



City of San Antonio

Agenda Memorandum

File Number:21-4775

Agenda Item Number: 19.

Agenda Date: 7/28/2021

In Control: Planning Commission

DEPARTMENT: Planning

DEPARTMENT HEAD: Bridgett White, AICP

COUNCIL DISTRICTS IMPACTED: ETJ near City Council District 6

SUBJECT:

The City of San Antonio's consent to the creation by Bexar County of the proposed Landon Ridge Public Improvement District (PID) and associated Development Agreement.

SUMMARY:

A public hearing and consideration of a resolution recommending the City of San Antonio grant its consent to the creation of a proposed Public Improvement District, to later be named the Landon Ridge Special Improvement District, by Bexar County and associated Development Agreement with SA Landon Ridge, LP and Potranco Patience, LLC, owners of the approximately 131.255 acre property, generally located to the northwest of the intersection of Potranco Road and Stevens Parkway in the extraterritorial jurisdiction (ETJ) of the City of San Antonio.

BACKGROUND INFORMATION:

Texas Local Government Code Chapter 382 allows for the creation of Public Improvement Districts (PIDs), by a municipality or a county. PIDs are economic development tools used to pay or finance public improvements and economic development within (and that benefit) a defined geographical area, which will become the PID. The general nature of the proposed public improvement may include, but is not limited to, the improvement and construction of roadways, utilities, water, wastewater, or drainage systems, trails, and park/recreational facilities; located within the PID boundaries. These PIDs may levy assessments and impose ad valorem, sales and use, or hotel occupancy taxes as sources of funding, and costs are apportioned and paid by landowners within the PID boundaries that benefit from public improvements and/or services.

To create a PID in a county, more than fifty percent (50%) of owners of taxable real property liable for assessment within the proposed PID area, must submit a petition to the governing body of the county. The municipality has the option to object to the creation of PIDs in its ETJ pursuant to state law. However, a PID being created with road district powers to supply roadways, fresh water, sanitary sewer, or drainage facilities, may not be created in the ETJ of a municipality unless the municipality gives its written consent by resolution.

In accordance with Section 212.172 of the Texas Local Government Code, a municipality and a landowner may enter into a written development agreement by which the municipality will extend its planning authority, establish terms for annexation or non-annexation of the land, extend its development regulations and standards, and provide for the infrastructure of the land. In addition, a PID in the ETJ of a municipality may negotiate and enter into a written strategic partnership agreement (SPA) with the municipality that allows the municipality to annex for limited purposes, and impose and collect sales taxes in the commercial properties in the PID boundaries, in accordance to Chapter 43 of the Texas Local Government Code.

On March 26, 2021, SA Landon Ridge, LP and Potranco Patience, LLC., the (Owners) filed a petition and application with Bexar County (County), to create a PID to be named the Landon Ridge Special Improvement District, pursuant to Chapter 382 of the Texas Local Government Code. On March 30, 2021, the Owners also petitioned the City to grant its consent to the creation of the PID with road district powers in its ETJ as required by State law. As a condition of the City's consent, the Owners and the City will enter into a development agreement, which includes development and land use regulations, voluntary annexation for the PID land and the framework of a SPA. On May 18, 2021, the County Commissioners Court approved a resolution stating their intent to create the PID with road district powers and authority to impose taxes on future landowners located within the PID's boundaries.

The proposed PID Property consists of the Landon Ridge Tracts, totaling 131.255 acres of land located northwest of the intersection of Potranco Road and Stevens Parkway. The PID Property is located within the water and sewer Certificates of Convenience and Necessity (CCNs) of SAWS. Furthermore, the PID project will be a mixed-use development with 260 single-family residential units, averaging \$225,000 per unit, 400 multi-family residential units, seven commercial pad sites (13.18 acres) and 46.175 acres of open space. The proposed costs for on-site improvements including streets, utilities, drainage and grading, and amenities and off-site improvements, consisting of a turn lane, utility extension, a traffic light, and driveways, are estimated at \$25,905,000. The proposed PID's revenue is estimated at \$19,742,374.

ISSUE:

If approved, this resolution recommends the City's consent to the creation of the Landon Ridge PID by Bexar County subject to the execution of a 30-year Development Agreement (Agreement) between the City and the Owners. The written consent of the City by resolution, which includes the delegation of the road district powers along with the powers to construct water, wastewater, and drainage facilities, is required by state law for this PID to exercise those powers. However, the City's consent will not include the following:

- The power to exercise eminent domain by the PID; and
- The power to annex, expand or exclude land into the PID's existing boundaries.

The Agreement sets the conditions of the City's consent, as mentioned above, and includes the following terms and obligations between the City and the Owners with respect to the development of the PID property:

- The Owners will pay a \$7,500 Special District application fee.
- The Owners will pay an operations assessment fee of \$175 per built residential unit, totaling \$115,500.
- The proposed PID's tax rates shall not exceed the City's tax rates.
- The City will guarantee the continuation of the extraterritorial status of the PID property for a period of 30 years.
- The Owners agree that the Agreement constitutes a petition consenting to annexation at the City's discretion at the end of the Agreement's term.
- The Agreement includes a written Services Agreement between the Owners, subsequent Owners, and the City under Chapter 43 of the Texas Local Government Code.
- The Owners agree to comply with all municipal regulations, ordinances, and other laws applicable to all properties located within the City's ETJ during all phases of development and construction of the PID Project and

during the term of the Agreement.

- The Owners will reimburse the City for the recordings of the Development Agreement with Bexar County Real Property Records.
- The proposed framework of a SPA between the City and the PID, which will include the following provisions:
 - The City will annex for limited purposes the commercial property in the PID for the purpose of assessment and collection of sales and use taxes.
 - The PID will pay for costs related to the SPA and limited purpose annexation and will reimburse the City for legal recordings of the SPA with Bexar County Real Property Records.
 - Commencing after the effective date of the limited purpose annexation of the commercial property, the City will remit to the PID an amount equal to 25% of the sales tax revenues collected within the annexed commercial property.

The proposed timeline for the establishment of the proposed PID is as follows:

<u>Dates</u>	<u>Schedule of Action</u>
March 26, 2021	Bexar County Commissioners Court consideration of a resolution expressing their intent to create the PID
July 28, 2021	San Antonio Planning Commission public hearing and recommendation
September 2, 2021	City Council's consideration and action
September 7, 2021	Commissioners Court consideration to create the proposed PID and appoint a board of directors
May 2022	PID Election and approval of PID's taxes and bonds

ALTERNATIVES:

A denial of the Resolution would result in the PID not being created by Bexar County. This action would require the Owner to seek a different financing mechanism for the development of the property. It may result in the PID development occurring in a traditional method instead of the manner proposed by the developer.

City Council may require staff to re-negotiate the terms of the Agreement which would delay the activation of PID development.

RECOMMENDATION:

Staff recommends Approval of a Resolution recommending the City to grant its consent to the creation of proposed Landon Ridge PID by Bexar County subject to the execution of a Development Agreement with SA Landon Ridge, LP and Potranco Patience, LLC