



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
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AGENDA INFORMATION SHEET ECONOMIC DEVELOPMENT PARTNERSHIP BOARD

DEPARTMENT: Economic Development

CM/ DCM/ ACM: Bryan Langley

DATE: May 9, 2018

SUBJECT

Receive a report and hold a discussion regarding revisions to the City's Public Improvement District Guidelines.

EXECUTIVE SUMMARY

Public improvement districts (PIDs) are an economic development tool used to fund public improvements that benefit a defined area. PIDs can be established on a pay-as-you-go or a debt basis, and many cities around the state use PIDs to encourage development. Denton has had PID guidelines in place since 2007 and has one PID in place – Rayzor Ranch PID Number 1, which was created in 2014. No assessments have been levied and no bonds have been issued under this PID.

Following direction given in the Jan. 16 work session with Council, staff revised the existing PID guidelines to exclude PIDs for residential development, include general best practices related to PIDs, and include options to mitigate risk, maximize benefits, and ensure performance. Economic Development Partnership Board members expressed concern during the Feb. 14 meeting about the exclusion of all residential PIDs, and the Board tabled its recommendation until a future meeting to await the outcome of Council's next PID work session. During the April 10 work session, Council directed staff to add residential PIDs back to the guidelines, add information about determining public benefit, enhance language about development standards, and enhance notice to residential purchasers. During the April 11 work session with the EDP Board, staff briefed the Board on the April 10 work session with Council, but due to the one-day turnaround time, did not have revised guidelines to present. As such, the EDP Board deferred making a recommendation to the May 9 meeting.

Revised guidelines incorporating Council's April 10 direction have been drafted (Exhibit 2). An action item regarding a recommendation on the draft guidelines is on the EDP Board's May 9 agenda. Pending a recommendation for approval from the EDP Board, staff will bring the item to Council for a vote at an upcoming meeting.

BACKGROUND

In 2007, the City Council first approved Public Improvement District Guidelines for Mixed Use or Residential PIDs. In 2014, the guidelines were amended (Exhibit 3).

On Jan. 10, 2018, the EDP Board received a work session presentation regarding proposed revisions. Their suggestions and comments from that work session were presented to the City Council in a work session on Jan. 16, along with information on other communities' PID policies (Exhibit 4).

The following chart summarizes staff's proposed content changes and the EDP Board's comments from its January 10 meeting:

Staff Proposed Change	EDP Board Comments
• Develop a PID application	
• Establish an interdepartmental task force to review PID applications (Economic Development, Development Services, Legal, and Finance)	
• Require a Service and Assessment Plan and Finance Plan prior to establishment of a PID	
• Require a developer-funded, City-administered Fiscal Impact Analysis prior to the establishment of a PID	
<ul style="list-style-type: none"> Require a minimum home value threshold <ul style="list-style-type: none"> Options: greater than the median City of Denton home value or median Denton County home value based on the most recent ACS Census 	<ul style="list-style-type: none"> Development of lower-end housing creates a burden on the City and DISD Need to better define what we're looking for Use a market-value or current average new home value basis for threshold

During the January 16 Council meeting, staff asked for policy guidance on the following:

Does the Council want to use PIDs as a:

1. Tool for commercial development?
2. Tool for residential development?
3. Tool for redevelopment?
4. Tool for new developments?

After discussion of proposed changes, EDP Board comments, and policy guidance on the four options for PID use, Council's direction was to revise the policy to exclude all residential PIDs but to leave the option open for commercial PIDs if they showed a demonstrable public benefit. Direction also included requiring a Service and Assessment Plan and Finance Plan prior to establishment of a PID and requiring a developer-funded, City-administered Fiscal Impact Analysis prior to the establishment of a PID.

Staff brought Council's comments and a draft of revised PID guidelines back to the EDP Board on Feb. 14 for review and a recommendation to Council regarding approval. EDP Board members expressed concern about the exclusion of all residential PIDs and the Board tabled the recommendation until a future meeting to await the outcome of Council's next PID work session.

In the Feb. 16 Friday memo, Councilmembers received an Informal Staff Report regarding the use of PIDs and other special districts in the neighboring residential developments of Harvest and Canyon Falls.

PRIOR ACTION

April 11, 2018 – Work Session presented to the Economic Development Partnership Board

April 10, 2018 – Work Session presented to City Council

February 16, 2018 – Informal Staff Report issued regarding the use of PIDs and other special districts in neighboring residential developments

February 14, 2018 – Work Session presented to the Economic Development Partnership Board

January 16, 2018 – Work Session presented to City Council

January 10, 2018 – Work Session presented to the Economic Development Partnership Board

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Economic Development

Related Goal: 3.1 Develop targeted policies and incentives to achieve desired economic growth

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Draft Revised Guidelines for Public Improvement Districts

Exhibit 3 – Presentation

Respectfully submitted:

Caroline Booth

Director of Economic Development