

Public Improvement Districts

Presented by

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What is a Public Improvement District?

- The Public Improvement District (PID) Act was approved by the Legislature in 2001
- The Act is codified in New Mexico Statutes Annotated Section 5-11-1 to 5-11-27
- The Act allows public infrastructure improvements to be financed with tax-exempt bonds

PIDs Can Finance A Wide Variety of Infrastructure Improvements*

- Streets
- Storm Drainage
- Pedestrian Walkways
- Gas & Electrical Systems
- School Facilities
- Impact Fees
- Other Public Infrastructure
- Sewers
- Parks
- Landscaping
- Water Lines
- Bridges
- Public Buildings

- * Projects financed by a PID must be publicly owned

PID Facts

❖ PIDs ARE:

- Authorized to impose a special levy on property located within the PID only
- Levied based on the benefit received by the property within the PID
- Disclosed to all potential purchasers of property owners within the PID

❖ PIDs will NOT:

- NOT result in an obligation to property owners outside the PID
- NOT use County or City property taxes
- NOT be a liability to the general fund
- NOT be a net expense to the City or County
- NOT have a direct or indirect impact to the City or County bond rating

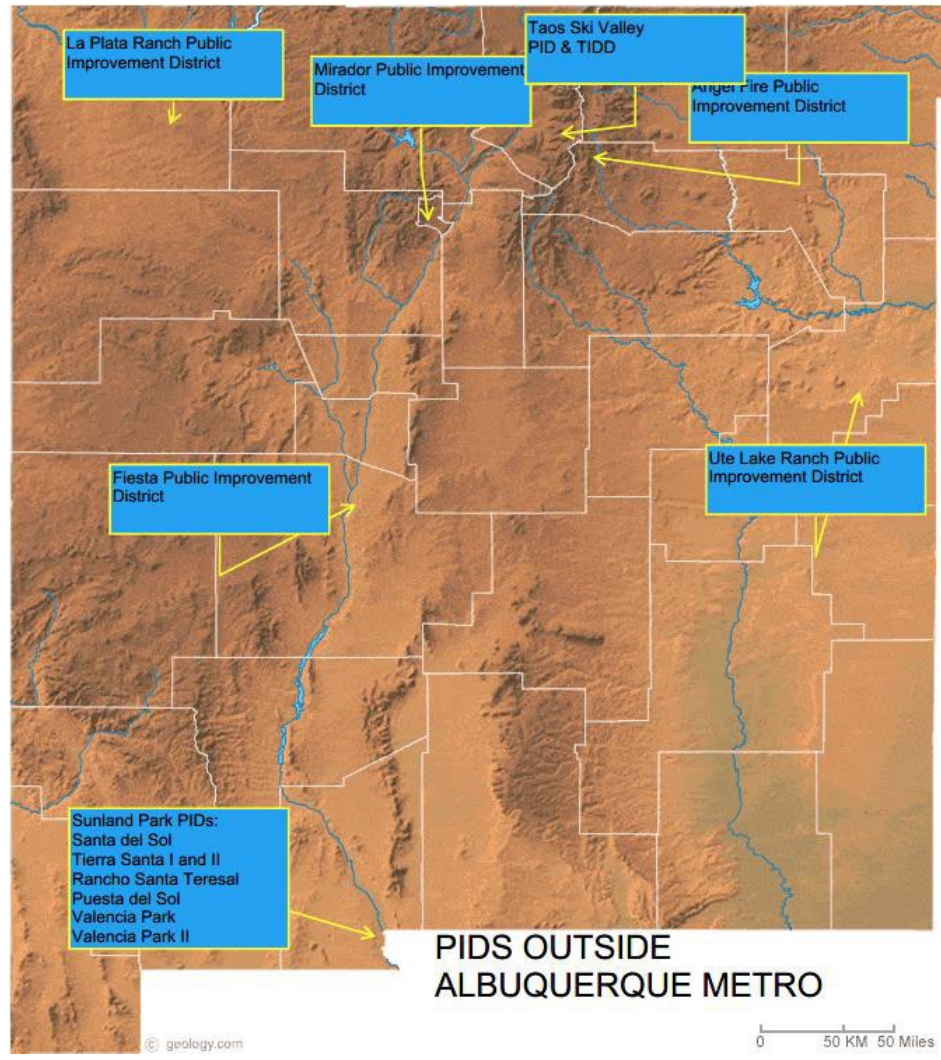
The Benefits of Financing Public Improvements With Municipal Bonds

- Long-term (20 – 30 years) fixed-rate financing terms at tax-exempt bonds rates
- Non-recourse to the City/County, and maximum levies protect homeowners from liability
- Repaid from property taxes on the benefitted lots
- Municipalities want high-quality, master-planned infrastructure. This facilitates better regional planning, connectivity, and amenities for residents.
- House prices have not kept up with the rising costs and scope of public improvements required.

The Benefits of Financing Public Improvements With Municipal Bonds

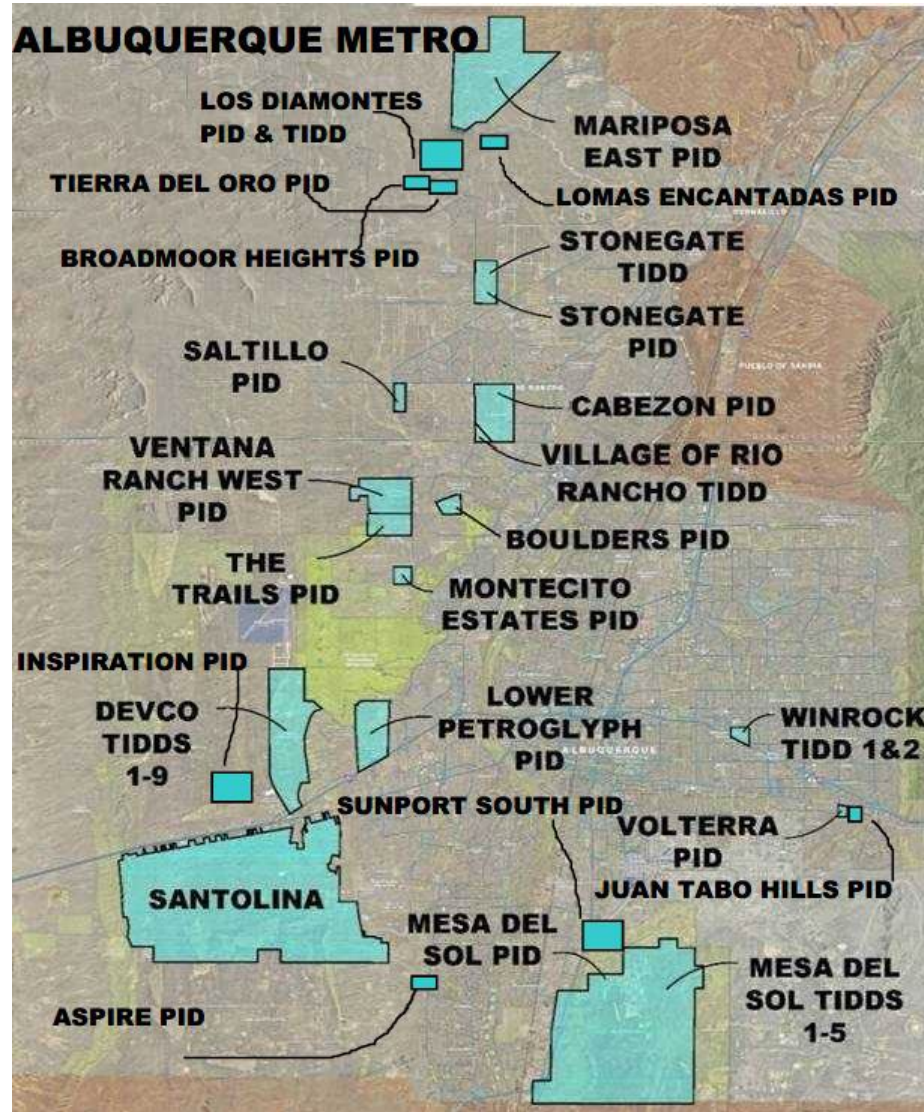
- The lot price and house price is lower in a PID because it does not need to absorb all of these costs
- Homeowners do not need to finance the levy and do not need to pay it off if they sell their property
- The reimbursement for public improvements is performance-based and does not occur until infrastructure is constructed to City specifications.
- The availability of the reimbursement improves the project financials, helping to obtain construction financing and bringing homes to the market faster.

PIDs in New Mexico



**PIDS OUTSIDE
ALBUQUERQUE METRO**

PIDs in New Mexico



Disclosure of Special Levy

- Notice of Formation
 - Formation Resolution
 - General Plan
- Notice of Imposition of Special Levy
 - Rate and Method of Apportionment of Special Levy
- Notice of Information
 - Drafts included in Application
 - District to update semi-annually
 - All Sellers obligated to deliver notice
- PID Act provides action for injured home buyers
 - Actual Damages
 - Attorneys' Fees and Costs
 - Injunctive Relief



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PID Initial Operations

- It can take one or more years to begin operating, because infrastructure and homes need to be built first.
- The special levy is typically imposed when there are enough occupied homes to generate sufficient revenue to at least cover the costs of running the district (administration costs, including audit).
- Initially only lots with Certificates of Occupancy pay the levy - they are the ones using the infrastructure. When bonds are sold, the levy is imposed universally to meet payment obligations.
- Levies are imposed annually and are not prorated by the PID. When a C.O. is initially obtained, that lot will not have the levy until the next PID fiscal year.

PID Initial Operations, Cont.

- The financial parameters of PIDs provide for a maximum annual special levy that residents can rely on.
- Lenders and real estate professionals typically understand PIDs and willing work in PID projects.
- If an educational reach-out would be helpful in the City and Dona Ana County, PID counsel for the City and Developers would be happy to assist.

Ongoing Operations of the District

- Minimal City involvement required
- City Council appoints initial PID Board, which is thereafter subject to elections or appointment for vacancies
- District engages independent contractors
- District complies with applicable state laws, including transparency, budgeting, and audits.

Questions?

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