

What is a Public Improvement District, and how does it apply to the Chapel Hill Community?

The City of Fort Worth defines a Public Improvement District (PID) as a means “to provide a development tool that allocates costs according to the benefits received. A PID can provide a means to fund supplemental services and improvements to meet Community needs which could not otherwise be constructed or provided, and be paid by those who most benefit from them.”

For Chapel Hill, the monies that come in from Homeowner assessments and the PID all go toward the maintenance of the Community Association common areas. The PID itself contributes significant amounts to various items including costs of irrigation, landscape maintenance, Association Management, PID insurance and common area utilities.

How does the PID work?

The PID has specific boundaries with predefined percentages of how much the monies collected for the PID will contribute toward expenses. (Example – the PID covers 61% of the water bill for the largest expanse of land in the Public Improvement District for Chapel Hill.)

The process works like this:

1. The Management Company will receive a bill from a vendor or company for services rendered or utilities.
2. The Management Company will use the PID guidelines to determine how much of the expense is covered by the PID.
3. The Management Company will put together a report to send to the City that includes a reimbursement request, a PID activity report and a report showing the total percentage of monies allocated in each category year-to-date.
4. The City then reviews the report and sends a check to the Management Company for expenses that is then deposited into Chapel Hill’s bank account.

Where does the money come from to operate the PID?

Anyone who owns a home in Chapel Hill contributes to the PID. Since the PID is included on property tax statements, they pay into the PID when they pay their property taxes.

How does the PID benefit the Chapel Hill Community?

It’s no secret that Home Owners Association Communities need money to operate. The grass needs to be watered and maintained, the utilities need to be paid and the Community certainly needs to be kept up. Right now, only about 65% of what it takes to run the Community comes in from Homeowner assessments. Approximately 35% comes in from the PID.

In a perfect world, every Homeowner would be able to pay their assessments 100% of the time, on time. The reality is that some people fall on hard times and aren’t able to pay their assessments on time.

There are steps outlined by the Texas Property Code that we must follow in order for the Association to collect on delinquent accounts to keep things up and running.

Although the monies spent on collections will be added to a delinquent Homeowners account and collected at repayment, the Association still has to spend the money on the front end to collect the debt. Some Associations have spent as much as 30% of their annual budget in an attempt to collect on delinquent accounts to run the Community. As you can see, this can be a very cumbersome process that comes with a pretty hefty price tag.

However, having the PID in place allows the Association to have monies that we can count on, without concerning ourselves with how we're going to finance collections for that portion of our annual budget. This is a significant advantage because the PID accounts for \$51,000 of our Community's Budgeted annual expenses. If we were to dissolve the PID today for whatever reason, we would immediately create a \$51,000 short fall in our annual budget. This expense would have to be passed down to our Homeownership because we don't receive funding any other way.

You may be thinking, "I already pay my share of the PID. What's the difference in writing a check to the PID, or writing a check to the Management Company?" For those who pay the entire amount of their assessments on time, there really is no difference. The difference is that right now the burden of collections costs for the 35% of our annual budget that the PID contributions cover is on the City of Fort Worth. If we were to add the responsibility of that 35% onto the Homeownership, the percentage that we have to spend on collections for delinquent accounts also goes up. This means that more money will be required in our annual budget to finance collections of monies owed to the Association.