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Real Estate Inc.

Austin's infill dilemma: Many areas not zoned for new era of growth

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See correction at end of article.

The debate about how to develop a prime piece of real estate near 45th Street and MoPac Expressway is heating up as a developer proposes a higher density mixed-use project than some neighbors hope to see.

It's a classic argument about the impact of traffic on residential neighborhoods when infill locations suddenly become available — especially in Austin where infill potential has historically been limited.

The latest controversy involves 75 acres at the southwest corner of W. 45th St. and Bull Creek Road, which Austin-based MileStone Communities purchased from the state in December 2014 for nearly \$47 million.

The proposed development, named The Grove at Shoal Creek, will need go through the regular rezoning process. It has no underlying zoning because it was owned by the state of Texas, which has been a common practice. Because of legal technicalities on such properties, nearby residents do not have the clout to file valid petitions that can direct City Council votes on a given development. More about that later.

Currently, MileStone proposes about 1,515 residential units, not including affordable housing, along with office and retail uses largely accessed off Bull Creek Road. The developer plans to set aside about 17 acres for open space along Shoal Creek on the east, including a 12-acre signature park.

But some members of the Bull Creek Road Coalition — a group of community activist that was formed long before MileStone purchased the tract — said open space should be closer to 30 acres. They want more green buffers along 45th Street and fewer houses overall. Plus a reduction in heights. They are worried that the already congested intersection of West 45th Street and Bull Creek Road will become a tangled bottleneck.

MileStone CEO and President [Garrett Martin](#) disputes the BCRC's doomsday vision and said his company has been working closely with residents to develop a quality plan.

In a memo widely circulated Aug. 21, MileStone said BCRC's alternate plan is "unworkable and unsustainable," and "eliminates hundreds of residential units of all types. The Grove cannot economically deliver the project in alignment with Imagine Austin (a citywide planning document), let alone any affordable houses, with such massive reductions."

Martin said his team has held 40 community meetings and incorporated input from about 700 surveys that were distributed to stakeholders in the area.

BCBR Vice President Grayson Cox said the surveys are being interpreted incorrectly — that the raw data favors more open space and less density and that traffic woes are a very real possibility.

Martin said the most vocal voices against the project are a small minority, but that he didn't want to get into a tit-for-tat discussion. The company has the attention of City Councilwoman Sheri Gallo of District 10, which includes the proposed development site.

Gallo told me that she likes much of what she has seen, particularly the affordable housing component, but "we are really early into this process. The point now is to listen and help keep the conversation with everyone going."

Gallo said MileStone's plan as submitted to the city "probably won't be the end result."

She confirmed that the issue of unzoned state properties has a stake in this "but that's a whole separate issue."

Representatives of BCRC said the MileStone project highlights a much bigger matter for the city at large — neighbors near unzoned state properties are in jeopardy of not having their voices adequately heard when inevitable infill development takes place. They note that Austin city staff had been directed as far back as 2008 to zone all state properties and never did so.

Jerry Rusthoven with the Austin Planning and Zoning Department confirms that the city staff was directed to zone all state properties in the city some seven years ago and that the task was never completed.

He said much of the discussion about that directive took place in executive sessions and he could not discuss why the matter was never addressed.

Currently, the state owns about 820 acres across about 35 properties in the city of Austin — an amount that could have substantial future impacts.

BCBR representatives said that issue must be addressed by the new Council.

Gallo said she is familiar with the debate, even though she is new to Council and was not part of that original directive.

Given the complexity of zoning all state-owned properties, including those owned by the University of Texas and other government entities "it could become a bit overwhelming," Gallo said. "It's a public policy discussion for sure.

Correction

A previous version of this story incorrectly stated that Councilwoman Sheri Gallo had given her support to the project.

Jan Buchholz covers commercial and residential real estate, construction and architecture and retail and restaurants for the Austin Business Journal.