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Outer loop could traverse state land

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The final route for the highly anticipated outer loop around the city could be affected by almost 2,000 acres of land along Interstate-35 in New Braunfels owned by real estate investors from the Texas General land office.

State, county and city officials engaging in preliminary plans to construct an outer loop around New Braunfels are mulling over the possibility of scoring a valuable chunk of property from the land office and a San Antonio developer — free of charge.

The land could be dedicated as a right-of-way for a key segment of the proposed loop, connecting Farm-to-Market 1102, across I-35, to Farm-to-Market 1101. A segment connecting FM1102 to Farm-to-Market 306 still would have to be constructed to facilitate the alignment.

Talk of donating a portion of the land for right-of-way access has attracted attention from everyone involved in the planning process because of its potential to save the state money. The outer loop project currently is unfunded.

But the new alignment also would expand the outer loop about 2 miles north of the route currently identified in the New Braunfels Major Thoroughfare plan. The presumably shorter and less expensive alignment near Kohlenberg and Conrad roads was proposed in the late 1990s.

However, the thoroughfare plan “is only on paper” and the benefits of a donated right-of-way in the northern portion of New Braunfels, where city leaders are eager to develop and expand, appears to be too good for those with a vested interest to ignore.

“In the planning discussions that have taken place with those folks developing that state land this has certainly been a major factor and it will certainly have some impact because they have so much acreage on both sides of the interstate,” Mayor Bruce Boyer said Wednesday. “If we can get (right-of-way) dedications from that project, it’ll be a major step forward in moving this on.”

Making Money

In 2004, the land office purchased several tracts of property on both sides of I-35 using the Permanent School Fund, an investment trust established to earn money for public education. The state bought 1,984 acres with the intention of selling the land in smaller chunks for big profits.

“We are in the business of making capital, making cash, making money for the schoolchildren of Texas,” said Bo Tanner, deputy commissioner of asset management for the land office. “We have a definite plan to be in and out of the property over five years. The ultimate goal is to have it all sold off.”

But before the property can be sold for a pretty penny, the land office — which is exempt from paying taxes on the property — contracts with Sheldon Properties, whose job is to prepare the land for development. San Antonio-based Sheldon Properties is pitching the idea of allgining the loop through the states land to interested entities.

The potential results: a newly developed area with a high traffic state road running through it will make property values soar and, as a result, can even divert the route of a proposed 40-mile stretch of road.

That 1, 900 acres will most likely have an impact on where the route is,” Boyer said.

And those 1,900 acres of prime I-35 frontage property were purchased relatively cheap: About \$12,000 an acre for a total cost of almost \$25 million.

Tanner, who was involved in the New Braunfels land purchase, said the average price for land along I-35 is about \$25,000 an acre. But, he said, some property fronting I-35, particularly where there is already development, can go for as much as \$160,000 an acre. He did not speculate on how much the land in northern New Braunfels would be worth to developers.

“We like New Braunfels very, very much. We think it’s one of the crown jewels along the corridor between Austin and San Antonio,” Tanner said. “We believe it will be one of the best investments made by the Permanent School Fund in the last years.”

Risky Business

But if TxDOT and the city choose a different route for the loop, the land office and Sheldon Properties stand to lose more than just time invested.

“After investing that time and or money one would expect a return,” said Frank Robbins, New Braunfels director of planning and community development. “ I think Sheldon and the GLO expect a significant return on their investment. Without that loop, the land is nowhere near as valuable from a return investment standpoint.”

The deal, however, is far from etched in stone. The final route for the loop will not be determined for about two years and probably will be built in segments, officials said Wednesday at a press conference for the outer loop in the Main Plaza.

Those same officials identified the segment of the loop between Farm-to-Market 306 and I-35 north of the city as a top priority, indicating that seizing the opportunity to build a right-of-way through the undeveloped property owned by the land office would be beneficial for all parties involved.

“We need to set aside the land and the route so in the future the citizens of Comal County will not have to look at buying schools, banks, grocery stores and rooftops to try to make this thing happen,” said County Judge Danny Scheel. “We need to get the alignment now and get it in the major thorough fair plan so we can start acquiring the right of way as people start developing that property.”

Greg Malatek, TxDot area engineer for New Braunfels, said the 1,900 acres of property will be discussed at future meetings to determine if the loop will run through it.

“It’s been discussed but there’s nothing in writing,” Malatek said. “If we go in that direction or don’t go in that direction hasn’t been decided.”

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