



<b>Conditional Use Permit – Purpose-Built Student Housing CUP-25-71</b>	<b>325 N. Comanche St.</b>
	<b>Student Housing</b>

**Summary**

<b>Request:</b>	New Conditional Use Permit for Purpose-Built Student Housing		
<b>Applicant:</b>	Shannon Mattingly, Drenner Group 2705 Bee Cave Rd #100 Austin, TX 78746	<b>Property Owner:</b>	202 Hutch LLC 2516 Waukegan Road #343 Glenview IL 60025-1774
<b>CUP Expiration:</b>	N/A	<b>Type of CUP:</b>	Purpose Built Student Housing
<b>Parking Required:</b>	1.05 spaces per bed	<b>Parking Provided:</b>	To be determined

**Notification**

<b>Posted:</b>	April 24, 2026	<b>Personal:</b>	April 24, 2026
<b>Response:</b>	None as of date of this report		

**Property Description**

<b>Legal Description:</b>	Block 3, Lots 1, 2, & 3, P. C. Woods Addition		
<b>Location:</b>	Southwest corner of Pat Garrison St./ N. Comanche St. intersection, north of Calvary Chapel and W. Hutchison St.		
<b>Acreage:</b>	0.96 acre	<b>PDD/DA/Other:</b>	N/A
<b>Existing Zoning:</b>	CD-5D	<b>Proposed Zoning:</b>	Same
<b>Existing Use:</b>	Funeral home, duplex – demolition permit issued	<b>Proposed Use:</b>	Purpose Built Student Housing
<b>Preferred Scenario:</b>	Mixed Use Medium within Regional Preferred Scenario Center	<b>Proposed Designation:</b>	Same
<b>CONA Neighborhood:</b>	Downtown	<b>Sector:</b>	8
<b>Utility Capacity:</b>	Adequate	<b>Floodplain:</b>	No
<b>Historic Designation:</b>	N/A	<b>My Historic SMTX Resources Survey:</b>	Yes – Medium

**Surrounding Area**

	<b>Zoning</b>	<b>Existing Land Use</b>	<b>Preferred Scenario</b>
<b>North of Property:</b>	Character District 5 - Downtown (CD-5D), Public (P), Multifamily 24 (MF-24)	Purpose Built Student Housing (The Pointe, Cypress), multifamily, fraternity house, Texas State University	Mixed Use Medium, Commercial/ Employment Medium
<b>South of Property:</b>	CD-5D	Grocery store (H-E-B), church, single family residential/ converted homes, laundromat	Mixed Use Medium
<b>East of Property:</b>	CD-5D	Vacant, personal services, parking lot, church	Mixed Use Medium, Conservation/ Cluster
<b>West of Property:</b>	CD-5D, Mixed Use (MU), Public (P), Neighborhood Commercial (NC)	Balcones residence hall, restaurant (Jo's Café), single and duplex housing	Mixed Use Medium, Mixed Use Low



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Commission Recommendation

Approval as Submitted	<b>X</b>	<b>Approval with Conditions / Alternate</b>	Denial
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**Speakers in favor or opposed**

Kelly Quinn (in favor)  
 Patrick Quinn (in favor)  
 Ed Theriot (in favor)  
 Shannon Mattingly (in favor)  
 Audrey Rund (in favor)

**Recommendation from the Planning and Zoning Commission Meeting held May 12, 2026.**

A motion was made by Chair Case, second by Commissioner Johnson to recommend **approval with staff conditions**. Conditions are listed in the Staff Recommendation on the following page. During the discussion, an edit for clarity to Condition 10 was requested by Commissioner Agnew. While no formal amendment was made, staff has added clarity to Condition 10 as shown in the emphasized text.

The motion passed with a 5-4 vote.

**For: 5** (Bryan, Case, Costilla, Hardy, Johnson)  
**Against: 4** (Agnew, Burleson, Dunn, Van Oudekerke)  
**Absent: 0**

Discussion Topics

**Cemetery History** – Commissioner Burleson stated that a cemetery formerly existed on the site. Commissioners Burleson and Van Oudekerke expressed concern about construction over former burial sites. The applicant stated that the site was redeveloped as a funeral home prior to the request.

**Conventional Leases** – Commissioner Johnson inquired whether families would be able to lease a unit, asking whether students would be given preference. The applicant confirmed that leases would be open to families. Commissioner Johnson further stated that, while the request is for a Conditional Use Permit to allow 4+ bedroom units for students, families can also benefit from the more diverse unit mix.

**Purpose of Request** – Commissioner Bryan asked process-related questions as to why the Conditional Use Permit and Alternative Compliance are being considered separately. Staff responded that the requests cover different topics; the CUP deals with use while the AC deals with height.

**Bedroom Count** – Commissioner Bryan asked about the limit on bedrooms for purpose-built student housing. Staff clarified that the limit to 3 bedrooms is established through the use standards for Multifamily within the Development Code. No similar limit exists in the Development Code for purpose-built student housing. The limit to 5 bedrooms is established by a condition that mirrors the previous approval across the street.

**Parking/ Fee in Lieu** – Commissioners Van Oudekerke, Costilla, Dunn, and Agnew expressed concern about the availability of downtown parking as well as traffic in Downtown. Commissioner Agnew inquired about how parking fee in lieu is applied. Staff communicated that required parking is calculated based on the parking ratio for purpose built student housing, 1.05 spaces per bedroom, and fee-in-lieu for up to 50% of required spaces is allowed through a provision of the Development Code.

**Compatibility with Downtown Plan** – Commissioners Agnew and Dunn expressed concern about the inconsistency of the request with the housing recommendations of the Downtown Area Plan. Staff acknowledged the ongoing process of implementing the Downtown Plan, noting that implementation is a balance between the vision of the plan and what people want to develop. Staff noted that by including



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conditions – such as the condition requiring that individual and conventional leases be offered – it is possible to bring the request closer to what the plan envisions.



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**Staff Recommendation**

Approval as Submitted	<input checked="" type="checkbox"/>	Neutral/Approval with Conditions	Denial
<p>Due to various factors including conflict with the housing type recommendations of the Downtown Area Plan, staff is providing a <b>neutral</b> recommendation and leaves a decision of approval, denial, or approval with conditions up to the City Council. Staff proposed the following conditions to the Planning and Zoning Commission, should they choose to recommend approval of CUP-25-71.</p> <p>The following conditions were approved by the Planning and Zoning Commission:</p> <ol style="list-style-type: none"> <li>1. The development shall register with the City of San Marcos Long Term Rental Registration program per Chapter 34, Article 7, Division 3 of the City’s Code.</li> <li>2. The lease shall be made publicly available on the property’s website.</li> <li>3. The lease shall contain the following text: <p style="margin-left: 40px;"><i>In accordance with Development Code Section 5.1.4.9 Purpose-Built Student Housing, B Use Standards, 1 Student Leases, any residential dwelling lease that is executed and effective before the issuance of a certificate of occupancy by the City enabling the tenant to occupy the premises shall include a late delivery provision providing as follows:</i></p> <p style="margin-left: 40px;"><i>“In the event the Leased Premises are unavailable for occupancy on or before the commencement date of this Lease, Landlord shall offer Tenant the choice of: 1) accepting temporary safe, decent, and sanitary housing, provided by the Landlord, at an alternate location within the City of San Marcos, or within a seven mile radius of the Leased Premises, with Tenant remaining bound by the terms of the lease; or 2) terminating the Lease with no financial penalty and with full reimbursement to Tenant of all deposits and pre-paid items within 10 days”</i></p> <p style="margin-left: 40px;"><i>This condition will no longer apply to any lease for a unit with a move in date that is on or after the date the City has issued a certificate of occupancy enabling the tenant to occupy the unit.</i></p> </li> <li>4. The development shall offer both individual leases and conventional leases where units may be rented in their entirety.</li> <li>5. The development shall comply with a parking calculation of 0.60 spaces per bedroom.</li> <li>6. The developer shall not sell the property to a non-taxpaying entity for 12 years from the effective date of the Conditional Use Permit. The condition prohibiting sale to a tax-exempt entity for 12 years from the date of this approval shall be memorialized in a restrictive covenant approved by the city attorney that is recorded in the Official Public Records of Hays County.</li> <li>7. Right-of-way shall be dedicated to the extent that the standards of the San Marcos Design Manual Section B.4.1.4, Downtown Cross Sections, and the Development Code are met.</li> <li>8. This CUP shall expire within 3 years unless an application for a permit is submitted to the City.</li> <li>9. The development shall comply with all other development code regulations. Packet materials are provided for informational purposes only.</li> <li>10. The number of bedrooms shall be limited to 5 <u>per unit</u>.</li> </ol>			
<b>Staff:</b> Lauren Clanton, AICP	<b>Title :</b> Chief Planner		<b>Date:</b> May 1, 2026



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### History

The application is being submitted as part of a series of requests for redevelopment of an existing commercial site to a 7-story Purpose-Built Student Housing complex south of the Texas State University campus. In April 2025, City Council approved a Conditional Use Permit (CUP-25-02) for Purpose-Built Student Housing and an associated Alternative Compliance (AC-25-02) to allow up to 7 stories in height for an adjacent block bounded by Pat Garrison St., N. Comanche St., W. Hutchison St., and N. Fredericksburg St. (see the “Nearby Approvals Map” for reference).

The current request will represent Phase 2 of the abovementioned project.

### Additional Analysis

A Conditional Use Permit for the use of Purpose-Built Student Housing would allow the project to be marketed specifically to students and would allow more than 3 bedrooms per unit. “Rent by the bedroom” leases are not regulated by the City.

Per Chapter 7, Article 1 of the Development Code, 1.05 parking spaces are required per bedroom for Purpose Built Student Housing. Fee-in-lieu of parking is permitted in the Development Code for the use of Purpose-Built Student Housing to reimburse up to 50% of the minimum required parking spaces in CD-5D zoning. The applicant has indicated that they will request fee in lieu, and 50 to 60% of the required parking spaces will be provided; however, the applicant has not provided a parking ratio at this time. Parking fee in lieu is processed during the site permit stage.

In addition to this conditional use permit request the following applications have also been submitted by the applicant for this site:

- Alternative Compliance request to allow for an increase from 5 to 7 stories in height (AC-25-09)
- Replat of Lots 1, 2, and 3, Block 3 of P. C. Woods Addition (PC-26-01) – in-process
- Demolition Permit for 323 & 325 N. Comanche St. & 305 Pat Garrison St. (2024-52542) – issued

The buildings at 323 and 325 North Comanche Street were evaluated with a Medium preservation priority in the 2019 Historic Resources Survey, and demolition permits were subject to a 90-day delay according to Section 2.7.4.1 of the Development Code. The Historic Preservation Commission determined that the buildings were considered historically significant and determined that the demolition delay be extended an additional 90 days. The demolition delay expired on June 25, 2025.

The Downtown Area Plan was adopted by Council on November 6, 2023, and any new Purpose Built Student Housing would not meet the intent of the adopted Area Plan. The request is not considered to be in compliance with the “Recommended Housing Types” on page 58 of the Downtown Area Plan which states *“Multi-family and mixed-use housing types are the primary products recommended in and near Downtown and should be marketed to all demographics (not just or primarily to students).”*

### Comments from Other Departments

<b>Police</b>	No Comment
<b>Fire</b>	No Comment
<b>Public Services</b>	No Comment
<b>Engineering</b>	No Comment



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Evaluation			Criteria for Approval (Sec. 2.8.3.4)
Consistent	Inconsistent	Neutral	
<u>X</u>			<p><b>The proposed use at the specified location is consistent with the policies embodied in the adopted comprehensive plan.</b></p> <p><i>The Vision SMTX Comprehensive Plan defines the Mixed Use Medium preferred scenario type as “higher intensity places with a mix of housing, employment, shopping, dining, and entertainment which are highly walkable and bikeable...” (p. 98). According to the Comprehensive Plan, these places are exemplified by medium to high intensity multifamily and hospitality uses, 2 to 7 story buildings, structured and on-street parking, a well-connected multimodal network, and a range of open spaces. The proposed development is consistent with the vision except for the absence of park space.</i></p>
	<u>X</u>		<p><b>The proposed use is consistent with any adopted neighborhood character study for the area.</b></p> <p><i>This site is located within the Downtown Area Plan. Purpose Built Student Housing is not in compliance with the “Recommended Housing Types” on page 58 of the Downtown Area Plan. “Multi-family and mixed-use housing types are the primary products recommended in and near Downtown and should be marketed to all demographics (not just or primarily to students).”</i></p>
		<u>X</u>	<p><b>The proposed use is compatible with and preserves the character and integrity of adjacent developments and neighborhoods, and includes improvements either on-site or within the public rights-of-way to mitigate development related adverse impacts, such as traffic, noise, odors, visual nuisances, drainage or other similar adverse effects to adjacent development and neighborhoods.</b></p> <p><i>There are several purpose-built student housing and multifamily developments in the immediate area. Balcones Hall (formerly Sanctuary Lofts) to the west and the Cypress Apartments (formerly Vistas) to the north of the property were purchased by Texas State. Additionally, developments at North St. and Lindsey St. and the southeast corner of N. Comanche St. and Pat Garrison St. have received Council approval for Purpose Built Student Housing and are in development. These new sites have the potential to influence the character of the area and create a pattern of student housing. While the proposed use will be compatible, it will be necessary to carefully introduce this higher intensity use, given the mix of uses and lower intensity to the west and south.</i></p>



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Evaluation			Criteria for Approval (Sec. 2.8.3.4)
Consistent	Inconsistent	Neutral	
			<p>The proposed use is compatible with and preserves the character and integrity of adjacent developments and neighborhoods, and includes improvements either on-site or within the public rights-of-way to mitigate development related adverse impacts, such as traffic, noise, odors, visual nuisances, drainage or other similar adverse effects to adjacent development and neighborhoods. <i>(Continued from previous page)</i></p> <p><i>The property is required to meet all development requirements including Chapter 6 Environmental Standards and the requirement for a Watershed Protection Plan per Chapter 2, Article 6 of the Land Development Code.</i></p>
	<u>X</u>		<p>The proposed use does not generate pedestrian and vehicular traffic which shall be hazardous or conflict with the existing and anticipated traffic in the neighborhood.</p> <p><i>While this development would likely increase pedestrian and vehicular traffic in the immediate area, the ultimate vision for downtown is to provide a walkable environment. The developer will be required to construct significant streetscape improvements, including sidewalks, at the time of development.</i></p>
		<u>X</u>	<p>The proposed use incorporates roadway adjustments, traffic control devices or mechanisms and access restrictions to control traffic flow or divert traffic as may be needed to reduce or eliminate development generated traffic on neighborhood streets.</p> <p><i>No specific adjustments have been proposed by the applicant at this time. However, a Traffic Impact Analysis will be required at the time of development to determine any required mitigation.</i></p>
	<u>X</u>		<p>The proposed use incorporates features to minimize adverse effects, including visual impacts, of the proposed conditional use on adjacent properties.</p> <p><i>The developer would be required to follow all City codes, including downtown design architectural requirements related to massing and articulation for the land zoned CD-5D.</i></p>



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Evaluation			Criteria for Approval (Sec. 2.8.3.4)
Consistent	Inconsistent	Neutral	
		<u>X</u>	<p>The proposed use meets the standards for the applicable district, or to the extent variations from such standards have been requested that such variations are necessary to render the use compatible with adjoining development and the neighborhood.</p> <p><i>The development must meet Code requirements including the CD-5D district standards for parking, articulation and varied massing requirements for buildings over 3 stories high. Please note that these are not necessarily reflected in the images submitted by the applicant which are provided for reference only. An Alternative Compliance request has been submitted to increase the height to 7 stories (AC-25-09), which will be considered as a separate agenda item.</i></p>



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Evaluation			Criteria for Approval (Sec. 5.1.4.9)
Consistent	Inconsistent	Neutral	
		<u>X</u>	<p><b>The ability for the development to transition in the future to accommodating a more diverse population</b>  <i>The development will be constructed as apartments which could be transitioned to conventional units in the future. It should be noted that CD-5D allows no more than 3 bedrooms per unit for traditional multifamily.</i></p>
		<u>X</u>	<p><b>The durability, energy efficiency, and longevity of the building;</b>  <i>The applicant has stated that the building will not be LEED certified. However, the building will meet all other Building Code requirements at the time of permitting.</i></p>
<u>X</u>			<p><b>The location of the development in relation to alternative transportation networks to and from the university including sidewalks, bike lanes, and transit networks;</b>  <i>The site is located two blocks south of the University and so is accessible on foot.</i></p>
		<u>X</u>	<p><b>Mitigation of any adverse effects on adjacent property or neighborhoods;</b>  <i>No significant adverse impacts are anticipated on adjacent properties when compared to the multifamily use allowed by right.</i></p>
	<u>X</u>		<p><b>Compliance with the Comprehensive Plan, Downtown Master Plan, and any other adopted city plans or policies.</b>  <i>See response to criteria for approval Section 2.8.3.4 – Purpose Built Student Housing is not considered to be in compliance with the “Recommended Housing Types” on page 58 of the Downtown Area Plan Multi-family and mixed-use housing types are the primary products recommended in and near Downtown, and should be marketed to all demographics (not just or primarily to students).”</i></p>