

COLLIN COUNTY ASSOCIATION OF REALTORS

**ALPHABET SOUP: SPECIAL
DISTRICT FINANCING AND
THE IMPACT TO
RESIDENTIAL
HOMEOWNERS**



LAND USE DEVELOPMENT ACRONYMS

- **PUD: Planned Unit Development**
- **MUD: Municipal Utility District**
- **PID: Public Improvement District**
- **SUD: Special Utility District**

PUD PURPOSE

Establish a specific plan of development for a defined geographic area that overlays and supersedes the existing zoning for the defined geographic area.

- Avoids having to obtain variances and conditional uses
- Establishes a cohesive plan for development, often mixed-use in nature
- Allows a developer and municipality to understand the goals and meet the needs to both parties

PUD IMPLEMENTATION

Adopted by ordinance or resolution through the zoning process outlined by a municipality.

- Requires the developer meet with the municipality to receive feedback
- Ensures consistency with the municipality's comprehensive plan
- Occurs at the rate of the municipality's review and adoption process

PUD IMPACT TO THE HOMEOWNER

No annual financial impact or requirement of the homeowner

- Allows homeowner to understand the plans for the immediate neighborhood and greater PUD for which it is located
- May incur a Homeowner's Association (HOA) fee; however, HOA fee is a result of the developer of the subdivision, not necessarily the PUD

MUD, PID & SUD PURPOSE

Self-financing tools available to developers and local governments to:

- Encourage new development
- Redevelop urban renewal areas
- Rebuild public infrastructure
- Finance new public infrastructure

MUD, PID & SUD FINANCING MECHANISM

Establishes a stream of revenues based upon an additional tax (MUD), special assessment (PID), or utility charge(s) (SUD) levied within defined geographic boundaries to raise capital to finance infrastructure for the purpose of the development within the geographic boundaries

MUD & SUD IMPLEMENTATION

- Created by legislation proposed and adopted by the State of Texas that defines a geographic boundary (every two years)
- Establishes an independent district (separate of a municipality) that is managed by a board created for the oversight of the district encompassing the geographic boundary created by the State
- Regulated by the Texas Commission of Environmental Quality (TCEQ)

PID IMPLEMENTATION

- Created by resolution adopted by the local municipality (at the pace of the municipality)
- Establishes a geographic district that continues to be managed by the municipality
- Governed by Chapter 372 of the Texas Local Government Code

MUD IMPACT TO THE HOMEOWNER

- Pay an additional tax on annual real property tax bill
 - Ad valorem-based tax
 - Term undefined
 - Management fee included in tax burden
- Receive benefit of public infrastructure that would not otherwise have been provided by municipality
- Enjoy amenities within the community that others outside of the geographic boundaries do not

SUD IMPACT TO THE HOMEOWNER

- Pay a utility charge on a separate specific bill
 - Monthly charge
 - Term undefined
 - Operation and maintenance fee included in charge
- Receive benefit of public infrastructure that would not otherwise have been provided by municipality
- Enjoy amenities within the community that others outside of the geographic boundaries do not

PID IMPACT TO THE HOMEOWNER

- Pay an additional assessment on annual real property tax bill
 - Special assessment
 - Term defined
 - Administration fee included in special assessment
- Receive benefit (allocated proportionately) of public infrastructure that would not otherwise have been provided by municipality
- Enjoy amenities within the community that others outside of the geographic boundaries do not

MUD, SUD & PID COMPARISON

	MUD	SUD	PID
Entity to establish district	State	State	Municipality
Creation frequency	Every legislative session	Every legislative session	Pace of municipality
Regulating entity	TCEQ	TCEQ	Chapter 372
District oversight	Independent Board	Independent Board	Municipality
Revenue collected	Ad valorem tax	Utility charge	Assessment
Timing of collection	Annually	Monthly	Annually
Term	Undefined	Undefined	Defined

PID WITH A TIRZ OVERLAY OVERVIEW

- TIRZ provides for additional public improvements to be financed:
 - Public improvements located inside or outside of PID above PID boundary requirement
- TIRZ increases bonding capacity of the PID bond issuance
- Tax increment revenues from TIRZ act as a credit against the special assessment

CONTACT INFORMATION



www.municap.com
600 E. John Carpenter Freeway,
Suite 333
Irving, TX 75039

Contact:

Lindsay Banner

Vice President

(469) 490-2802

lindsay.banner@municap.com

Josh Arendt

Manager

(469) 490-2803

joshua.arendt@municap.com

GENERAL DISCLOSURES AND DISCLAIMERS

MuniCap, Inc. (“MuniCap”) is not advising or recommending any action be taken by the Collin County Association of Realtors with respect to any prospective, new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues).

Collin County Association of Realtors shall discuss any such information and material contained in MuniCap’s work product with any and all internal and/or external advisors and experts that it deems appropriate before acting on the information and material.

The provisions of this presentation are not intended (and shall not be construed) to constitute or include any municipal advisory services within the meaning of Section 15B of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations adopted thereunder.