

Tejas Angleton Development, LLC

July 16, 2024

Mr. Chris Whittaker
City Manager
City of Angleton
121 S. Velasco
Angleton, Texas 77515

Re: Austin Colony Development
Request to Amend Development Agreement

Mr. Whittaker,

Post-COVID, the housing market has experienced a very rapid change. The cost of goods, services and materials have dramatically increased with home prices increasing at a lower rate. Interest rates on home mortgages have increased from the high 3%+- to 7%+-. Home sales volumes have reduced.

The cost to develop a single-family residential lot has approximately doubled since the pandemic began. Home builders have increased the price that they will pay for a developed lot by approximately 15%. Builders can only pay approximately 20% of the home price for a developed lot. The Cost to develop a lot includes land, city fees, water, wastewater, drainage and retention, roads, sidewalks, entry monuments, curb appeal, electrical, cable, gas, etc. The Cost to develop a lot is greater than 20% of the value of the home. Developers recoup their costs including overhead, insurance, administrative, etc. with PID Bond Proceeds.

Tejas Angleton Development, LLC (Tejas) respectfully requests the City to amend the Development Agreement and any other legal documents to allow Tejas to:

1. Increase the annual Assessment Rate provided for in Article 1, Section 1.02(b)(ii) from a Maximum Assessment Rate of 0.7073% per hundred dollars of assessed value at the time of the levy of the Assessment to a maximum of 1.25%. Austin Colony Public Improvement District (PID) includes 164 acres and all lots built within the PID will have the same Maximum Assessment Rate. There will be one Maximum Assessment Rate for all lots.

606 Marshall Street, Unit A28 Houston, Texas 77006 (713) 289-4267 waynerca@swbell.net

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2. The Angleton PID Policy provides that the City is entitled to ten percent (10%) of the gross PID Bond Proceeds. Not the Net, the Gross. The Developer receives approximately 82% of the Gross Bond Proceeds. Tejas requests the City to reduce the 10% to 5% of the Gross Bond Proceeds sold for lots included in Sections 1 thru 4, which contain 286 lots. The actual Assessment Rate will be based on Estimated Build Out Values as set forth in the Service and Assessment Plan. The majority of Tigner Street will be built in Sections 1 thru 4. All remaining Sections (5 thru 9) shall be entitled to ten percent (10%) of the Gross Bond Proceeds.

Tigner Street is an east/west street approximately 3,000ft., four-lane divided with a median. Austin Colony includes 562 lots. Developers are required to mitigate the impact that new developments have on public infrastructure and service. A 562-lot development does not require a 3,000ft., four-lane divided with a median to mitigate the impact on public transportation. Texas cities have traditionally issued impact fee credits for public improvements that developers build and contribute to the City in excess of the required amount to compensate for the impact the development creates. The majority of Tigner Street is built during the construction of Sections 1 thru 4. The 5% reduction would be equivalent to the traditional impact fee credits.

3. The Austin Colony Subdivision Land Plan, which is Exhibit B to the approved First Amendment to the Development Agreement, contains nine (9) sections. All lots are contiguous except Section 3, which has twenty-six (26) lots north of Tigner Street and thirty-three (33) lots south of Tigner Street. Tejas requests the Development Agreement be amended to include the 33 lots contained in Section 3, north of Tigner Street, to be removed from Section 3 and included in Section 9. This would allocate more land for commercial development. Section 9 shall remain undeveloped and available for commercial development for the period specified in the Development Agreement.

I thank you in advance for your consideration of this request to amend the Development Agreement. Should you need clarification or additional information, do not hesitate to contact me at (713) 289-4267 or via email at waynerca@swbell.net. I am available to answer any questions you have, either via email, telephone or in-person.

Respectfully submitted,



Wayne L. (Sandy) Rea, II
Manager-Member
Tejas Angleton Development, LLC

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