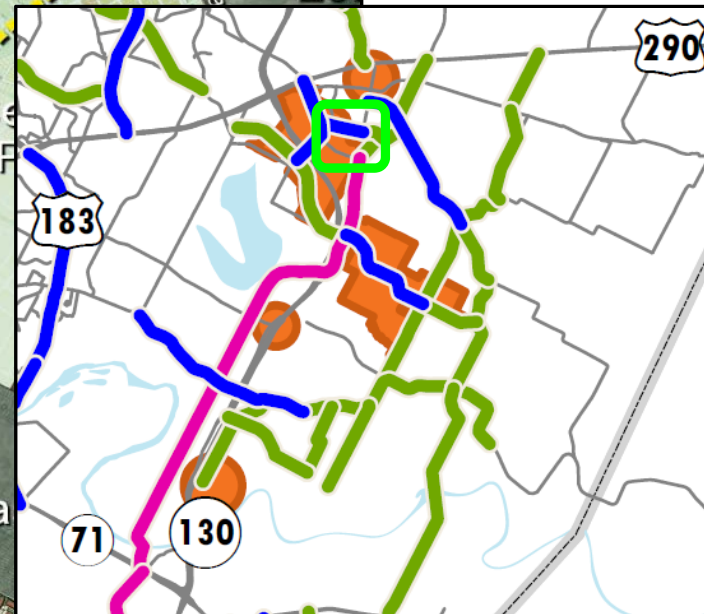
Does PID impact PUD requirements?

- PUD – **zoning of property** – used for developments in City limits or City’s extra-territorial Jurisdiction (ETJ)
- PID – **special district** – established in City’s corporate limits or extraterritorial jurisdiction (ETJ) to **fund public improvements** and/or services **in a defined geographic area**
- City – **zoning authority** – able to enforce PUD standards over any PID agreement that proposes a different development standard for any element

WildHorse Ranch Proposed PID



- WildHorse Connector in highlighted boxes
- PID Map
- Campo 2040 Plan Map



Travis County 2011 Bonds - Roads

- County 2011 Bond road projects required public/private partnership agreement with WildHorse Ranch
 - \$8.77M - Wildhorse Connector-Parmer Lane Extension to FM973
 - \$8.74M - FM973 to Blake-Manor Road Connector
- County Participation Agreement deadline November 30, 2015
- WildHorse initially worked with City on potential PID creation; work progressed but not expected to meet County's deadline
- Early October 2015 developer filed petition asking Travis County create PID





WH PID - Regional Mobility Benefit

Wildhorse Connector-Parmer Lane Extension to FM973

- County requires cost participation by WildHorse Ranch
- County proposing WildHorse Connector cost share at 1/3 each; WildHorse fully annexed before County road bonds issued
 - **County** - use portion of \$8.77M 2011 Bonds
 - **WildHorse Ranch** - issue WildHorse PID Bonds, if PID created
 - **City of Austin** - identify funding source
- City staff recommends certificates of obligation as funding source (current estimate \$5 million to \$7 million)

WH PID = Proposed WildHorse Ranch Public Improvement District



WH PID – Promote Affordable Housing

Summary per Travis County staff

- Over 4,300 residential units
- Single-family attached and detached housing for moderate income families (100%-200% median family income or MFI)
- Multi-unit rental housing for low to moderate income families (100% MFI or below)
- Land parcel(s) for affordable multi-family housing development; projects of best value for affordability tools such as tax credits

WH PID = Proposed WildHorse Ranch Public Improvement District



WH PID – Other Community Benefits

Summary per Travis County staff

- Over 1.5 million square feet of commercial and office space for long-term, full-time employment opportunities
- Public hike and bike trails; playgrounds and playscapes
- Developer land donations
 - Dedicate land to County for open space
 - Minimum 5 acre site for multi-modal transportation joint use facility
 - Two Manor ISD school sites
- Better builder program requirements for PID funded public improvements including worker safety and fair wages

WH PID = Proposed WildHorse Ranch Public Improvement District



PIDs – General Benefits

- Gain land use control in extraterritorial jurisdiction (ETJ) and plan for long-term annexation
 - Limited purpose annexation & planned unit development zoning
 - Opportunity to negotiate reasonable development standards
- “*Growth pays for itself*” - allocate cost to property owners that benefit from public improvements
- Lower overall financing cost for developer may allow for greater amenities and higher valued development through negotiations
 - Gain superior improvements not customary in standard development
- Non-recourse debt to city or county although government officials sign PID bond documents



PIDs – General Concerns

- Public policy concern with number of developer driven special districts (Municipal Utility Districts or MUD trend in 1980s)
- Risks inherent in construction, development, real estate market impact PID's success (assumed absorption and pricing)
- Increased regulatory scrutiny of municipal bond market requires extensive due diligence before PID bond issuance
- PID bonds are non-rated investments; limited universe of investors
- Long-term ongoing public-private partnership with developer
- Ongoing resources to administer PID annual processes
- If PID issues arise, city or county work to mitigate impact
 - Inadequate disclosure of PID assessments to home buyers
 - Foreclosure risk if landowner(s) unable to pay special assessments



County PID – City’s Option to Object

- Tex. Loc. Gov't Code Ann. § 372.003(d) *“A county may establish a public improvement district unless within 30 days of a county's action to approve such a district, a home rule municipality objects to its establishment within the municipality's corporate limits or extraterritorial jurisdiction.”*
- Travis County August 9 agenda includes discussion and possible action to create WildHorse Ranch PID
 - If approved, Council may object to PID’s creation up to September 8



Policy Questions re PIDs

- Would Council policy differ for In-City PIDs and ETJ PIDs?
 - In-City PIDs: Overlapping tax burden plus special assessment
 - ETJ PIDs: Overlapping tax burden **less City tax** plus special assessment; full purpose annex to coincide with PID's termination
- Is a PID needed if PUD zoning is in place?
 - PUD zoning generally results in superior development
 - PID (capital) – low cost financing tool for a developer to fund public improvements that provides special benefits in the district
- Does Council have objections to Travis County's creation of WildHorse Ranch PID?



City's Next Steps for Travis County PIDs

- Staff to prepare item for Council action *"discussion and possible action on Travis County creating the WildHorse PID"*
 - Opportunity to express objection to PID creation, if any
 - If Travis County creates PID on August 9; Council may object within 30 days (prior to September 8)
- Continue monitoring Travis County PID activity; provide Council periodic status reports
- Potential future agenda items if WildHorse PID is created
 - Interlocal Agreement with Travis County for cost sharing on Wildhorse Connector
 - Reimbursement Resolution to use certificates of obligation and budget amendment to fund City's share of Wildhorse Connector

Next Steps for City PIDs

Staff Recommendation

- Moratorium on City created Public Improvement Districts to allow for review of current policy and develop procedures
- Staff to review City's PID Policy (*Resolution 20081218-069*) and recommend policy revisions to Council
 - Department team: Finance, Law, Planning and Zoning, Austin Water, Housing, Parks and Recreations, Public Works, Austin Transportation
- Develop procedures for review of "Petitions to Create a PID"
 - Ensure Council established policy is implemented in a consistent, fair, and transparent manner
 - Identify due diligence process prior to recommending PID creation
 - Identify due diligence process prior to PID bond issuance





Questions

(18)

