



PIDs and TIRZ

What is a PID?

- A Public Improvement District (PID) is a special purpose district created to levy and collect special assessments on property within a city, a city's extraterritorial jurisdiction (ETJ), or an unincorporated portion of a county.
- Purpose is to fund additional services or improvements within a **defined geographic area** of a city or county.
- PIDs are funded by special assessments paid by the landowners **within the boundaries of the district** that benefit the public service and/or improvements.

The type of PID that the City of Crandall is looking to create is a Capital Improvement PID. These will be funded by bonds issued by the city repaid back by those who **live within the PID**. **No current residents of Crandall will be in this PID**. This will serve a new housing development within Crandall.

Advantages of a PID

- PIDs provide for public infrastructure for a defined area **without burdening existing taxpayers** with the cost.
 - The cost is passed down to the purchaser of the lot located within the PID.
 - If the PID defaults on the debt, the city no longer has any obligation to any debt, all incentives are rescinded.
- PIDs provide for enhanced development standards and amenities which go above current development regulations.
- Residents of PIDs receive enhanced community amenities such as parks, trails, lakes, fountains, and other public improvements.
- PIDs provide an "extra-layer" of enhanced services in a specific area funded only by the property owners benefitting from the service. **No one outside of the PID will be paying for any improvements within the PID**.

What is a TIRZ?

A Tax Increment Reinvestment Zone (TIRZ) is an economic development tool that captures the projected increase in tax revenue that is created by development within a defined area and reinvests those funds into public improvements and development projects that benefit the zone.

Advantages of a TIRZ

- With revenue for a TIRZ being based solely upon the increase of **the assessed property values inside of the zone**, an economic incentive is created to build a product that will increase its value over the duration of the life of the TIRZ. It would not be in the interest of the city, the developer, or the zone to put a substandard product located within the TIRZ.
- A TIRZ is also a way to incentivize the public infrastructure improvements as they increase the value of the property within the TIRZ. The higher the appraised value, the higher the funds available within the zone to cover infrastructure and related public development costs.
- A TIRZ is a way to incentivize not just development, but the highest quality development within a designated area.
- A TIRZ is NOT an additional tax assessment. A TIRZ fund is wholly derived from the overall increased appraised value of properties **within the zone**.