



## MEMORANDUM

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TO: Planning Commissioners

FROM: Virginia Collier  
Planning and Development Review Department

DATE: January 27, 2014

RE: Additional Information requested by the Planning Commission regarding the Cascades Municipal Utility District No. 1 (MUD)

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The Planning Commission discussed the merits of the Cascades MUD petition at their 01/14/14 meeting and asked staff for additional information about the proposal. After consultation with staff from several City departments, I can provide the following details to help the Commission make a recommendation.

### **Affordable Housing**

The developer agrees to provide 10% of the residential units to house persons whose household income is 80 percent or below the median family income in the Austin statistical metropolitan area for ownership units and 60 percent or below the median family income in the Austin statistical metropolitan area for rental units. Income limits are established annually as determined by the director of the Neighborhood Housing and Community Development Office and the United States Department of Housing and Urban Development.

The affordability period for affordable housing units provided in this agreement shall be forty years for rental housing and ninety-nine years for on-site for sale housing. The affordability period begins on the date a certificate of occupancy is issued for rental and upon sale for ownership.

On-site affordable housing units offered for sale shall be sold at a price affordable to persons whose household income is 80 percent or below the median family income in the Austin statistical metropolitan area. **On-site affordable housing units offered for sale shall be reserved, sold, and transferred to an income eligible buyer subject to a resale restricted, shared equity agreement**

**approved by the director of Neighborhood Housing and Community Development and in compliance with Austin Housing Finance Corporation (AHFC) land trust policies.**

Compliance and monitoring will be performed by Neighborhood Housing and Community Development Office. The Director of NHCD may establish rules and criteria for implementation of the affordability section. Affordable means households spend no more than 30% of their income towards rent or mortgage (PITI).

## **Capital Metro Service**

One transportation drawback of the Cascades MUD proposal is that excluding the project from the City's full purpose jurisdiction for several decades will likely exclude the new development from the CapMetro service area. The result may well be that future residents would not have access to CapMetro services, or very limited service at best.

The Planning Commission wanted to know more about the likelihood of CapMetro service provision to the area if development were successful and potential ridership would support public transit. **In discussing this issue further with transportation staff, there is no certainty or guarantee staff can offer Planning Commission regarding CapMetro transit service in the future.** Should CapMetro decide to evaluate this area as a candidate for future types of public transit service, the development must demonstrate a significant potential ridership base. It would compete with other needs in more populated areas already within the CapMetro service area, including higher density corridors. In any case, public transit would not be available until the project is brought into the city limits and the CapMetro service area. It could be evaluated at some future date; when and what the outcome of the evaluation will be is unknown.

## **Costs to the City associated with the Cascades MUD proposal**

Assessing the expected financial impact of annexing a proposed development or deferring annexation of the same area for an extended period of time is difficult. Assumptions about estimated revenues and requirements can be made in attempt to project cash flows and make comparisons between different scenarios, however, fiscal analyses associated with proposed annexations are not intended to identify or predict exact costs or revenue. **Forgone revenues associated with the Cascades MUD proposal include City property and sales taxes that would accrue as the area develops, as well as drainage and transportation user fees and other franchise fees that support on-going city-wide infrastructure maintenance.**

Larger policy considerations and providing for the overall public good are important factors that need to be taken into consideration in evaluating the cost to the City of creating a MUD. **The negative impacts of creating a MUD at this location include the limitations on the City's otherwise unimpeded ability to annex the area and the potentially harmful precedent of a MUD adjacent to the existing city limits.** If the City moves forward with the normal progression of annexing adjacent developing properties during the life of the MUD, a fragmented, inefficient service area, particularly in regard to public safety, will result. To remedy the confusing boundaries and annex the MUD, the City must absorb the remaining

MUD debt at expense to ratepayers citywide. In the meantime, through automatic aid agreements and due to the location of existing and planned fire stations, AFD will likely provide service to the developed areas prior to full purpose annexation. Beyond that, the inconsistencies of having one half of a neighborhood in the City's policing jurisdiction and the other half in the ETJ under the County Sheriff will create public safety issues. Normally the City is able to resolve these issues by bringing the balance of the area into the city limits, but the fragmented jurisdictional boundaries that a MUD at this location would induce would limit that option for decades.

Finally, annexing an area decades after development is completed means that the City will assume greater infrastructure maintenance obligations. These areas will not have contributed to the City's tax base during the early life of the roads, in the years after construction is complete when the roads presumably require little maintenance and instead the City is responsible for older roads that may require more immediate and extensive maintenance. Although the basis for government services is that the cost of service delivery is distributed among the citizens as a whole, it is important to attempt to balance annexation of areas in need of municipal services, which produce a negative fiscal impact with those areas which produce a positive cash flow.

The location of the Cascades project relative to nearby centers identified in the Imagine Austin comprehensive plan is shown on the attached map. Unlike other MUDs recently created in the City's ETJ, the creation of a MUD is not necessary to extend land use controls to the portion of this project that is not already in the city limits. **This project meets the Imagine Austin criteria for full purpose annexation at this time.**

## **PUD Zoning**

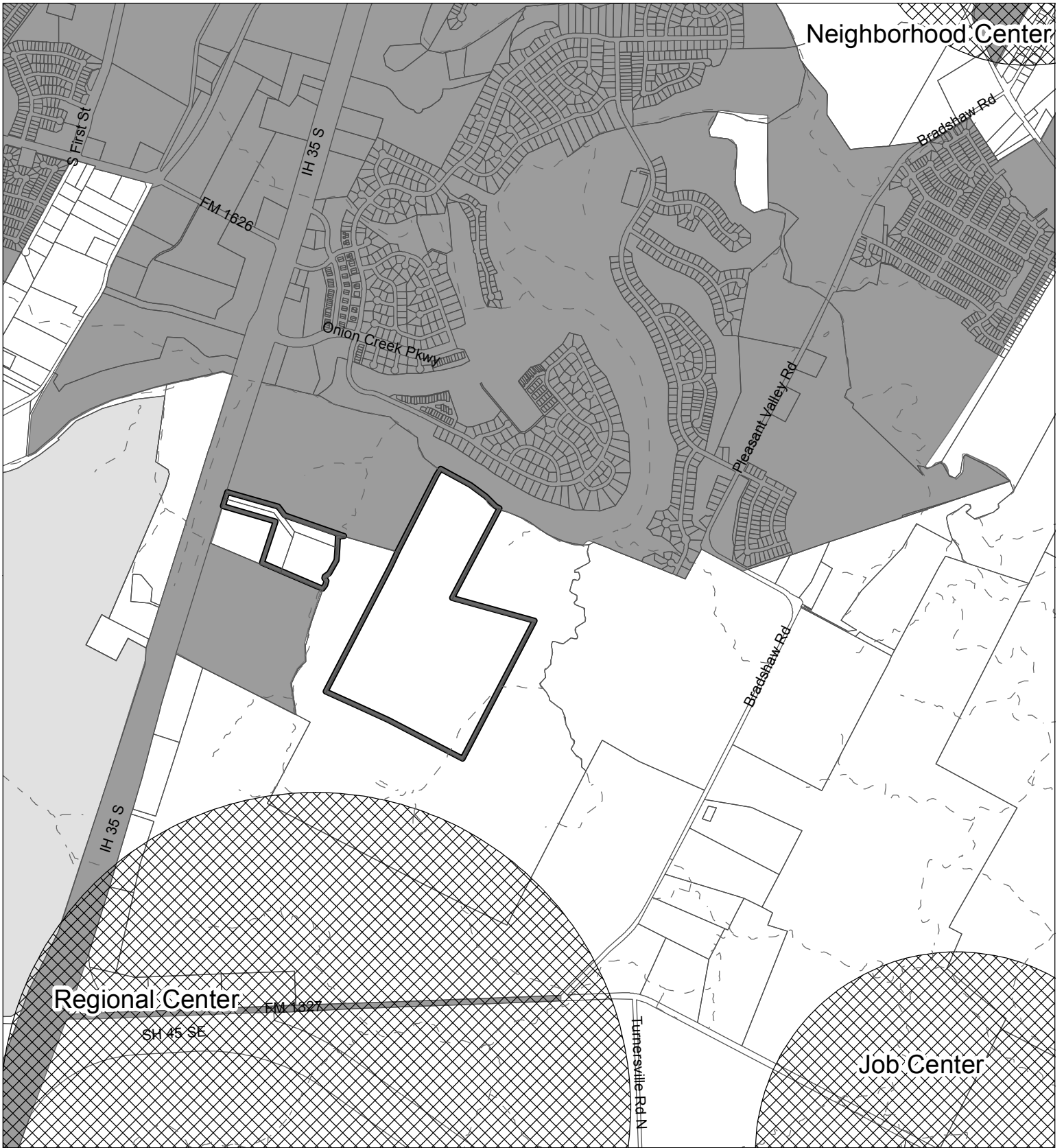
After consultation with staff from both the Planning and Law Departments, it was determined that **if the Cascades MUD is created, zoning will be reviewed by the Planning Commission.**

## **Water and Wastewater Easements**

In regard to water and wastewater easements for the Hetherly tract, the Planning Commission might consider the following language or something similar in making a recommendation to Council on the Cascades MUD petition:

The Planning Commission recommends that Council include the following condition as part of any consent to the Cascade MUD: The MUD property owner must convey to the City, within 90 days of the effective date of a consent agreement, in a location, form, and content acceptable to the City, water and wastewater easements across that property for the purpose of the City providing water and wastewater service to the 58 acre tract (located at 12000 S IH 35 Service Road) and to other areas within the City's service area.

If you have questions or need any clarification please don't hesitate to contact me by email at [virginia.collier@austintexas.gov](mailto:virginia.collier@austintexas.gov) or phone at 512-974-2022.



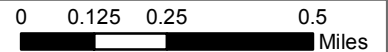
# Cascades at Onion Creek and Imagine Austin Centers



City of Austin  
 Planning and Development Review  
 January 17, 2014

- Annexation Area
- Creeks
- Parcels

- Austin Full Purpose
- Austin Limited Purpose
- Austin ETJ



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