

What you need to know today about

# Municipal Improvement Districts

Stephanie Leonard Yarbrough

[syarbrough@nexsenpruet.com](mailto:syarbrough@nexsenpruet.com)

843.720.1731



NEXT CHALLENGE. NEXT LEVEL.

NEXSEN | PRUET

# Municipal Improvements Act

- Definition of Municipal Improvement District (“MID”)
- Improvement Plan
- Creation of MID

# The Governing Body and MID

- Authorized to acquire, own, construct, enlarge, install, sell, or lease
- Financed by bonds or from general revenues

# Authorized Improvements

- Malls
- Parkways
- Parks
- Playgrounds
- Recreation and athletic facilities
- Pedestrian facilities
- Parking facilities
- Façade redevelopment
- Widening and dredging of recreational waterways
- Street improvements
- Public buildings and facilities
- Underground utilities

# Common Questions

CAN A MUNICIPALITY  
ASSESS PROPERTY NOT  
LOCATED IN AN  
IMPROVEMENT  
DISTRICT?

Generally no.

HOW DO YOU ESTABLISH  
AN IMPROVEMENT  
DISTRICT?

Need written consent of the owners.

# Criteria for the MID

- Beneficial within a designated improvement district
- Preserve or increase property values
- Without it, property values would decrease OR improvements would encourage development
- Tax base or general welfare improved

AND financing by assessment of all real property within the district is fair and equitable

# Common Questions

IS OWNER OCCUPIED RESIDENTIAL PROPERTY ASSESSED?

Owner occupied residential property which is taxed or will be taxed pursuant to statute must NOT be included in the improvement district UNLESS the owner at the time the improvement district is created gives the governing body written permission to include the property within the improvement district.

# Common Questions

## WHAT DOES THE RESOLUTION APPROVING AN IMPROVEMENT DISTRICT NEED TO SAY?

The governing body shall adopt a resolution describing the improvement district, the improvement plan, the projected time schedule, the estimated cost, the amount of the cost to be derived from assessments, bonds or other general funds, AND the proposed basis and rates of assessments to be imposed. The resolution also must establish the time and place of a public hearing to be held within the municipality not sooner than 20 days nor more than 40 days following the adoption of the resolution.



# Common Questions

DO THE ASSESSMENTS HAVE TO BE UNIFORM UPON THE PROEPRTY OWNERS?

No.

May vary in proportion to improvements made immediately adjacent to or abutting upon the property of each other therein, as well as other bases.

# Common Questions

WHO OWNS THE IMPROVMENTS?

The municipality, State or other public entity.

HOW DO YOU CREATE THE IMPROVEMENT DISTRICT?

By ordinance.

# Common Questions

## WHAT IS THE ASSESSMENT ROLL?

The governing body prepares an assessment rolls in which there are the names of the persons whose properties are to be assessed and the amount assessed against their respective properties.

## WHAT PRIORITY DOES AN ASSESSMENT HAVE ON THE PROPERTY AS AN ENCUMBRANCE?

Superior lien. Superior to ALL OTHER liens and encumbrances, except the lien for property taxes.

# Common Questions

## WHAT CAN BE CONSIDERED AN IMPROVEMENT?

- Malls
- Parks
- Recreation or athletic facilities
- Pedestrian facilities
- Parking , garage or underground
- Waterways, canals, channels
- Streets, roads, bridges

# Boundary Issues

The governing body of a municipality may determine that improvements located outside the boundaries of an improvement district confer a benefit upon property INSIDE an improvement district.

# Common Questions

## WHAT IS THE ASSESSMENT?

The assessment is a charge against the real property of an owner within an improvement district created pursuant to the statute.

## WHAT FACTORS GO INTO DETERMINING THE AMOUNT OF THE ASSESSMENT?

The amount of the assessment may be based on assessed value, front footage, per parcel basis, the value of improvements to be constructed within the district, or any combination of them, as the basis is determined by the governing body of the municipality.

# Common Questions

CAN THE GOVERNING BODY COME UP WITH THEIR OWN METHOD OF DETERMINING THE FACTORS THAT GO INTO THE ASSESSMENT FOR THE MID?

\*\*\*If the governing body (municipal council or other governing body in which the general governing powers of the municipality are vested) of a municipality determines that another basis for assessment is appropriate or a more equitable allocation of costs among property owners is appropriate, it may substitute such method.

# Common Questions

CAN YOU USE REVENUES FOR IMPROVEMENTS OUTSIDE THE MUNICIPALITY WHERE THE IMPROVEMENT DISTRICT IS LOCATED?

A municipality **MUST** obtain the consent of the county governing body and any other municipality where the improvement is located to use revenue for improvements located **OUTSIDE** the municipal boundaries in which the improvement district is located.



NEXT CHALLENGE. NEXT LEVEL.

NEXSEN | PRUET