



City of San Antonio

Agenda Memorandum

File Number:
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Agenda Date: March 23, 2022

In Control: Planning Commission Meeting

DEPARTMENT: Planning Department

DEPARTMENT HEAD: Bridgett White

COUNCIL DISTRICTS IMPACTED: District 3

SUBJECT:

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

SUMMARY:

A public hearing and resolution recommending the City Council's consent to the creation by Bexar County of a proposed Public Improvement District, to later be named the Grace Gardens Special Improvement District, generally located to the southeast of the intersection of Hildebrandt Road and South WW White Road in the extraterritorial jurisdiction (ETJ) of the City of San Antonio (City); and associated Development Agreement between the City and SA Kosta Browne, Ltd.

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, trail, and park/recreational facilities, which are 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 property in the PID boundaries, in accordance to Chapter 43 of the Texas Local Government Code.

On October 5, 2021, SA Kosta Browne, Ltd., the (Owners) filed a petition and application to Bexar County (County), to create a PID to be named the Grace Gardens Special Improvement District, pursuant to Chapter 382 of the Texas Local Government Code delegate. On October 18, 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 December 7, 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 Grace Gardens Tracts, totaling 456.651 acres of generally located southeast of the intersection of Hildebrandt Road and South WW White Road. 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 2,000 single-family residential units, and 315 multi-family residential units. This development has also proposed 8.2 acres of commercial use. The proposed improvement costs of streets, utilities, drainage and grading, amenities and open space, a turn lane, utility extension, and a traffic light are estimated at \$83.5 million. The proposed PID's revenue is estimated at \$66.7 million.

ISSUE:

If approved, this resolution recommends the City's consent to the creation of the Grace Gardens PID by the 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 to the City a \$7,500 Special District application fee.
- The Owners will pay to the City an operations fee of \$175 per each built residential unit, totaling \$405,125.
- 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 Owner, subsequent Owners, and the City under Chapter 43 of the 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 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 is as follows:

Dates	Schedule of Action
December 7, 2021	Bexar County Commissioners Court consideration of a resolution expressing their intent to create the PID
March 23, 2022	San Antonio Planning Commission public hearing and recommendation
April 7, 2022	City Council's consideration and action
August 2022	Commissioners Court consideration to create the proposed PID and appoint a board of directors
November 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 the 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's consent to the creation by Bexar County of proposed Grace Gardens PID subject to the execution of a 30-year Development Agreement between the City and SA Kosta Browne, Ltd., PID owners.