



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 36

Agenda Date: November 21, 2024

In Control: City Council A Session

DEPARTMENT: Planning Department

DEPARTMENT HEAD: Bridgett White

COUNCIL DISTRICTS IMPACTED: District 2, District 3

SUBJECT:

An amendment to the Development Agreement between the City of San Antonio and Lennar Homes of Texas Land and Construction, LTD.

SUMMARY:

Ordinance authorizing an amendment to the Development Agreement between the City of San Antonio and Lennar Homes of Texas Land and Construction, LTD, the Owner, to include 38.56 acres of land in the Sapphire Grove Special Improvement District.

BACKGROUND INFORMATION:

On April 14, 2022, the City Council of San Antonio granted its consent to the creation of a Public Improvement District (PID), referred to as the Sapphire Grove Special Improvement District, by Bexar County (County), and approved a Development Agreement (Agreement) with Lennar Homes of Texas Land and Construction, LTD, the Owner of the PID property. The PID was officially created by the County on April 19, 2022. The original PID consists of 173.27 acres, generally located south of New Sulphur Springs Road, east of Gardner Road, and west of Cover Road in the ETJ of the City of San Antonio. Subsequently, the Owner acquired 38.56 acres of land and petitioned the District's Board of Directors (Board) to amend its boundaries by

annexing the 38.56 acres of land.

On September 14, 2023, the Board approved the PID annexation and on October 4, 2023, the Board petitioned to the County to grant their consent to revise the existing PID's boundaries by including the 38.56-acre Lennar Homes of Texas and Construction, LTD property. On March 7, 2024, the Board also petitioned the City to grant its consent to the annexation of the PID with road district powers in its ETJ as required by State law. As a condition of the City's consent, the Owner and the City will amend the original development agreement, which includes development and land use regulations, voluntary annexation for the PID extension land and the framework of a Strategic Partnership Agreement (SPA).

The proposed PID Annexation Property consists of one tract, consisting of 38.56 acres of land, adjacent to the original PID boundaries, generally located northwest of New Sulphur Springs Road, and Gardner Road. With the addition of the 38.56 acres, the acreage of the PID will increase to approximately 211.83 acres. The PID Annexation Property is located within the water and sewer Certificates of Convenience and Necessity (CCNs) of San Antonio Water System. Furthermore, the PID annexation will be a residential development with 185 single-family residential units. This development has no proposed commercial use. The proposed individual lot improvements (onsite), drainage improvements, clearing and grading, lift station and sewer improvements, and streets; utilities are estimated to cost \$6.5 million. The proposed PID Annexation's revenue is estimated at \$5.5 million.

ISSUE:

If approved, this ordinance authorizes an amendment to the Development Agreement between the City and Owner, Lennar Homes of Texas and Construction, LTD, to include the PID annexation of 38.56 acres, which will expand the PID's boundaries to 211.83 acres. The written consent of the City, 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. The terms of the City's consent are provided in the original Development Agreement and will be extended to the PID's newly annexed area. 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 Owner with respect to the development of the PID property:

- The Owner will pay to the City a \$7,500 Special District application fee.
- The Owner will pay to the City an operations fee of \$175 per each built residential unit, totaling \$32,375.
- The proposed PID Annexation's tax rates shall not exceed the City's tax rates.
- The City will guarantee the continuation of the extraterritorial status of the PID annexation property for a period of 30 years.

- The Owner agrees 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 Owner, subsequent Owner, and the City under Chapter 43 of the Local Government Code.
- The Owner agrees 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 Annexation Project and during the term of the Agreement.
- The Owner will reimburse the City for the recordings of the development agreement with Bexar County Real Property Records.
- The Agreement includes the proposed framework of a SPA between the City and the PID, which will include the following provisions:
 - 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 Annexation is as follows:

Dates	Schedule of Action
October 23, 2024	San Antonio Planning Commission public hearing and recommendation
November 21, 2024	City Council’s consideration and action
TBD	County Commissioners Court consideration to expand the original PID.

ALTERNATIVES:

A denial of the ordinance would result in the PID’s annexation not being approved by the County. This action may result in the project being delayed because the Owner would have to seek a different financing mechanism for the development of the PID project.

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

FISCAL IMPACT:

This item is to consider an Ordinance amending the Development Agreement between the City and Lennar Homes of Texas Land and Construction, Ltd, Owner of the PID property. This ordinance enables the Owner to pay a Special District Operations Assessment estimated at \$32,375 (for a total of 185 residential units at \$175 per residential unit) and costs related to limited purpose annexation and reimburse the legal recordings of the amended development agreement with Bexar County Real Property Records to the City’s General Fund. The City will

pay to the PID an amount equal to 25% of the sales and use tax revenues collected within the Limited Purpose Annexation Property, commencing on the effective date of the Limited Purpose Annexation of the commercial land.

RECOMMENDATION:

Staff recommends approval of an ordinance authorizing an amendment to the Development Agreement between the City of San Antonio and the Owner, Lennar Homes of Texas Land and Construction, LTD.

On October 23, 2024, the Planning Commission recommended that City Council grant its consent to the annexation of 38.56 acres by the Sapphire Grove Special Improvement District subject to the amended Development Agreement between the City and the Owner.