

ZC-17-12

Special District

Centerpoint Road



Summary: The applicant is requesting to amend an approximately 62 acre Special District and add an additional 23 acres to the Special District which would allow office and light industrial uses located at the Northwest corner of a +/- 495 acre site out of the John H. Yearby Survey, located on Centerpoint Road

Applicant: Walton Development and Management (USA), Inc.
9811 S IH 35 Suite 4-200
Austin, TX 78744

Owner: Walton Texas LP
9811 S IH 35 Suite 4-200
Austin, TX 78744

Notification: Personal notice was mailed on September 29th 2017. Signs were also posted on the subject property on September 29th 2017.

Notice of the City Council public hearing was published on Sunday, October 22, 2017.

Response: No written response was received as of the date of this report.

Property/Area Profile:

Legal Description: Approximately 85.5 acres of land out of J.H. Yearby Survey, Abstract No. 508, Situated in the City of San Marcos, Hays County Texas, being a portion of that certain 495.23 acres of land conveyed to Walton International Group by Deed of Record in Volume 3822, Page 246 of the official public records of Hays County, Texas

Location: Centerpoint Road

Existing Use of Property: Vacant

Proposed Use of Property: Office / Light Industrial

Future Land Use Map: Medium Intensity / Area of Stability

Existing Zoning: SmartCode (SC) / SmartCode Special District (SC-SD)

Proposed Zoning: Smart Code Special District (SC-SD)

Area Zoning and Land Use Pattern:

	Zoning	Existing Land Use	Preferred Scenario
N of Property	PDD	Vacant	Stability
S of Property	ETJ / P	Agricultural / School	Medium Intensity / Stability
E of Property	SC	Vacant	Medium Intensity / Stability
W of Property	GC	Hotel / Vacant	Medium Intensity / Stability

Case Summary

The subject property is approximately 85.5 acres in size and is located on Centerpoint Road, east of Centerpoint Court. The property is immediately surrounded by vacant and agricultural land, with the nearest developments being a private school and a hotel that is currently under construction. Most of the vacant land surrounding the property is currently entitled for commercial and residential development. The site is currently zoned SmartCode, and is part of a larger tract of land entitled for development consisting of approximately 495 acres, known as Gas Lamp. The Gas Lamp development has been approved as a SmartCode development which includes residential, commercial, and light industrial uses. The applicant has requested this zoning change for the approximately 85 acres to provide additional flexibility for industrial and office uses.

The subject property is currently designated on the Preferred Scenario Map as *Medium Intensity – New Development* and *Area of Stability – New Development* as it is greater than 20 acres in size. The applicant's request for a zoning change from SmartCode (SC) to SmartCode – Special District (SC-SD) and the request to amend the existing SmartCode – Special District (SC-SD) does not require a Preferred Scenario Amendment (PSA).

Currently, the owner can develop the property after approval of a Regulating Plan, which is a requirement of the SmartCode. The approximately 85 acres are currently divided into two tracts, a 23 acre tract that has base SmartCode (SC) zoning, and a 62 acre tract that is zoned SmartCode-Special District (SC-SD). Both the 23 acre tract and the 62 acre tract were zoned in 2013, as part of a larger zoning request which included the entire 495 acre Gas Lamp Property.

The 23 acre tract of land that is located in a *Medium Intensity* zone and is currently zoned base SmartCode, would not be able to develop as a single use spec space. This is because the base SmartCode regulations require a mix of uses, including residential, within specific "pedestrian sheds". In order to accommodate developments of this nature, the SmartCode has a Special District (SC-SD) zoning option which allows areas that by their intrinsic size, function, or configuration cannot conform to the requirements of any Transect Zone or combination of zones. The neighboring 62 acres to the north of the property in question are currently zoned SmartCode-Special District for this reason.

The approximately 62 acres is located in an *Area of Stability – New Development* and is currently zoned SmartCode-Special District (SC-SD) may be developed for light industrial, office, or research uses under its existing zoning. The SmartCode –Special District that was created in 2013 waived many of the base code requirements for mixtures of uses, due to the intended single use nature of the site. However the applicant feels that they will not be able to compete with neighboring industrial developments under the current standards which were negotiated in 2013. The current SC-SD zoning district allows for the development of office, light industrial, and research uses, but requires a higher standard of development than base Light Industrial zoning.

On October 10, 2017, the Planning and Zoning Commission reviewed this request and voted 7-2 to recommend approval of the Staff recommendation. Commissioners Dupont and Dillion voted against the recommendation.

Planning Department Analysis

The applicant originally requested two zoning changes. The first request was to rezone the 62 acre tract from SmartCode-Special District (SC-SD) to Light Industrial (LI). The second request was to rezone the 23 acre tract from SmartCode (SC) to Heavy Commercial (HC). Due to the properties location within an Area of Stability (62 acres) and a Medium Intensity zone (23 acres). Due to the request for a zoning change to LI in an Area of Stability a Preferred Scenario Amendment (PSA) from Area of Stability to Employment Center was required. The applicant also requested a PSA for the 23 acres from Area of Medium Intensity to Employment Center. Staff recommended that the applicant pursue an expansion of the SmartCode-Special District, which does not require a PSA, and would allow the uses that the applicant was interested in.

The 23 acre SC tract is located within a Medium Intensity Corridor. The San Marcos Comprehensive Plan, *Vision San Marcos*, does not provide a specific description of the Centerpoint Road Medium Intensity Corridor. However, the Corridor is located along Centerpoint Road, and extends from the Outlet Malls approximately 5,000 feet along Centerpoint Road. It appears that the intent of this Medium Intensity Corridor was to provide for an extension of commercial and residential uses compatible with the existing general commercial uses located with and near the Outlet Malls.

The San Marcos SmartCode allows for several types of neighborhood developments. The Gas Lamp project has elected to develop a series of Traditional Neighborhood Developments (TNDs) throughout their 495 acres. Under SmartCode regulations, each TND must be between 40 and 160 acres, and include a mix of uses within a “pedestrian shed” (based on walking distance). As this property is located at the far corner of the Gas Lamp property, and is directly below a SmartCode-Special District zoned property, it would be difficult to accommodate 23 acres of spec office space and maintain the other aspects of base SmartCode zoning. Additionally, the type of spec office that the applicant would like to construct will not meet the base SmartCode Development Standards.

The 62 acre SC-SD tract is located within an Area of Stability. The San Marcos Comprehensive Plan, *Vision San Marcos*, provides the following description of *Areas of Stability*:

“The areas of stability include established neighborhoods, undeveloped or agricultural land, and the majority of the City’s ETJ. Being located in an area of stability does not mean that these areas should not or will not change. It means that any changes, whether new developments, zoning requests, or public improvements should be carefully planned and implemented so that the character of the area remains.”

In 2013, City Council approved a zoning change for this property from Future Development (FD) to SmartCode – Special District (SC-SD). The approximately 62 acres to the west of the future major arterial was separated out from the parent tract and designated as a Special District specifically to accommodate larger office/industrial/and research focused users.

Within the SmartCode, the purpose of a Special District is to provide flexibility to an area that, by its intrinsic size, function, or configuration, cannot conform to any of the following: Conditions appropriate for an Open Division (O-1 or O-2); Standards for Community Units as set forth in Article 3; or Existing traditional Transect-based patterns in the Infill Growth Division (G-4). In this case, approximately 62 acres out of the larger 495 acre New Community Plan for Gas Lamp were zoned SmartCode – Special District as it was intended for light industrial, research, and office uses. As part of the Special District designation, several SmartCode standards were modified to provide additional flexibility, but maintain the framework of the SmartCode to maintain compatibility with the proposed surrounding developments. These modified standards include, but are not limited to the following:

- Allowance of research and light industrial uses
- Increase in block perimeter size
- Increase in maximum lot width
- Increase in maximum building height
- Decrease in minimum building height
- Allowance of a rural road type internal to the 62 acres
- Reduction of maximum lot occupation
- Allowance of bike lanes and trails
- Reduction of side setbacks

While several of the SmartCode standards were modified in the Special District, the overall development standards are still higher than the development standards within the base Light Industrial zoning district. It is due to the higher development standards within the SmartCode that Staff recommended approval of the request to allow for research and light industrial uses to be allowed adjacent to entitled residential and commercial developments.

However, after reviewing the standards currently in place, the applicant does not feel that they will be competitive in the industrial and spec office market. Staff has worked with the applicant to provide additional flexibility within the SmartCode-Special District standards, while still maintaining some of the core concepts of the SmartCode, such as connectivity.

The applicant expressed concern over several aspects of the SmartCode-Special District standards, including: block size, parking location, building placement, connectivity, and screening requirements. In order to address these concerns in a manner that would still maintain a higher standard of development, Staff referred to the recently adopted Whisper Planned Development District (PDD), which adopted some modified standards from the land development code which are proposed to be adopted in CODE SMTX.

There is one point of contention between Staff and the applicant regarding the proposed standards, which involves connectivity and the creation block perimeters. The proposed standards significantly increase the maximum block perimeter, which reduces the number of required streets required within the project. However, because of the block perimeter standard, which is a requirement within both the SmartCode and CODE SMTX, the applicant is required to provide connectivity on all four sides of a block. The base requirement would be for the applicant to construct a street along the rear of the property. Staff listened to the applicants concerns over cost and recommended reducing the cost by using a shared use trail to meet the requirement for the connection. By requiring a shared use path, the SmartCode-Special District maintains the most basic intent of SmartCode elements, which is broad connectivity to the surrounding community. The applicant would prefer to not meet this requirement, and has stated that it does not serve a valid purpose.

The changes to the SmartCode-Special District standards are proposed below. This is a summary of the differences between base SmartCode, the currently adopted SmartCode-Special District, and the proposed SmartCode-Special District. The regulatory document titled Special Districts Table is attached.

Standard	Base T-5 Requirements	Current Special District	Proposed Special District	Staff Analysis
Block Perimeter	2,000 ft max / 2,500 with parking structure	2,900 ft max	5,000 ft max* *may be modified by the Engineering Department to meet the requirements of the MOU	Block Perimeter requirements are provided to ensure walkability and connectivity of developments. <i>The 5,000 square foot block requirements meet the standard established in CODE SMTX for industrial uses.</i>
Thoroughfares (Drive)	Permitted	Not Permitted	No Change	Drives are meant to exist along the boundary between urbanized and natural settings usually along a waterfront or park. One side has the urban character with sidewalks and buildings. The other has naturalistic planting and rural details. <i>Removal of this type of thoroughfare is appropriate for a Special District.</i>
Thoroughfares (Road)	Not Permitted	Permitted	No Change	Roads are local, rural and suburban thoroughfares of low-to-moderate vehicular speed and capacity generally allocated to more rural Transect Zones (T1-T3). <i>The slow movement and lower operating speeds on roads is appropriate for internal streets. Only RD 50-24 be permitted in the Special District and that 5 ft. sidewalks be required.</i>
Thoroughfares (Bike Trail)	Not Permitted	Permitted	Permitted, and defined as: a Public Access Easement which includes a minimum 12 ft multi-use path constructed of concrete or asphalt.	Bike trails run independently of a vehicular thoroughfare. <i>Providing bike trails within the special district is appropriate for multimodal access to jobs and overall connectivity.</i>

Thoroughfares (Bike Lane)	Not Permitted	Permitted	No Change	<p>Bike lanes are dedicated lanes for cycling within moderate-speed vehicular thoroughfares demarcated by striping.</p> <p><i>Providing bike lanes within the special district is appropriate for multimodal access to jobs.</i></p>
Lot Occupation (Width)	18 ft. min / 196 ft max	800 ft. max	40 ft. min / No Max	<p><i>Larger lot widths allows a developer the option to have a single lot the same size as the permitted block perimeter size</i></p>
Lot Occupation (Coverage)	100% max	90% max	No Change	<p>Lot coverage is the percentage of impervious cover allowed on a lot, including buildings, parking and other impervious surfaces.</p> <p><i>This reduction of 10% is favorable.</i></p>
Parking Location	Behind the Second Layer	Behind the Second Layer	<p>A maximum of one row of parking, defined as one drive isle with parking on both sides, is allowed within the First Layer*. Parking is also allowed within the Second and Third Layers.</p> <p>*The applicant has the ability to request City Council for an alternative compliance to this requirement.</p>	<p><i>Allowing parking within the First Layer changes the character of the development, pushing it further from the SmartCode aesthetic and reducing connectivity between the building and the street. However this standard is compatible with the Whisper PDD and industrial uses.</i></p>
Principal Building Setback (Front)	0-12 ft max	0-12 ft max	10 ft minimum	<p><i>Due to the allowance for parking within the First Layer, a maximum setback of 12 feet is not possible. The addition of 1 row of parking as defined above requires a minimum front setback of 60 feet. However the proposed setback is less than the minimum setback required in CODE SMTX</i></p>
Principal Building Setbacks (Side)	0-24 ft max	0-12 ft max	5 ft min. interior / 10 ft min. corner	<p><i>Changing from a maximum setback to a minimum setback alters the character of the development, pushing it further from the SmartCode aesthetic. However, the proposed setback is less than the minimum setback required in CODE SMTX.</i></p>
Disposition (Edgeyard)	By Warrant	Permitted	No Change	<p>Disposition is the placement of a building on the lot. Allowing Edgeyards places the building in the center of the lot with a yard all around.</p> <p><i>The proposed side setbacks require an edgeyard.</i></p>

Frontage (Common Yard)	Not Permitted	Permitted	No Change	<p>A common yard is a planted frontage where the façade of the building is set back from the property line and is visually continuous with adjacent yards. The front yards are not fenced and the setback is ment to provide a buffer from higher speed thoroughfares.</p> <p><i>Allowing parking within the First Layer requires a Common Yard Frontage. Additionally, a major arterial is planned to be constructed in front of these properties.</i></p>
Principal Building	5 stories max 2 story min	6 stories max 1 story min	5 stories max 1 story min	<i>The applicant does not intend on constructing 6 story buildings.</i>
Building Function	Residential Lodging Office Retail	Office Research Light Industrial	Office Research Light Industrial	<i>This clarifies the intent of the Special District.</i>
Screening	All parking spaces and loading docks must be screened from public streets.	All parking spaces and loading docks must be screened from public streets	<p>Parking spaces may be screened from public streets using the standards from CODE SMTX.</p> <p>Loading docks must be screened from A-Grid streets by a minimum 6 ft tall screen.</p>	<i>SmartCode requires loading docks and parking areas in the rear of a property, where they are primarily screened by the building façade. Because these properties may develop in a non-SmartCode manner, specific screening methods are needed to ensure compatibility.</i>
Buffers from Residential Property to the North	Established though detailed Regulating Plan	Established through detailed Regulating Plan	<p>Buffer must be: 10 ft. min width; 6 ft min height fence or wall; 3 shade trees per 100 linear ft.; and 3 understory trees per 100 linear ft.</p>	<i>This is a modification of a Type B buffer from CODE SMTX.</i>
Buffers from other Residential Property	Established though detailed Regulating Plan	Established through detailed Regulating Plan	<p>Buffer must be: 35 ft. min width; 6 ft min height wall; 6 shade trees per 100 linear ft.; and 4 understory trees per 100 linear ft.</p>	<i>This is a modification of a Type D buffer from CODE SMTX.</i>
Buffers from Non Residential Property	None	None	<p>Buffer must be: 6 ft. min width; 3 shade trees per 100 linear ft.; and 3 understory trees per 100 linear ft.</p>	<i>This is a modification of a Type A buffer from CODE SMTX.</i>

Comments From Other Departments

The Police Department, the Engineering Department, and the Transportation Department expressed concerns with traffic in the vicinity of this property, primarily due to the location near the Outlet Malls and the Amazon Fulfillment Center. It should be noted that development on this site will require the developer to begin construction of a major arterial which will eventually connect to East McCarty Lane.

Staff finds this request is consistent with the Comprehensive Plan Elements as summarized below:

- The property being considered for rezoning is located adjacent to proposed and entitled residential and lower intensity commercial uses, which are generally not compatible with light industrial uses, however the SmartCode-Special District requires a higher standard of development than traditional Light Industrial zoning, which improves compatibility with the surrounding uses;

In addition, the criteria of this proposed change to the LDC criteria is detailed below:

Evaluation		Neutral	Criteria (LDC 1.5.1.5)
Consistent	Inconsistent		
X			<p>The proposed change implements the policies of the adopted Comprehensive Plan, including the land use classification on the Preferred Scenario Map</p> <p><i>The uses desired are allowed within the current zoning district, but require a higher standard of development to maintain compatibility with surrounding property currently entitled for residential uses.</i></p> <p><i>Goal 3 of the Economic Development chapter of the Comprehensive Plan "Emerging markets and industry relationships that generate quality entrepreneurial and employment opportunities" states that an objective should be to develop industrial settings that provide shovel ready opportunities for prospective companies and employers. The proposed SmartCode – Special District zoning.</i></p>
		X	<p>Consistency with any development agreement in effect</p> <p><i>No development agreements are in effect for this property.</i></p>
X			<p>Whether the uses permitted by the proposed change and the standards applicable to such uses will be appropriate in the immediate area of the land to be reclassified</p> <p><i>The proposed uses are already allowed on the 62 acre tract, approval of this request will extend the allowable uses to the 23 acre tract. Due to this being a SmartCode-Special District request, a higher standard of development is required, which reduces incompatibility with neighboring zoning districts.</i></p>
		X	<p>Whether the proposed change is in accord with any existing or proposed plans for providing public schools, streets, water supply, sanitary sewers, and other public services and utilities to the area</p> <p><i>Development of this property will require the extension of public infrastructure whether or not this zoning application is approved.</i></p>
		X	<p>Other factors which substantially affect the public health, safety, morals, or general welfare</p> <p><i>None noted.</i></p>

Additionally, the Council should consider:

- (1) Is the property suitable for use as presently zoned?

Staff evaluation: The property is currently developable under the existing zoning, however the applicant has stated that they are at a disadvantage compared to other industrial property due to the higher standard of development required by the current zoning regulations.

- (2) Has there been a substantial change of conditions in the neighborhood surrounding the subject property?

Staff evaluation: Within the last 5 years, much of the adjacent property to the east and north, including property that the applicant owns, has been entitled to residential and commercial development, along with some light industrial development with increased development standards.

- (3) Will the proposed rezoning address a substantial unmet public need?

Staff evaluation: The proposed rezoning does not address a substantial unmet need, as the majority of the property is already zoned to allow light industrial and office uses. However, the applicant has stated that it will be easier to sell the property to potential buyers if there are fewer regulations.

- (4) Will the proposed rezoning confer a special benefit on the landowner/developer and cause a substantial detriment to the surrounding lands?

Staff evaluation: There is no special benefit to the landowner as any development must comply with the standards of the Land Development Code.

- (5) Will the proposed rezoning serve a substantial public purpose?

Staff evaluation: The rezoning does not serve a substantial public purpose because as the majority of the property currently allows light industrial uses. However, the applicant has stated that it will be easier to sell the property to potential buyers if there are fewer regulations.

Staff recommends **Approval** of the zoning change request.

On October 10, 2017, the Planning and Zoning Commission reviewed this request and voted 7-2 to recommend **approval of the zoning change as presented by Staff**. Commissioners Dupont and Dillion voted against the recommendation.

