

SPECIAL MEETING AND WORKSHOP

LOCKHART CITY COUNCIL

And

SPECIAL JOINT MEETING

LOCKHART CITY COUNCIL

AND

PLANNING AND ZONING COMMISSION

JANUARY 12, 2023

**CLARK LIBRARY ANNEX-COUNCIL CHAMBERS
217 SOUTH MAIN STREET, 3rd FLOOR
LOCKHART, TEXAS**

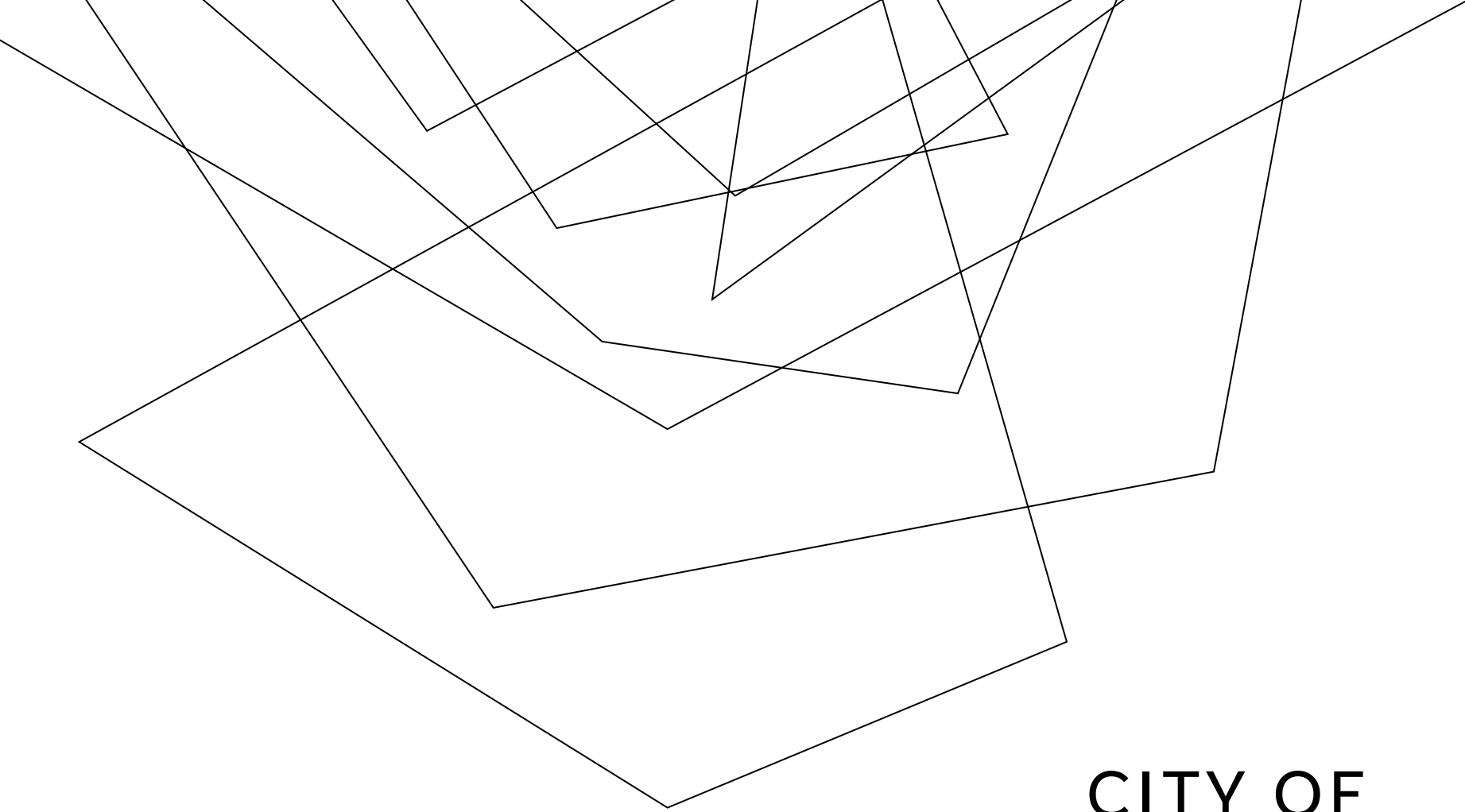
5:30 P.M. SPECIAL MEETING AND WORKSHOP OF THE CITY COUNCIL

1. **CALL TO ORDER**
Mayor Lew White
2. **EXECUTIVE SESSION IN ACCORDANCE WITH THE PROVISIONS OF THE GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.086 TO DELIBERATE ON COMPETITIVE MATTERS RELATING TO PUBLIC POWER UTILITIES.**
 - A. Discussion regarding competitive power contract issues.
3. **OPEN SESSION**
 - A. Discussion and/or action regarding matters discussed in Executive Session.
4. **ADJOURNMENT OF SPECIAL MEETING AND WORKSHOP OF THE CITY COUNCIL**

6:30 P.M. SPECIAL JOINT MEETING OF THE LOCKHART CITY COUNCIL AND PLANNING AND ZONING COMMISSION

1. **CALL TO ORDER**
Mayor Lew White
2. **DISCUSSION AND/OR ACTION**
 - A. Discussion regarding housing and development in the City of Lockhart.
3. **ADJOURNMENT**

Posted on the bulletin board in the Municipal Building, 308 West San Antonio Street, Lockhart, Texas, on the 6th day of January, 2023 at 1:20 p.m.

Abstract geometric lines in black on a white background, forming various overlapping polygons and shapes.

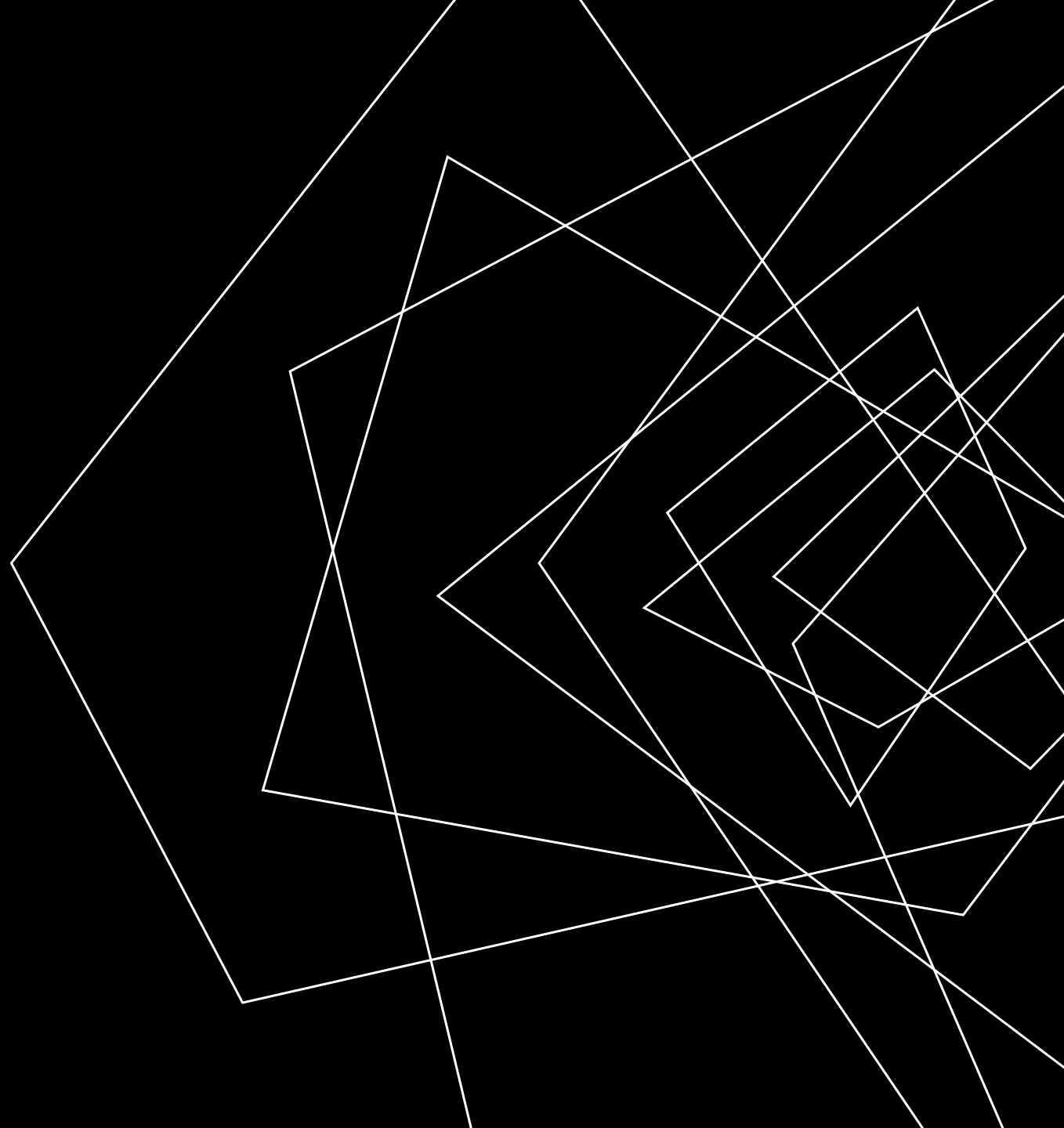
CITY OF LOCKHART

Growth Planning Workshop – Housing and Development

January 12, 2023—Council Chamber

AGENDA

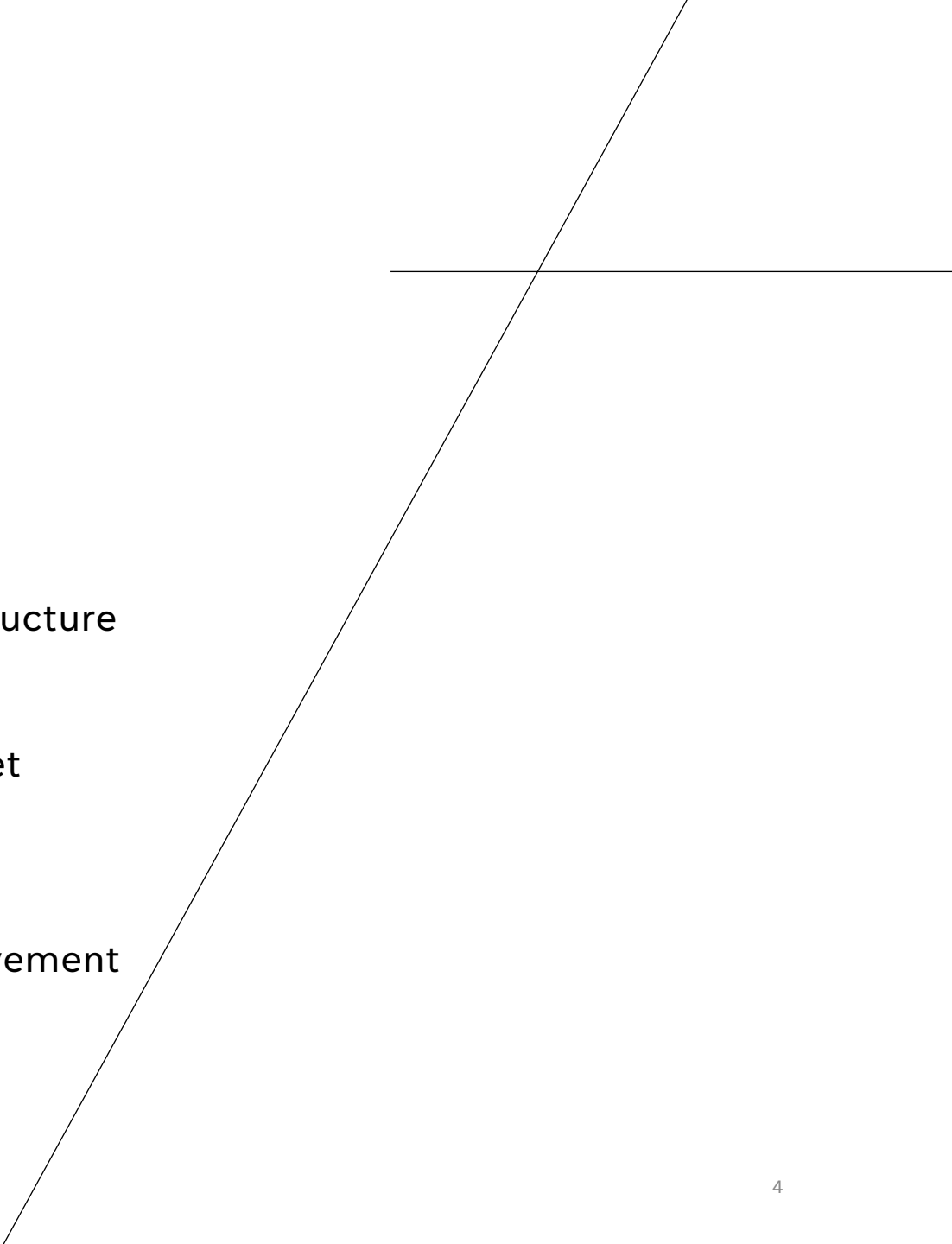
1. Call to Order, City Council and Planning and Zoning Commission
2. Self-introductions
3. Presentation—David Fowler
4. Q & A
5. Next Steps





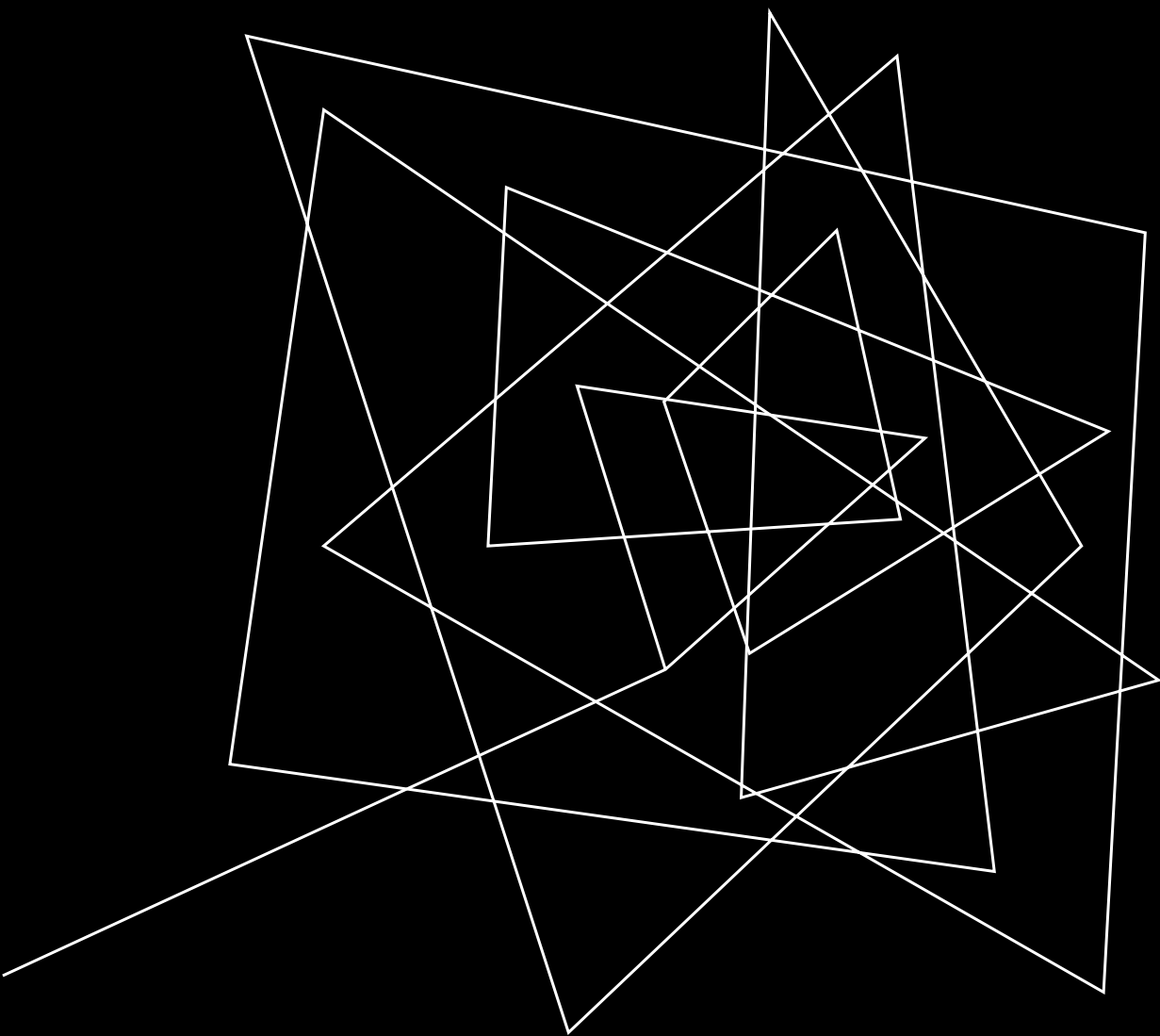
WHY WE'RE HAVING JOINT WORKSHOPS

- City has recently undergone period of unprecedented growth
- Desire to take stock of recent growth, assess future trends, and discuss possible approaches to shape future of Lockhart.



FIRST WORKSHOP, 12/13/2022

- Discussed recent growth's impacts on city infrastructure
- Discussed ability of water and wastewater to meet demands of future growth
- Discussed future roadway and intersection improvement needs, possibility of future funding with TxDOT



HOUSING

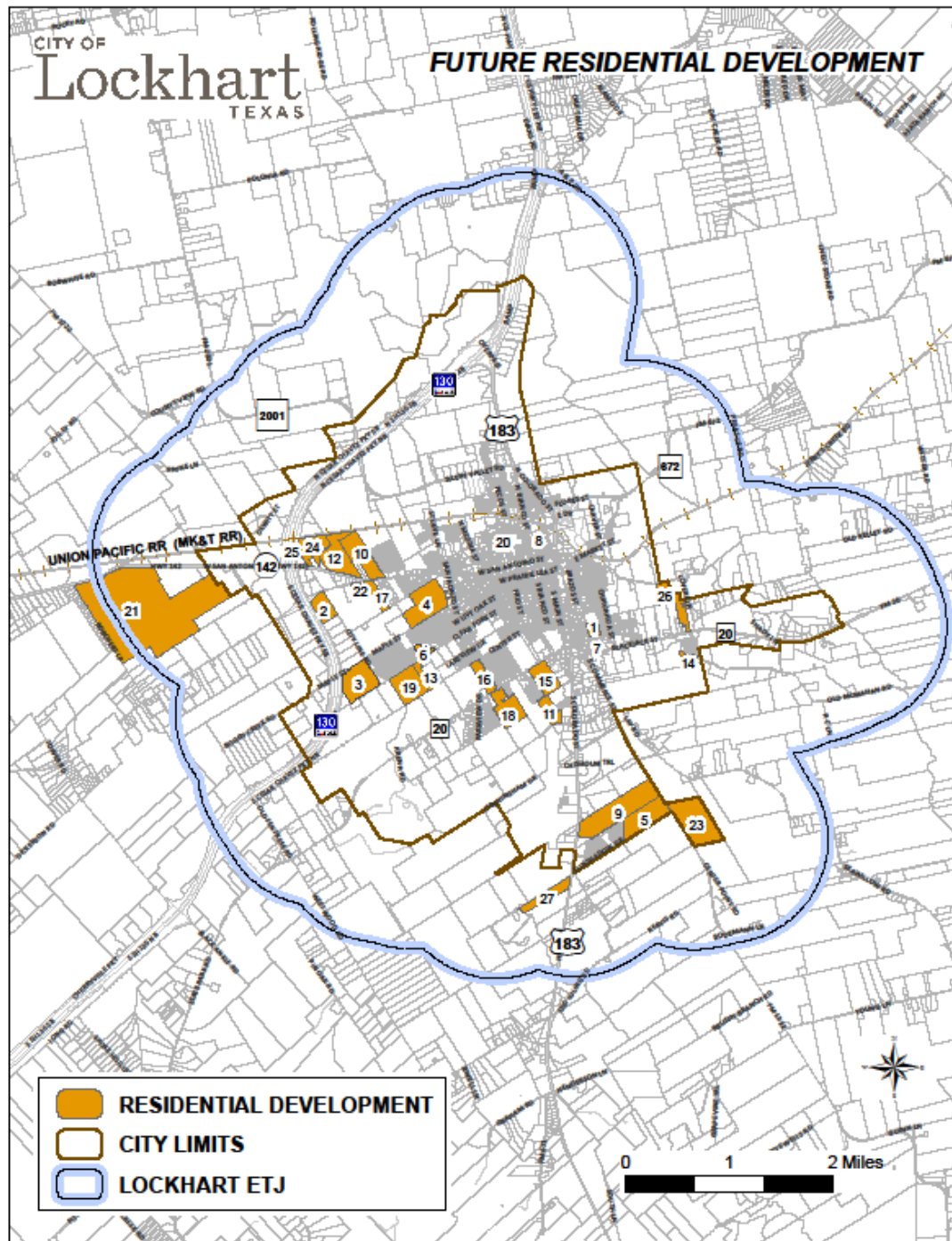
HOUSING IN LOCKHART

- Strong recent growth, with several projects currently underway

185 single-family residential permits through November 2022 (94 in all of 2021)

One permit for Multifamily projects in 2022, two in 2021

- Housing market is extremely tight
 - Very few houses for sale
 - Waiting list for several apartment types at local complexes
 - LISD recently explored building housing for district employees



CURRENT PROJECTS

In City (at least Preliminary Plat/SUP submitted)

2,967 single-family units
52 duplexes (104 units)
247 townhouses
244 condo units
228 senior housing units
1,142 approved apartment units

In ETJ

1,413 single-family lots in MUD, one other subdivision

In pipeline (No SUP submitted) ~ 2,000 apartment units

RECENT HOUSING TRENDS--REGIONAL

2021 Austin-Round Rock-Georgetown MSA: 50,907 total housing units permits permitted

24,486 single-family (48.1 %)

494 duplex (1 %)

285 3-4 plex (0.6 %)

26,642 multifamily (52.3 %)

Other metro areas in 2021:

San Antonio: 22,264 units (62.6 % single-family)

Dallas-Ft. Worth: 78,705 units (66.1 % single-family)

Houston: 69,263 units (76.1 % single-family)

Austin region in 2022 (through November):

41,197 units (47.1 % single-family, 51.69 % multifamily)

Source: US Census Bureau 2021-2022

RECENT HOUSING TRENDS

Why has balance of housing tipped towards multifamily in Austin Region?

- Rapid population growth in region, creating need for housing to be created quickly
- High land prices make multifamily only feasible product for well-located parcels
- High housing prices have put home ownership out of reach for large segments of the population
- Recent rise in interest rates has caused buyers in the Austin region to lose 36% of buying power in last two years.
- Rising construction costs making all types of housing more expensive

RECENT HOUSING TRENDS



In Lockhart:

- Median Household Income (2017-2021) \$64,633
- As of Friday, 1/6: No houses or sale for less than \$225,000. No 3-bedroom houses available for immediate sale under \$265,000
- Out of 56 houses listed on Realtor.com, only 9 existing houses under \$300,000

A screenshot of the Realtor.com website showing search results for properties in Lockhart, TX. The search filters at the top include '78644, Lockhart, TX', 'Price', 'Property Type', '2+ Beds', 'Baths', 'Hide Pending / ...', 'More Filters', and 'Save Search'. The results are titled '78644 2 or More Bedroom Homes for Sale' and show 56 homes sorted by lowest price. The first row of results includes:

- A living room interior with a dark sofa, a red ottoman, and a fireplace. Price: For Sale \$225,000, 2 bed, 1 bath, 1,809 sqft, 9,138 sqft lot. Email Agent.
- A single-story house with a gabled roof and a small porch. Price: For Sale \$242,590, 3 bed, 2 bath, 1,427 sqft, 6,360 sqft lot. Email Agent.
- A two-story house with a gabled roof and a small porch. Price: For Sale \$257,590, 3 bed, 2.5 bath, 1,427 sqft, 6,360 sqft lot. Email Agent.
- An advertisement for a new construction home with a gabled roof and a small porch. Price: For Sale \$284,990, 3 bed, 2 bath, 1,409 sqft. Contact Builder.

The second row of results includes:

- A single-story house with a gabled roof and a small porch. Price: For Sale \$260,590, 3 bed, 2 bath, 1,450 sqft, 6,360 sqft lot. Email Agent.
- A single-story house with a gabled roof and a small porch. Price: For Sale \$265,000, 3 bed, 2 bath, 935 sqft, 4,600 sqft lot. Email Agent.
- A single-story house with a gabled roof and a small porch. Price: For Sale \$279,990, 3 bed, 2 bath, 1,297 sqft. Contact Builder.
- A single-story house with a gabled roof and a small porch. Price: For Sale \$284,990, 3 bed, 2 bath, 1,409 sqft. Contact Builder.

The third row of results includes:

- A single-story house with a gabled roof and a small porch. Price: For Sale \$288,590, 3 bed, 2 bath, 1,217 sqft, 6,360 sqft lot. Email Agent.
- An advertisement for a new construction home with a gabled roof and a small porch. Price: For Sale \$295,000, 3 bed, 2 bath, 1,443 sqft, 5,976 sqft lot. Email Agent.
- A single-story house with a gabled roof and a small porch. Price: For Sale \$296,990, 4 bed, 2 bath, 1,544 sqft. Contact Builder.

RECENT HOUSING TRENDS—EXAMPLE HOUSE

- \$2,124 monthly payment required for \$299,000 house, assuming 20% down payment
- Payment would be 36% of pre-tax median income
- Industry standard is no more than 28% of income spent on mortgage.
- With 28% standard, income of \$90,992/year required to buy this house
- Remember, this also assumes buyer has funds for \$59,800 down payment.

Presented by:
IRENE YANEZ with Countywide Realty



[Virtual Tour](#) 2 / 23

Veterans: [Check 2023 VA Loan Requirements](#) | [What can you buy? \(It's easy to find out\)](#)

For Sale

\$299,000 ↓\$16K Est. **\$2,124/mo**

3 bed 2 bath 1,169 sqft 6,486 sqft lot

1517 Windridge Dr, Lockhart, TX 78644

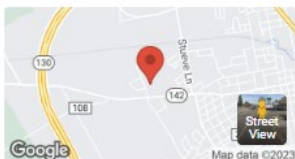
Single Family
Property Type

76 Days
Time on realtor.com

\$256
Price per sqft

2 cars
Garage

2014
Year Built



Commute Time: [Add a commute](#)

This property has multiple listings: [Listing 1](#) | [Listing 2](#)

Monthly Payment

Costs for this home [Edit](#)

Home price **\$299,000**

Monthly payment **\$2,124**
Loan 30-Year Fixed loan at 6.598%

Principal & Interest	\$1,527
Property tax	\$362
Home Insurance	\$234
Learn more	
HOA fees	\$0
Mortgage Insurance	\$0

Total due at close **\$71,760**

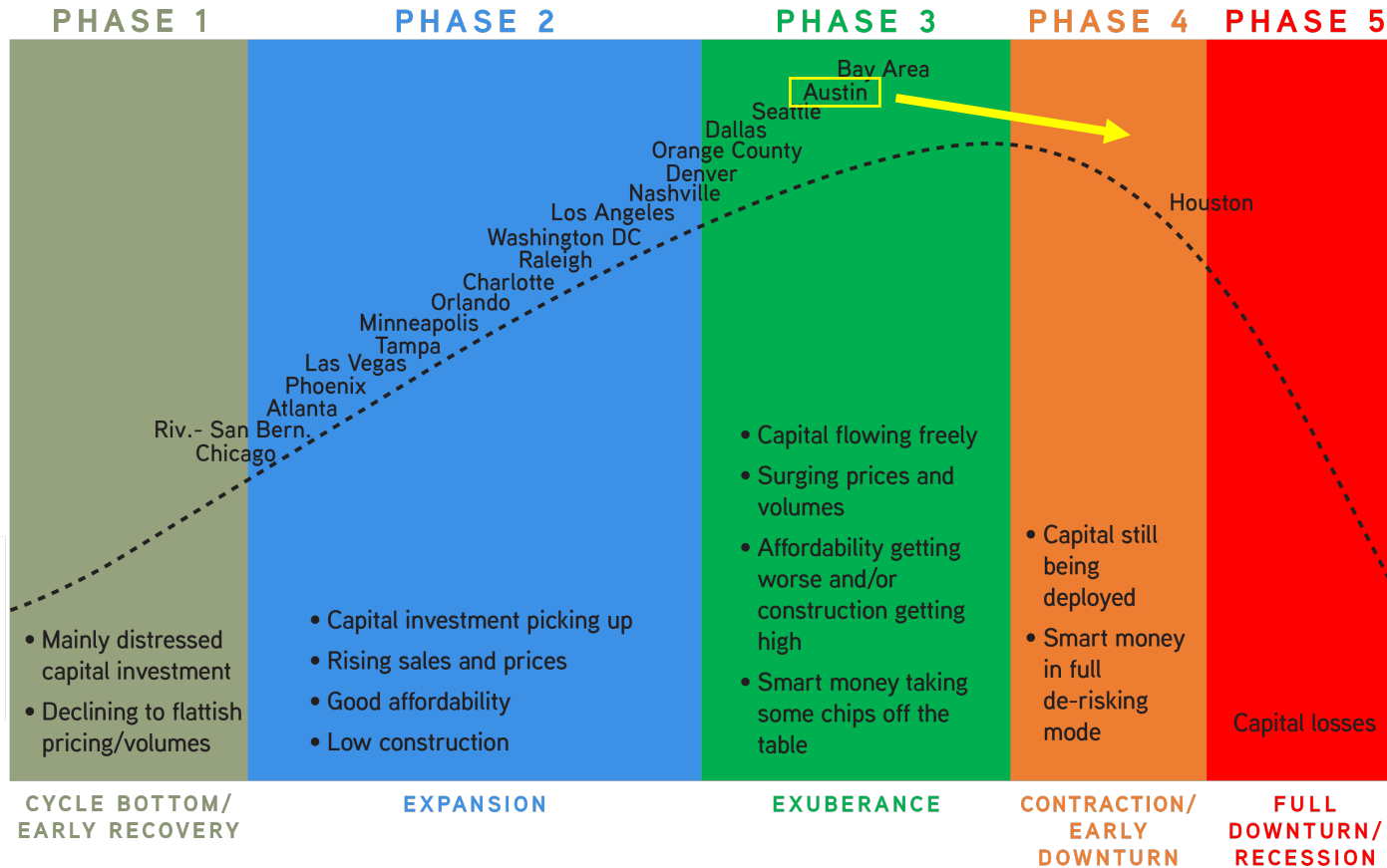
Down payment (20%) **\$59,800**

Estimated closing cost (4%) **\$11,960**

Apply veterans benefits ⓘ ☐

Confirm your budget with a lender

THE HOUSING MARKET CYCLE



Austin region showing signs of lower levels of construction after recent boom

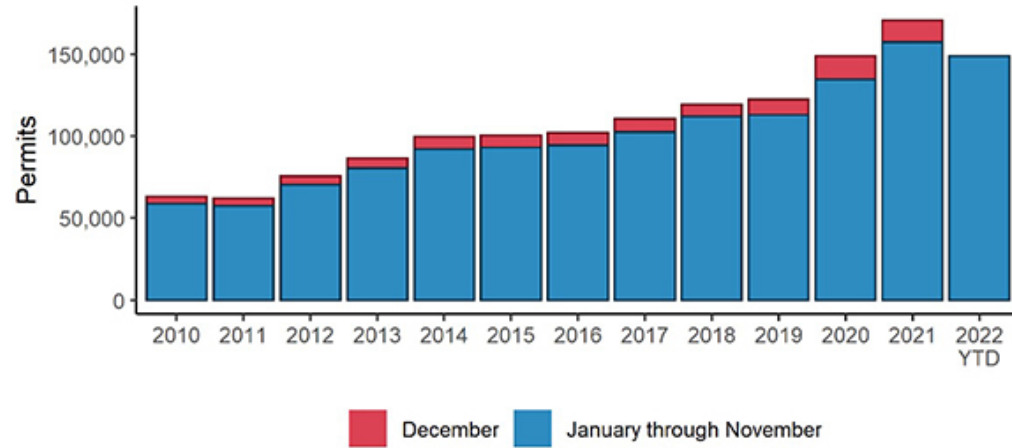
Downturn expected to make single-family supply even tighter, raise prices of all housing types

Increase in multifamily construction activity becomes more likely

Source: John Burns Real Estate Consulting, LLC (Pub: Sep-2016)

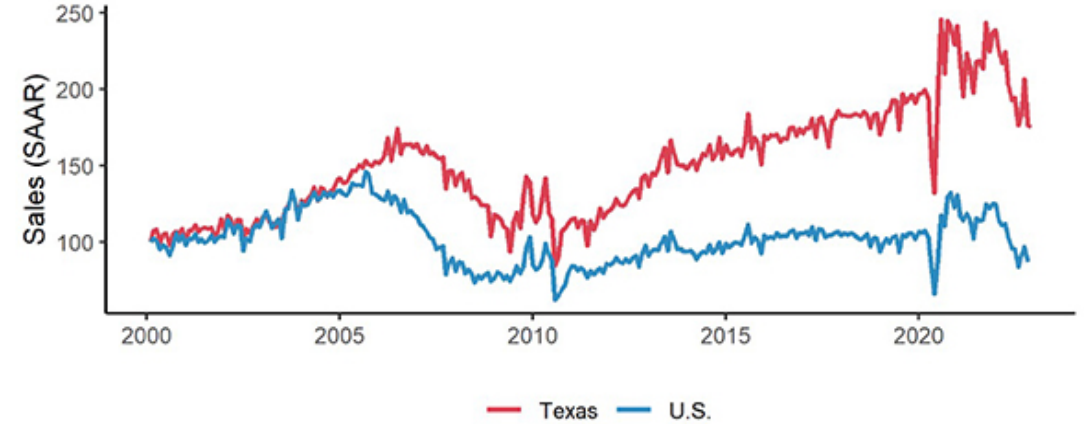
THE HOUSING MARKET CYCLE

Texas Single-Family Permits



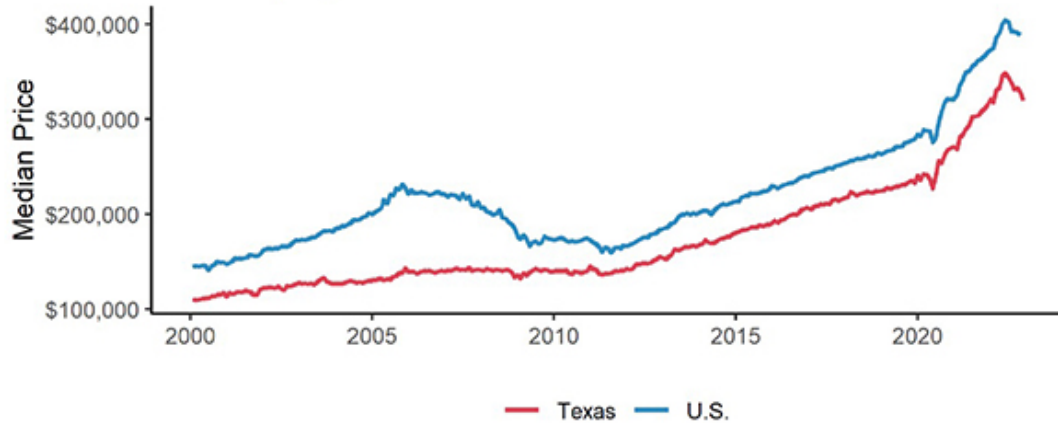
Source: Texas Real Estate Research Center at Texas A&M University

Residential Home Sales Seasonally Adjusted Annualized Rate



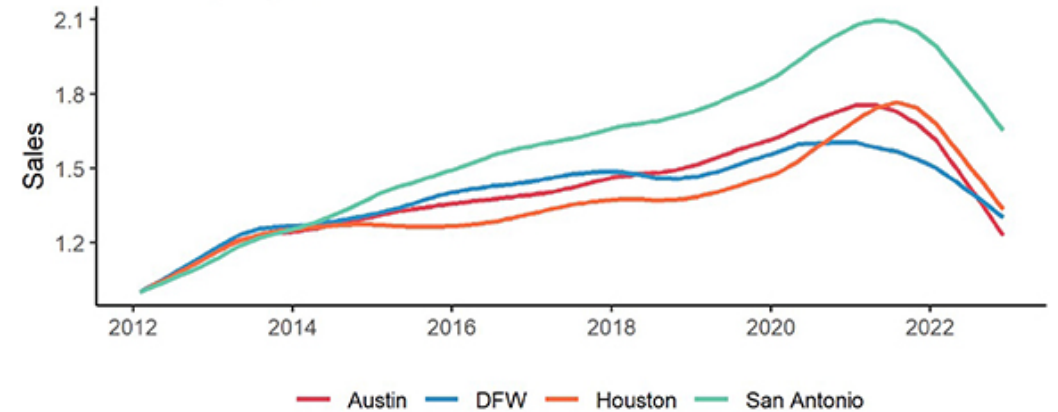
Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

Median Existing Single-Family Home Prices Seasonally Adjusted Annualized Rate



Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

Metro Home Sales Seasonally Adjusted Trend



Source: Texas Real Estate Research Center at Texas A&M University

RECENT HOUSING TRENDS

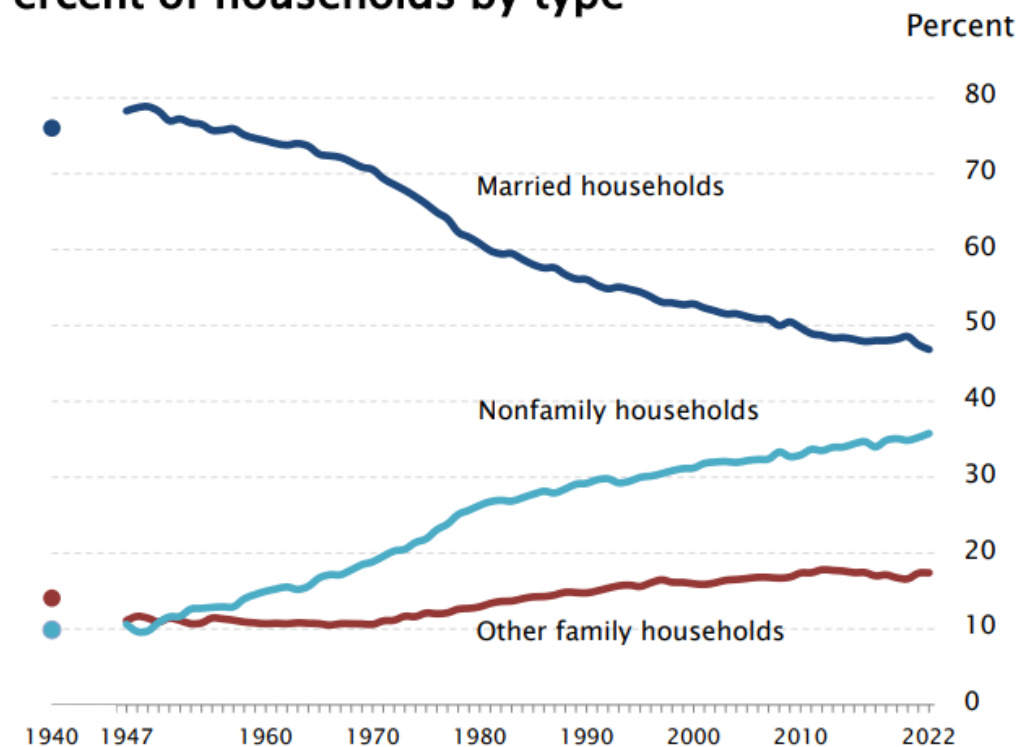
Reasons for higher rates of multifamily construction, smaller single-family lots in Austin region:

- High cost of land
- High housing prices/interest rates
- Lower rates of family households (more single residents, elderly residents, roommates)
- Many members of the two youngest adult generations are pessimistic about being able to purchase a home

Related trend: Increasing trend of building single-family **rental** communities

HISTORIC CHANGES IN HOUSEHOLD TYPES

Figure HH-1
Percent of households by type



Source: U.S. Census Bureau, Decennial Census, 1940, and Current Population Survey, Annual Social and Economic Supplements, 1947 to 2022.

SINGLE-FAMILY HOUSING

Opportunities of single-family housing:

- Providing new residents a chance to live and invest in Lockhart
- Allows move-up opportunity, ability to live in new construction, for existing residents
- Creates tangible asset to potentially build wealth
- More housing units being built in Lockhart will help attract desired retail, larger health care facilities

SINGLE-FAMILY HOUSING

Challenges (local, regional and national):

- Trend towards smaller lots due to increasing land prices, interest rates, tighter development economics
- Lack of diversity in lot size and square footage of houses
- Large lot development rare except in higher-income areas or rural areas
- Lack of move-up housing opportunities due to price
- Most new neighborhoods built by large developers with standard products in many cities leading to local resident complaints about “cookie cutter” housing
- Dedication of streets and utilities creates perpetual maintenance responsibilities for city
- Single-family housing typically a net expense for cities (often does not break even).

SINGLE FAMILY HOUSING

Strategies to improve quality of new single-family housing developments:

- Enact design standards, including menu of required design elements
- Require greater variation of house designs, increase restrictions on repeating same house
- Add minimum landscaping standards, including minimum tree plantings and minimum caliper
- Increase park dedication requirements, greater specification of required amenities
- Shorten block length maximums, shorten cul-de-sac lengths
- Require greater connectivity between streets within subdivisions
- Require minimum number of entrances, street connections, stub streets, avoid single-entrance layouts
- Create or maintain enough RLD zoning to create move-up housing
- Raise development fees to cover costs
- Monitor short-term rentals to make sure not impacting housing supply

MULTI-FAMILY HOUSING

Opportunities:

- Provide opportunity to establish life in Lockhart
- Needed to provide workforce housing for teachers, city employees, industrial workers
- Provide alternative to single-family rentals, may provide incentive to renovate older houses
- Addition of apartment units brings population needed to attract additional retail and services
- Lower infrastructure burden compared to single-family—no streets or pipes to maintain within complexes

MULTI-FAMILY HOUSING

Challenges:

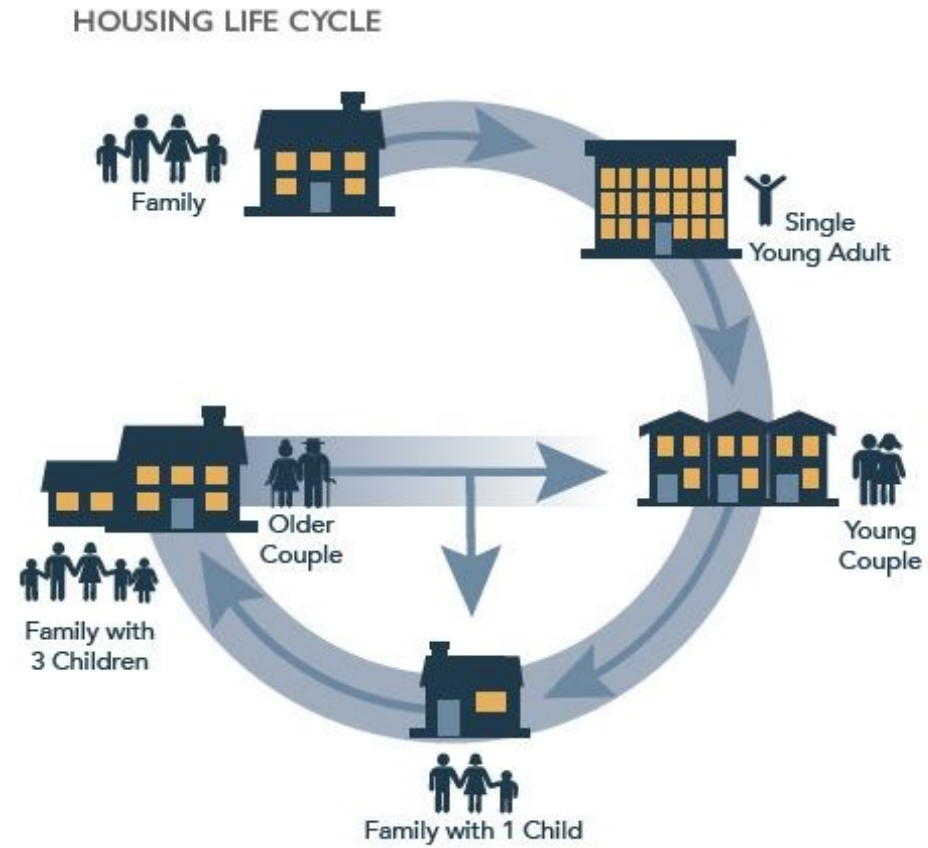
- Increased share of new construction due to land and construction costs, affordability issues
- Renters not building equity
- Less suitable for families with children—few 3+ bedroom units built
- Perception of residents as lower income, less tied to community
- Many existing apartment complexes are income-restricted (most new complexes are market rate)
- Historic negative image in comparison with single-family dwellings

MULTI FAMILY HOUSING

Strategies to improve quality of new multi-family housing:

- Enact architectural design standards, including options to enhance appearance
- Add minimum landscaping standards, including minimum tree plantings with minimum calipers
- Require some covered parking (provide options)
- Increase park dedication requirements, plus require minimum required on-site amenities
- Ensure equitable ratio of new single and multi-family in comparison to region
- Discourage MF-2 development (24 units/acre) away from arterial roads
- Avoid rezoning of commercial and industrial lands for multi-family
- Encourage moderate-density housing types for families (condos, townhouse, duplexes), not just MF-2
- Raise development fees to cover costs

HOUSING FOR ALL STAGES OF LIFE CYCLE



LIFE CYCLE HOUSING

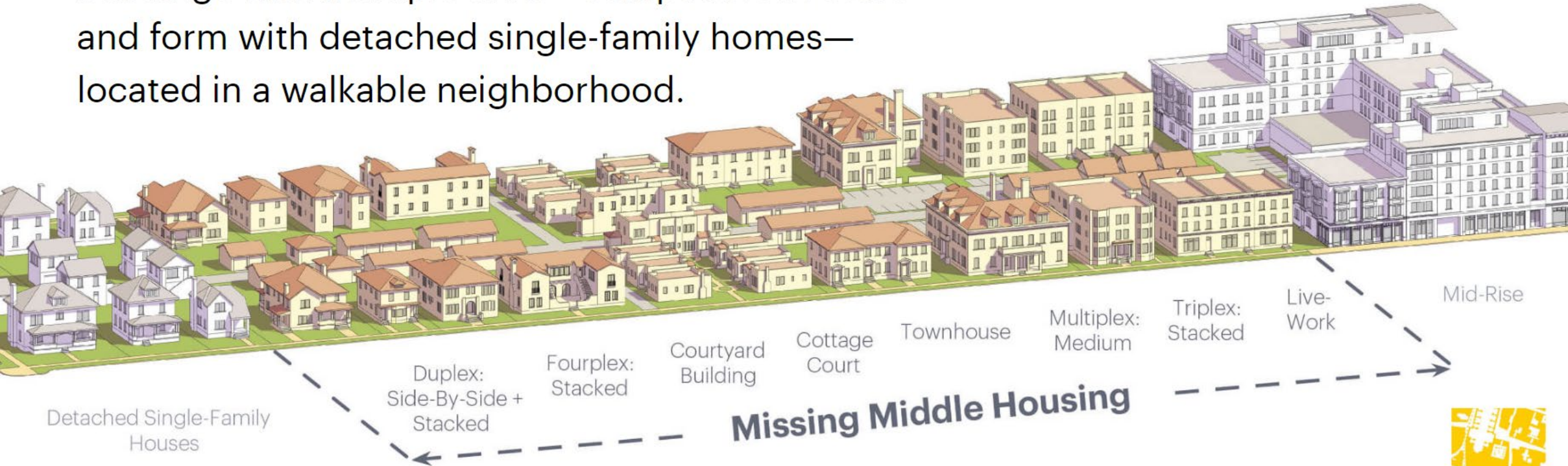
To be a complete city for all stages of life, need to have full complement of housing:

- Growing up: House or other 2-4 BR home with parents
- Young and/or single: Apartment, shared rental home, accessory dwelling unit
- Couple w/o kids: Small house, townhouse, duplex, condo/luxury apartment
- Couple with kids: 3+ BR Home (rental or own)
- Empty nester: House, may downsize to duplex, townhouse, condo, or move up to “trophy house”
- Widow/er: Smaller house, duplex, accessory dwelling, senior apartment,
- Elderly: Remain in house with assistance, duplex, senior apartment, assisted living, nursing home

LIFE CYCLE HOUSING

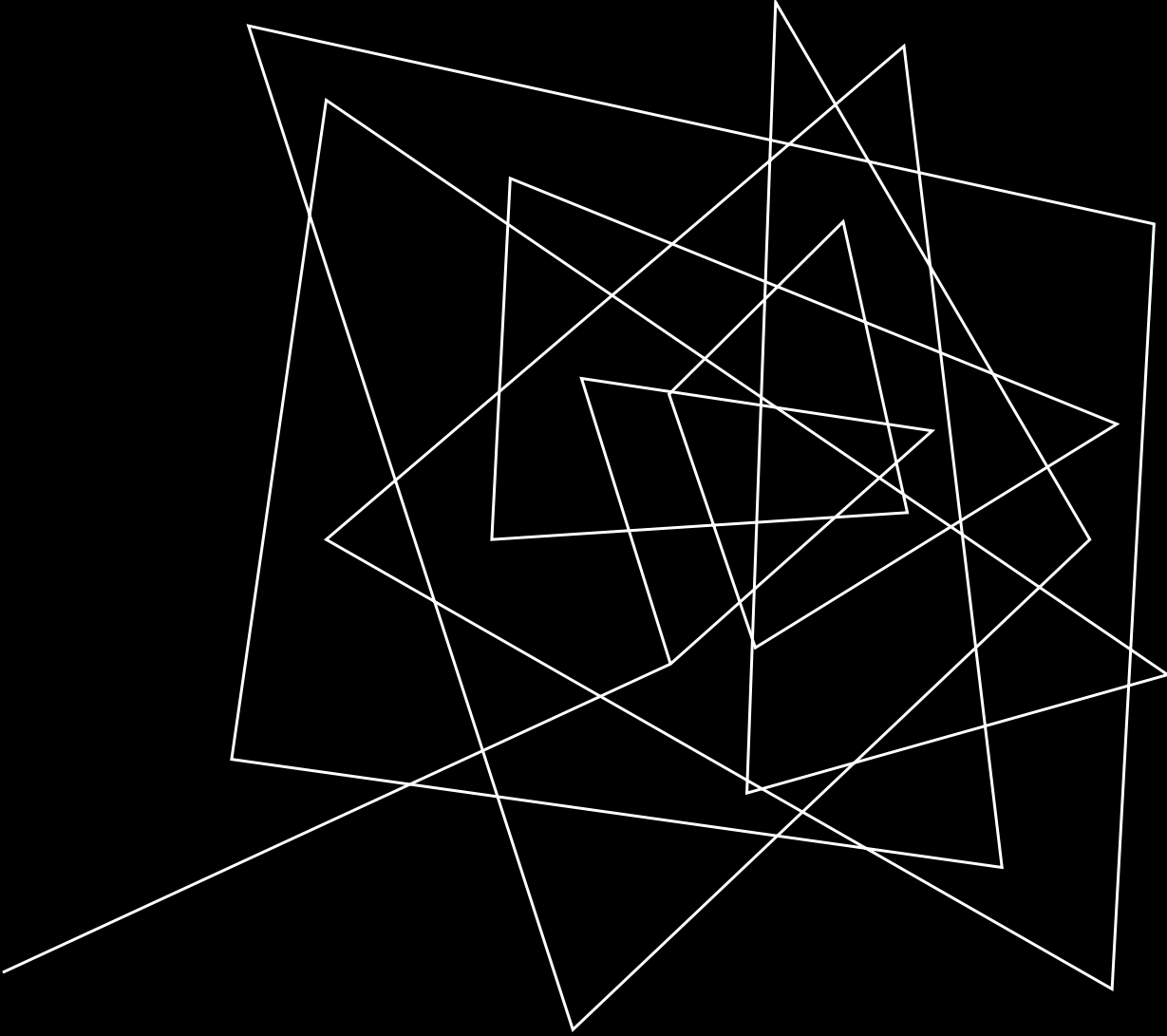
- Problem: Lockhart historically has built numerous types and sizes of housing, but newer developments are largely either single-family detached or dense multifamily.
- Need for more housing types to accommodate varying needs and tastes, as residents move through life

Missing Middle Housing is a range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood.



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APPROACHES TO GROWTH AND FINANCIAL ISSUES

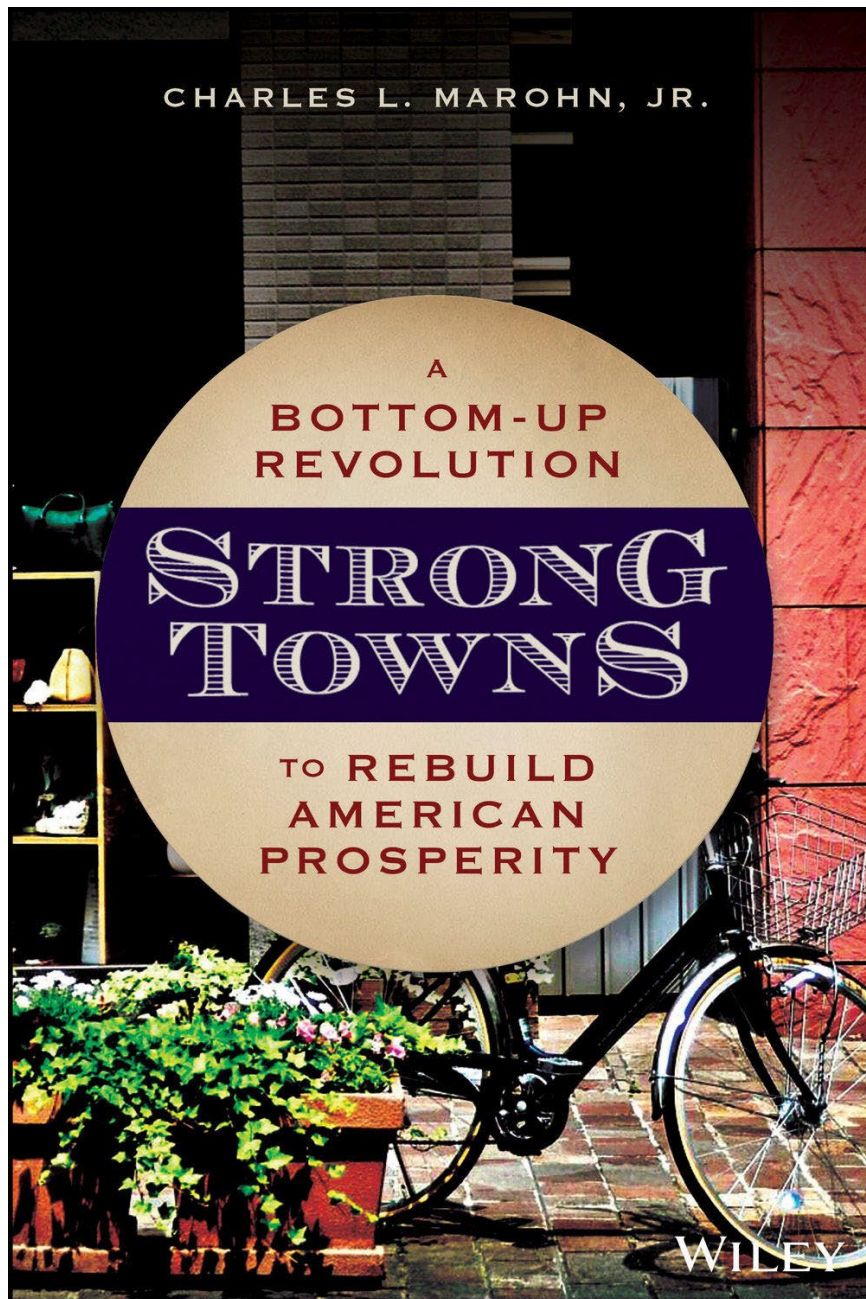
SMART GROWTH

Smart growth: Development that is environmentally sensitive, economically viable, community-oriented, and sustainable.

Smart growth focuses on the planning and layout of communities and the efficient use of land to maximize community goals and avoid wasteful sprawl.

Smart Growth Principles:

- Mixing Land Uses
- Employing compact building design
- Creating a range of housing opportunities and choices
- Creating walkable, bicycle-friendly neighborhoods
- Designing distinctive, attractive communities with a strong sense of place
- Preserving open space, farmland and critical environmental areas
- Directing development towards existing communities
- Providing a variety of transportation choices
- Making development decisions fair, predictable and cost-effective'
- Encouraging community and stakeholder participation



STRONG TOWNS

- Refinement of Smart Growth principles with enhanced focus on long-term fiscal well-being of cities
- Awareness of long-term liability of infrastructure dedicated to cities
- Urges compact development patterns to reduce fiscal liability per resident
- Warns against nonproductive uses of land such as excessive free parking
- Urges **value per acre** calculation instead of typical gross value per project or lot to determine impact on city's bottom line
- Make streets and development people-friendly, rather than car-oriented

VALUE PER ACRE: COMMERCIAL

Wal-Mart

Assessed value: \$8,811,825

Area: 21.7 acres

Value per acre: \$406,074



VALUE PER ACRE: COMMERCIAL

HEB

Assessed value: \$3,541,260

Area: 4.37 acres

Value per acre: \$810,357



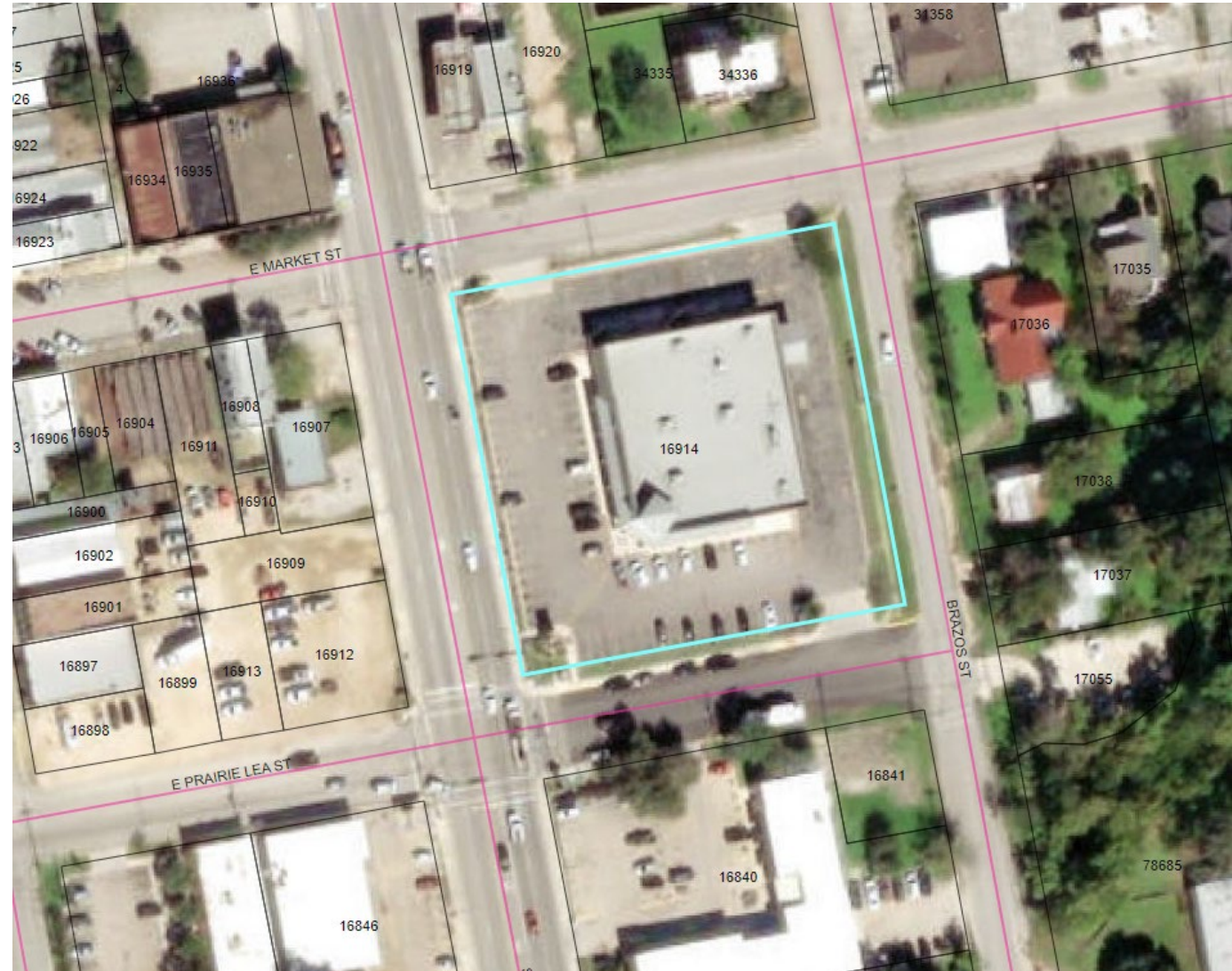
VALUE PER ACRE: COMMERCIAL

Walgreens

Assessed Value: \$1,825,900

Area: 1.38 acres

Value per acre: \$1,323,116



VALUE PER ACRE: COMMERCIAL

Block 17 (13 properties)

Assessed value: \$4,245,750

Area: 1.35 acres

Value per acre: \$3,145,000



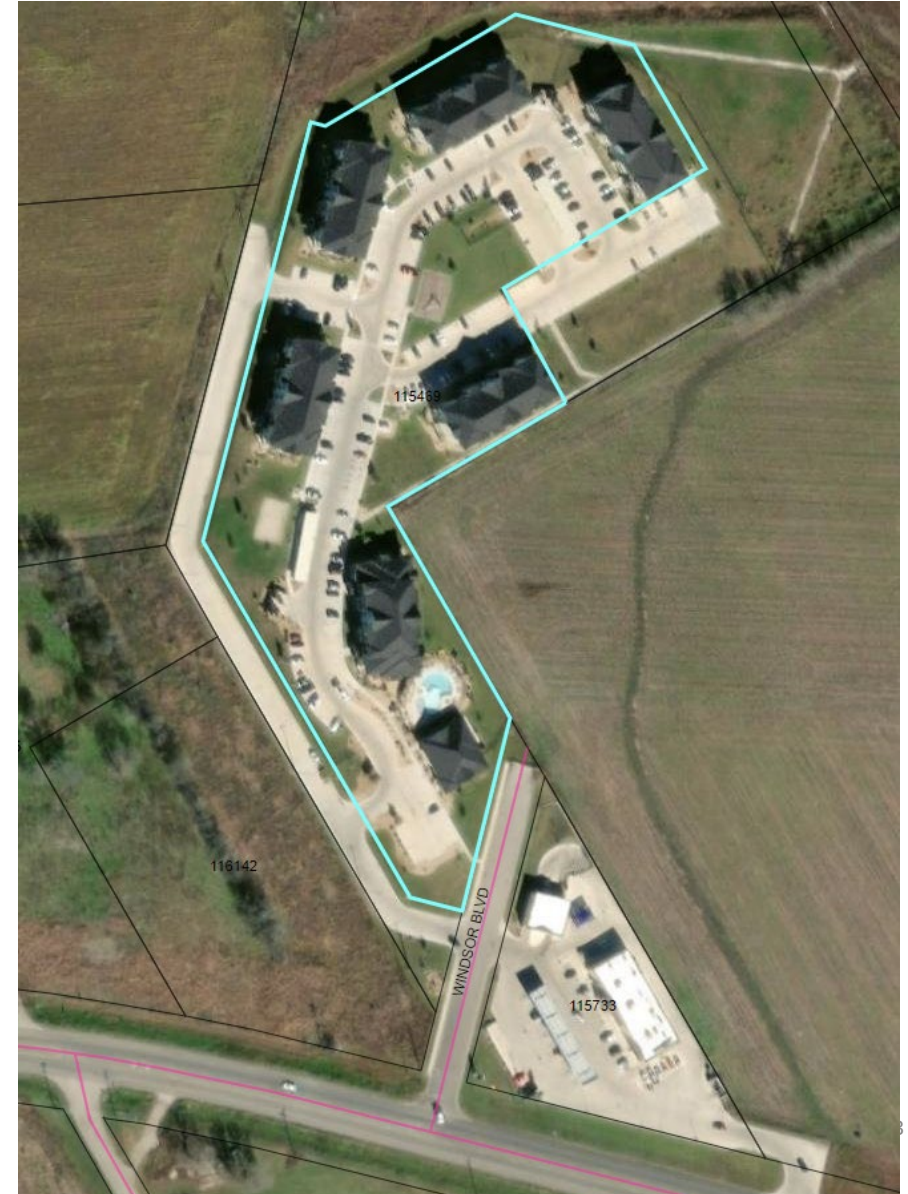
VALUE PER ACRE: RESIDENTIAL

The Stanton Apartments

Assessed value: \$10,213,620

Area: 7.16 acres

value per acre: \$1,426,483



VALUE PER ACRE: RESIDENTIAL

Sunchase Square Apartments

Assessed value: \$7,195,000

Area: 8.61 acres

Value per acre: \$835,656



VALUE PER ACRE: RESIDENTIAL

**O.T. Lockhart Block 1/Heppenstall
(19 lots)**

Assessed value: \$3,760,781

Area: 5.6 acres

Value per acre: \$675,139



VALUE PER ACRE: RESIDENTIAL

The Ridge (18 lots)

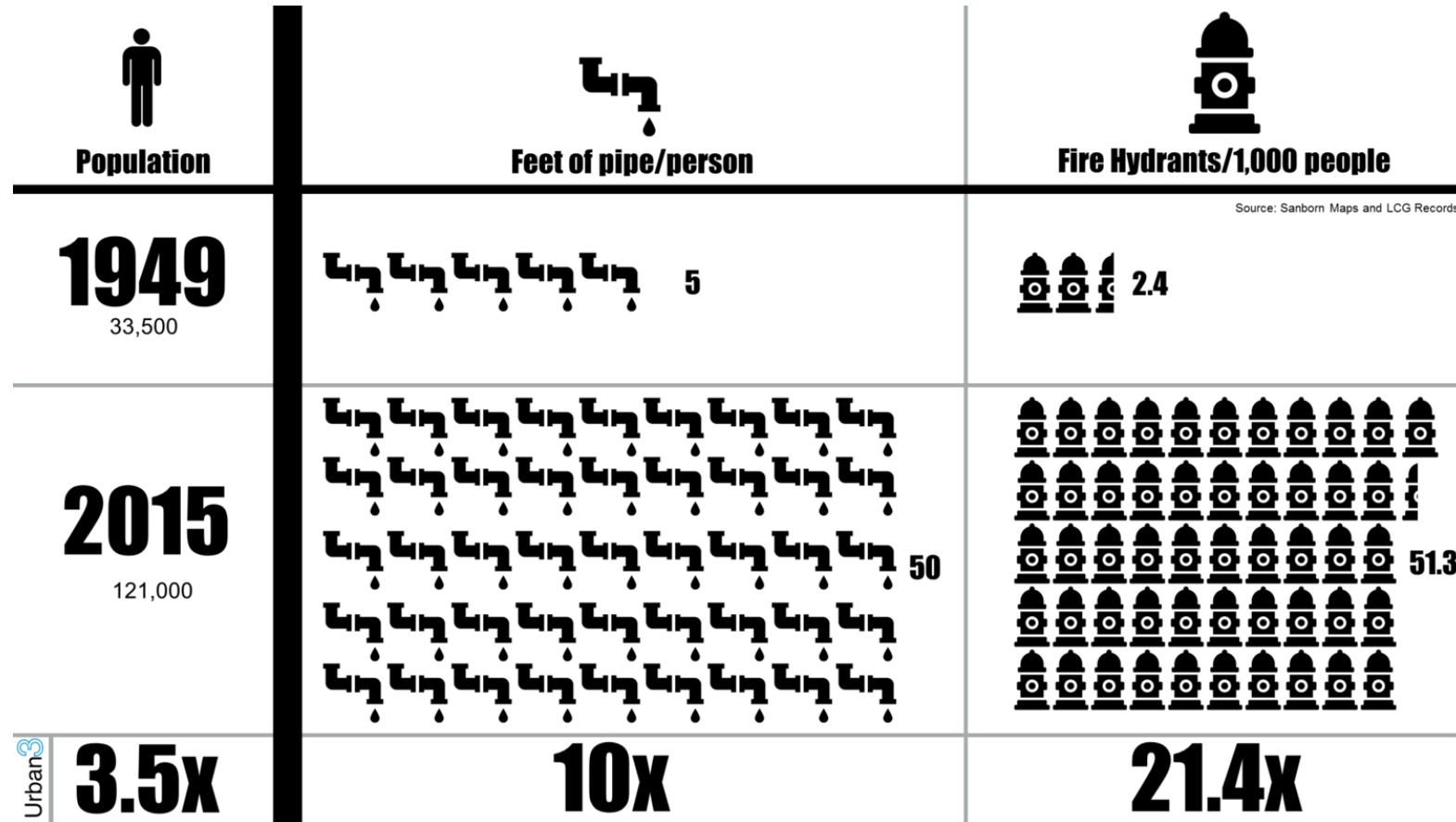
Assessed value \$7,504,424

Area: 60.3 acres

Value per acre: \$124,451

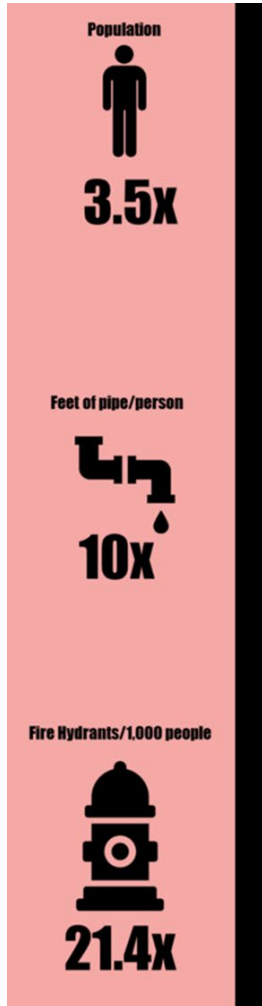


RESOURCE EFFICIENCY



RESOURCE EFFICIENCY

Your Median Household income



\$27,700



\$45,000

1.6x

Source: US Census Bureau and Stanford University adjusted to 2015 net present value.

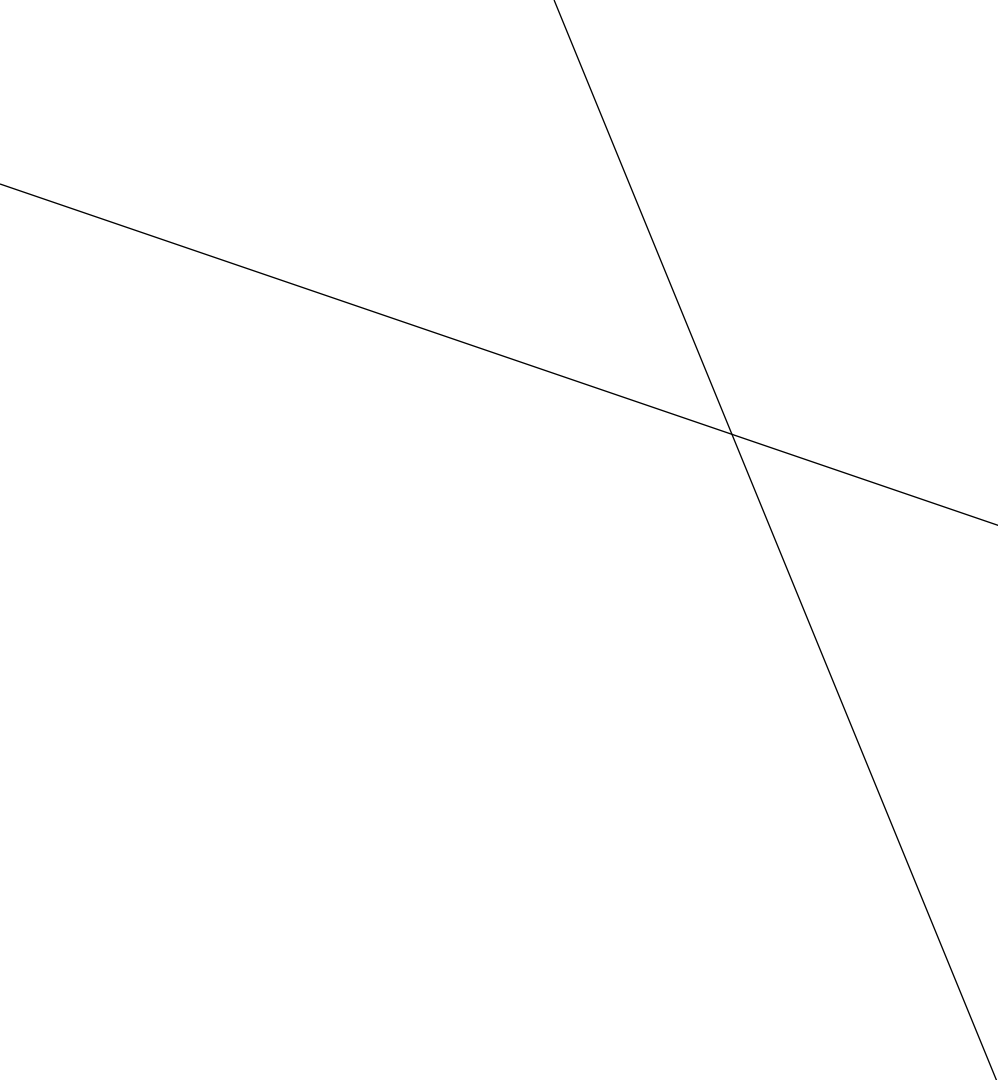
VALUE PER ACRE

Methods to maximize highest value per acre (and strengthen the bottom line):

- Prioritize creating value and revenue for city over other competing preferences
- Prioritize infill development, in areas where utilities and roads are already in place, over outward expansion of City infrastructure
- Work to make linear feet of streets/utility pipes per resident **decline** as city grows
- Avoid “pioneering” extensions of water and wastewater wherever possible, especially when using city funds
- Strengthen downtown development, possibly expanding area of Central Commercial District zoning/density
- Avoid requiring excessive parking if parking can be shared between neighboring uses
- Prioritize creation of value and creating memorable places over getting vehicles through quickly

OTHER ZONING/DEVELOPMENT ISSUES

- Heavy zoning change case traffic, many seemingly to “flip” property
- Three residential zones, but greater number of development types
- Separate zones for medium density single-family and Duplex, Townhouse, etc?
- Use of Planned Development Districts: good or bad?
- Prospect of MUDs, TIRZ, other financing types
- Development of “satellite” cities just outside of Lockhart. Adding to city or competing?



SUMMARY

- Regional and national trends in housing economics have had enormous impacts on Lockhart
- Decisions regarding City housing policy should be made based upon a foundation of knowledge of demographic trends, financial impacts of various types of development, while still maintaining community character and values
- Comprehensive plan will provide biggest opportunity to discuss and refine policy approaches for Lockhart's next 20 years.

NEXT STEP: COMPREHENSIVE PLAN!

- RFQ released this week, responses due February 10.
- Planning process starting around April, depending upon consultant's availability
- Planning process: 1 year-18 months
- Major land use policy changes should be made after plan's adoption, but urgent items can be addressed during planning process.

QUESTIONS/DISCUSSION



THANK YOU