

City of San Marcos

City Council Work Session

December 2, 2020

Receive a Staff presentation, hold discussion, and receive direction from the City Council regarding the use of financial incentives, such as Public Improvement Districts, Municipal Utility Districts, Tax Increment Reinvestment Zones, and Chapter 380 Economic Development Grants to stimulate residential development (Resolution 2015-165R).

Resolution No. 2015-165R (11/17/2015)

- City approved or facilitated financial incentives for residential projects:
 - Blanco Vista
 - Kissing Tree (Paso Robles)
 - Trace (Highpointe)
 - La Cima
 - Whisper
- An estimated 9,800 units are to be constructed within these developments.
- A moratorium was placed on any further financial incentives for future residential development to allow the City to see how the market responds.
- Resolution expired 11/17/2020 – Even without a resolution, the City Council must approve all financial incentives. The resolution only directed Staff not to accept applications for incentives for residential developments.

10-20-20 City Council Work Session

- During the work session discussion, there seemed to be consensus to follow Staff's recommendation as it related to the longer-term approach of using the newly adopted Comprehensive Plan to develop an incentive policy that addresses the use of financial incentives based on the vision, goals, objectives, and policies identified in the Comprehensive Plan.
- In terms of the shorter-term (next 1-2 years), the consensus was to look at extending the moratorium, but to allow for certain exceptions where staff could accept applications for financial incentives. These exceptions revolved around developments that were:
 - infill related,
 - developments that would further workforce housing, and
 - developments that may otherwise have a potential adverse impact on the environment if an incentive were not allowed.

11-9-20 Council Committee on Workforce Housing

Council Committee recommended that the restriction shall not apply to applications for financial incentives that:

- a. Are for infill developments. Infill developments shall be defined as new development on land that had been previously developed including without limitation, greyfield and brownfield sites and cleared land within urbanized areas.
- b. Are for developments that would require at least 51% of the residential units be Workforce Housing. Workforce Housing shall be defined as households earning no more than 140% of the City of San Marcos area median family income (**approximately \$74,000**).
- c. Are for developments that propose or apply for a Texas Pollutant Discharge Elimination System (TPDES) permit to construct and operate a wastewater treatment “package plant” or other similar type system to handle the wastewater needs for the development, which may have an adverse impact on the environment and orderly extension of centralized city utility service.
- d. Are for, or relate to, previously approved developments.

Income Limits

		Austin-Round Rock MSA (HUD FY 2019)		San Antonio-New Braunfels MSA (HUD FY 2019)		Texas (HUD FY 2019)			City of San Marcos (2018 ACS 5-Year Estimates)		Hays County (2018 ACS 1-Year Estimate)	
	% Area Median Income (AMI)	Household Income	\$/ Month	Household Income	\$/ Month	Household Income	\$/ Month	% Median Family Income (MFI)	Household Income	\$/ Month	Household Income	\$/ Month
Extremely Low Income	10	\$ 9,590	\$ 240	\$ 7,100	\$ 178	\$ 7,120	\$ 178	10	\$ 5,310	\$ 133	\$ 8,172	\$ 204
	20	\$ 19,180	\$ 480	\$ 14,200	\$ 355	\$ 14,240	\$ 356	20	\$ 10,619	\$ 265	\$ 16,344	\$ 409
	30	\$ 28,770	\$ 719	\$ 21,300	\$ 533	\$ 21,360	\$ 534	30	\$ 15,929	\$ 398	\$ 24,516	\$ 613
Very Low Income	40	\$ 38,360	\$ 959	\$ 28,400	\$ 710	\$ 28,480	\$ 712	40	\$ 21,238	\$ 531	\$ 32,688	\$ 817
	50	\$ 47,950	\$ 1,199	\$ 35,500	\$ 888	\$ 35,600	\$ 890	50	\$ 26,548	\$ 664	\$ 40,860	\$ 1,022
Low Income	60	\$ 57,540	\$ 1,439	\$ 42,600	\$ 1,065	\$ 42,720	\$ 1,068	60	\$ 31,858	\$ 796	\$ 49,032	\$ 1,226
	70	\$ 67,130	\$ 1,678	\$ 49,700	\$ 1,243	\$ 49,840	\$ 1,246	70	\$ 37,167	\$ 929	\$ 57,204	\$ 1,430
	80	\$ 76,720	\$ 1,918	\$ 56,800	\$ 1,420	\$ 56,960	\$ 1,424	80	\$ 42,477	\$ 1,062	\$ 65,376	\$ 1,634
Moderate Income	90	\$ 86,310	\$ 2,158	\$ 63,900	\$ 1,598	\$ 64,080	\$ 1,602	90	\$ 47,786	\$ 1,195	\$ 73,548	\$ 1,839
	100	\$ 95,900	\$ 2,398	\$ 71,000	\$ 1,775	\$ 71,200	\$ 1,780	100	\$ 53,096	\$ 1,327	\$ 81,720	\$ 2,043
	110	\$ 105,490	\$ 2,637	\$ 78,100	\$ 1,953	\$ 78,320	\$ 1,958	110	\$ 58,406	\$ 1,460	\$ 89,892	\$ 2,247
	120	\$ 115,080	\$ 2,877	\$ 85,200	\$ 2,130	\$ 85,440	\$ 2,136	120	\$ 63,715	\$ 1,593	\$ 98,064	\$ 2,452
Middle Income	130	\$ 124,670	\$ 3,117	\$ 92,300	\$ 2,308	\$ 92,560	\$ 2,314	130	\$ 69,025	\$ 1,726	\$ 106,236	\$ 2,656
	140	\$ 134,260	\$ 3,357	\$ 99,400	\$ 2,485	\$ 99,680	\$ 2,492	140	\$ 74,334	\$ 1,858	\$ 114,408	\$ 2,860

Staff Recommendation (longer-term, beyond 2 years)

Use the newly adopted Comprehensive Plan to develop an incentive policy that addresses the use of financial incentives based on the vision, goals, objectives, and policies identified in the Comprehensive Plan.

Staff Recommendation (shorter-term, next 1-2 years)

1. Through a new resolution, direct City staff to not accept any applications for financial incentives for residential development for a period of two years, or until the City Council has approved a specific policy that is consistent with the newly adopted Comprehensive Plan.
2. Exceptions:
 - a. Are for infill developments. Infill developments shall be defined as new development on land that had been previously developed including without limitation, greyfield and brownfield sites and cleared land within urbanized areas.
 - b. Are for developments that would require at least 51% of the residential units be Workforce Housing. Workforce Housing shall be defined as households earning no more than 140% of the City of San Marcos area median family income (approximately \$74,000).
 - c. Are for developments that propose or apply for a Texas Pollutant Discharge Elimination System (TPDES) permit to construct and operate a wastewater treatment “package plant” or other similar type system to handle the wastewater needs for the development, which may have an adverse impact on the environment and orderly extension of centralized city utility service.
 - d. Are for, or relate to, previously approved developments.

Next Steps

1. **December 15, 2020** – City Council action on a **resolution** directing City staff to not accept any applications for financial incentives for residential developments for a period of two years, with certain exceptions, or until the City Council has approved a specific policy that is consistent with the newly adopted Comprehensive Plan. A draft resolution is attached for City Council review.
2. **End of 2020** – Approve **Comprehensive Plan**, which will provide **guidance** for policies relating to financial incentives.
3. **First Quarter 2021** – Draft **official policies** relating to financial incentives for City Council consideration.

City Council Direction Sought