



## Legislation Text

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**File #:** ID#20-791, **Version:** 1

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### **AGENDA CAPTION:**

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).

**Meeting date:** December 2, 2020

**Department:** Planning & Development Services

### **Amount & Source of Funding**

**Funds Required:** Click or tap here to enter text.

**Account Number:** Click or tap here to enter text.

**Funds Available:** Click or tap here to enter text.

**Account Name:** Click or tap here to enter text.

### **Fiscal Note:**

**Prior Council Action:** November 17, 2015 the City Council passed Resolution 2015-165R. October 20, 2020 the City Council had a work session providing direction to staff.

**City Council Strategic Initiative:** [Please select from the dropdown menu below]

Choose an item.

Choose an item.

Choose an item.

**Comprehensive Plan Element (s):** [Please select the Plan element(s) and Goal # from dropdown menu below]

☒ Economic Development - Choose an item.

☐ Environment & Resource Protection - Choose an item.

☐ Land Use - Choose an item.

☐ Neighborhoods & Housing - Choose an item.

☐ Parks, Public Spaces & Facilities - Choose an item.

☐ Transportation - Choose an item.

- ☐ Core Services
- ☐ Not Applicable

**Master Plan:** *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Vision San Marcos - A River Runs Through Us

**Background Information:**

In 2015, the City Council passed a resolution (#2015-165R) that put a moratorium on any further financial incentives for future residential development to allow the City to see how the market responded to the influx of new units. The resolution was to be in effect for five years and it expired November 17, 2020. On October 20, 2020, the City Council had a work session where staff presented an analysis of how the market absorbed the housing units. Staff's recommendation was to:

- In the shorter-term (next 1-2 years), allow the moratorium to expire and evaluate projects on a case-by-case basis.
- In the 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.

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 a 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 further workforce housing, and developments that may otherwise have a potential adverse impact on the environment if an incentive were not received. The City Council then directed Staff to take this item to the Council Committee on Workforce Housing for further discussion.

**Council Committee, Board/Commission Action:**

The Council Committee on Workforce Housing met on November 9, 2020 and discussed allowing the following exceptions where City Staff could accept an application for financial incentives as it relates to

residential development:

- 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.

**Alternatives:**

Click or tap here to enter text.

**Recommendation:**

**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. 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.

- 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.