

Friday, August 28, 2009

Will state consolidate offices, employees?

Up to 9,000 workers could move to SH130

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

The way Edward Johnson sees it, a mammoth state office campus proposed for along State Highway 130 east of Austin would represent a win-win situation for state employees and taxpayers: a consolidated, green complex with healthy work features that would also sharply reduce the millions of dollars the state pays annually in rent for several office buildings scattered around Travis County.

The question is, with the legislative session over and no budget appropriations made toward buying land for the proposed development, where does the project go from here?

That's something Johnson, outgoing executive director of the Texas Facilities Commission, said he doesn't know the answer to yet. But with the regular and special sessions over and summer vacations coming to an end, those conversations will resume soon, he said, and will likely culminate in a decision by state leaders to either move forward with land acquisition or to table the project.

"We're back where we started before the legislature convened, and that's me asking state leadership ... 'Should we move forward or not?'" Johnson said. "My recommendation would be that this is still a time to move forward. But there's more heads in the room than me."

Johnson has resigned to work in the private sector, and his last day at the Texas Facilities Commission will be Aug. 28. The commission named Tom Forrest as interim executive director.

State mum on options

The state issued a request for offers earlier this year, Johnson said, but began searching for land along the SH 130 corridor long before that.

Pete Dwyer, a developer with multiple projects along the SH 130 corridor, said the request for offers asked for proposals of up to 300 acres. Dwyer said he responded, but hasn't received a response from the state. The proposed master-planned campus would house thousands — perhaps up to 9,000 — state employees and be built to green standards.

Several developers and brokers declined to comment on the progress of the proposed campus, citing involvement with the potential project.

Rumors abound about where the state has its eye — mostly around the SH 130's intersections with State Highway 71 and U.S. Highway 290. Johnson declined to talk about which specific areas along SH 130 the state is considering, nor would he say how many responses the commission has received to its request for offers.

“There’s several places that would be suitable, and prior to some official decision being made, I can’t say what those are,” Johnson said. “It’s been talked about and written about as if it’s been decided or I’ve announced a location, and I never have.”

State could save money in long run

The legislature didn’t allocate money toward buying land for a state government complex, but Johnson said the state has the ability to convert the roughly \$30 million it spends annually on rent for about 2.2 million square feet into debt service on a roughly \$345 million bond issuance. The state could also sell some of the property it’s not using — including downtown parking space — to go toward the proposed campus. Those actions would mean using money already in state coffers while potentially putting valuable Central Business District land back on county and city tax rolls, Johnson said.

City of Austin officials said the city is not talking to the state about potential land purchases.

Johnson emphasized that, should the proposed SH 130 campus move forward, its first phase would only house state employees currently in leased space. Employees around the capitol complex, health department campus and the state schools would not move.

Joyce Weedman, a land specialist with NAI Austin, said given the current low costs of construction, building a new, green campus from scratch would save the state money in the long term.

“It would be extremely prudent for the state to do this because of the amount of money saved,” Weedman said. “The state occupies out-of-date buildings now that require significant deferred maintenance, and that will have to be addressed if the state doesn’t do something.”

One developer who asked to remain unnamed because of ties to the development community said that given the economy, the project faces many challenges and will have a hard time moving forward.

Dwyer said locating that many jobs on the SH 130 corridor would spur development there, leading to houses and retail development.

“The thing I’ve heard in some economic development circles that I’ve liked is that this would send a message globally that the state is willing to ... put our money where our mouth is, in terms of green technology and innovative design,” he said.

Friday, October 9, 2009

Cherryville project to consume 3,400 acres off SH 130

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

Building boom southeast of austin

A massive master-planned community taking shape near Lockhart is poised to become one of the Austin area's largest developments.

Cherryville will span about 3,400 acres at the nexus of state highways 80 and 130. Ron Cherry, one of the partners and developers in the project, said the development will be built in phases and is planned to include:

- About 4,000 single-family homes, 3,900 multifamily units and 280 garden homes;
- 1,270 senior living units;
- Two hotels and a 70,000-square-foot conference center;
- About 1 million square feet of retail;
- About 2 million square feet of office;
- Medical office space;
- About 1.8 million square feet of industrial space;
- A satellite campus for a university;
- A hospital;
- Elementary, middle and high schools;
- About 650 acres of landscaped area, parks and trails.

Cherry is partnering with Jonathan Wener, CEO and chairman of Canadian real estate and development firm Canderel, to build Cherryville — which Cherry is quick to point with a chuckle was not named after him as an act of ego, rather a matter of convenience. The partnership is being called Dalcan.

Cherry said he doesn't yet know what the cost at buildout will be, but he said the development will be largely financed through bonds. The state Legislature granted the development municipal utility district, or MUD, status earlier this year.

"We will be able to use the MUD to create bonds and finance the infrastructure in that fashion," Cherry said. "One reason we went the route of a MUD, given the current economy, [is that] if we were planning for normal commercial financing, we'd have a really tough time."

The development will largely take shape as the construction of SH 130 moves forward, Cherry said. The first phase will likely be an industrial park, he said, with construction starting as early as next year. Cherry said he and Wener are talking with a number of possible users for the industrial space, one of which is interested in building a site ranging

from 130,000 square feet to 180,000 square feet. If that unnamed user does locate in Cherryville, it would bring about 400 jobs with it, he said.

The developers are also talking with some universities about a possible satellite campus in the development, he said, although nothing has been decided.

“We’re hoping to have some medical facilities that might interact with something like a nursing school or dental school,” Cherry said. “This location is almost centered between a number of communities like Luling and San Marcos. Caldwell County hasn’t been developed, but we think this site will give us a good location for some regional facilities.”

David Colley, a broker working with Dalcan, said he helped Cherry identify the site more than three years ago. Former U.S. Congressman Jake Pickle once eyed the land, Colley said, and had talked about it as an ideal site for a Disney-type development. Dalcan acquired the land, made up of several former ranches, in early 2007.

For Caldwell County and Lockhart officials, the planned Cherryville development is a boon to the area.

Sandra Mauldin, economic development director for the city of Lockhart, said the city began positioning itself for growth several years ago by annexing 2,000 acres, knowing that the new SH 130 would bring growth to the area.

SH 130 is not yet complete in the Lockhart area, but the road is under construction.

“We want to make sure we grow and take advantage of opportunities, but maintain our historic integrity,” Mauldin said. “We’ve watched Hutto and Pflugerville. We won’t see that same amount [of growth], but just a percentage of it would be tremendous.”

Mauldin said Cherryville isn’t the only large, planned development in the area — at least two others spanning more than 400 acres are in the planning stages.

“We’re doing very well in Lockhart, and I contribute that to construction. We’re up 4 percent on sales tax,” she said.

Neto Madrigal, a Caldwell County commissioner, said one of the biggest challenges for Cherryville could be finding enough water to accommodate such a large project.

Mike Wilson of Garrett-Ihnen Civil Engineers, the project’s engineer, said Dalcan is working with the Tri-Community and Maxwell Water Supply corporations. Both of those corporations may join a group of smaller water providers that plans to buy additional water resources.

Friday, June 26, 2009

Developers slow down on SH 130

Economy hinders plans along new toll road

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

With a massive retail project canceled, a mixed-use development under new ownership, and retail and mixed-use projects delayed even as some move forward, the State Highway 130 corridor is in some ways a microcosm of development trends in the Austin area — and a reflection of the recession's impact on its development community.

Long before work began on the new toll road, which now stretches from I-35 near Georgetown to U.S. Highway 183 near Mustang Ridge, developers began a flurry of planning for massive developments, some encompassing hundreds of acres or millions of square feet.

But as the creep of rooftops has slowed with the economy, the adage that retail follows rooftops has proven true for some developers, and many of the projects planned for the SH 130 corridor have been adjusted.

Changing development landscape

In late 2007, Endeavor Real Estate Group LLC increased its land holdings to include 600 acres northeast and northwest of SH 130 at its intersection with U.S. Highway 290, with plans to build a mixed-use project similar to its Southpark Meadows development in South Austin. Endeavor is no longer pursuing that project, which would have spanned 2.3 million square feet, and let the contract for the land expire, said Andy Pastor, a managing principal with Endeavor. While the company has no plans to resuscitate that development, Pastor said Endeavor would be open to looking at the corridor again when the economy stabilizes.

Across U.S. 290 from Endeavor's former site, Williamsville, N.Y.-based Eastbourne Investments Ltd. also announced plans in late 2007 for a 1 million-square-foot retail development. Eastbourne also has plans for Eastbourne Crossing, a 390-acre mixed-use development at the intersection of SH 130 and State Highway 71.

Eastbourne President Frank Egan said both those projects will still move forward, although likely closer to 2011 than the originally projected 2009 start dates — and perhaps in a different configuration.

“We are still very optimistic the sites we've got will be developed in a major commercial fashion, we just don't know what the incarnation will be,” Egan said. Retail will likely still play a major role in both the projects, he said.

Farther north, at the intersection of U.S. Highway 79 and SH 130, a 466-acre mixed-use development in Hutto is also going through changes. The Crossings of Carmel Creek, originally the product of Jacksonville, Fla.-based Atlantic Coast Developers LLC and New York-based Glenmont Capital Management LLC, has new ownership, said Trey Smith, an asset manager with TriMont Real Estate Advisors Inc. Smith declined to say who makes up

the new ownership entity, only saying it's called Hutto Option Holdings LLC. While it's impossible to say exactly what the development will entail or when it will move forward, Smith said the project will happen.

"Right now we're looking at all the land uses the former owner had in place," Smith said. "We're reshaping it a little bit with the way the market turned, but in general it's still looking to be a heavy retail project."

Pulling horns in

Eric DeJernett, a senior vice president with CB Richard Ellis' Austin office, said at some point the SH 130 corridor will again be very attractive to retailers, but it's hard to say when.

"It will take us a while to move out of [feeling] cautious and conservative, and consequently, it will be harder to underwrite new development," he said. "You'll see developers making safe choices, and SH 130 doesn't have the population density to attract some of the first developments."

But DeJernett said some of the larger intersections on SH 130 will be attractive because of high traffic counts.

NewQuest Properties' Stone Hill Town Center at the intersection of State Highway 45 and SH 130 in Pflugerville is one of the corridor's only major retail projects that has been built, with major retail tenants such as Super Target, Home Depot and Best Buy in place.

Developer Pete Dwyer, whose firm

Dwyer Realty Cos. has several projects in progress along the corridor, said across the board his developments are moving along but have "had their horns pulled in." In Las Entradas, a roughly 200-acre mixed-use project under way near the SH 130 and U.S. 290 intersection, Dwyer had land under contract with Barshop & Oles for the anchor portions of that project's town center, and conversations going with potential tenants such as Home Depot and H.E. Butt Grocery Co.

Those conversations halted when the economy did, and the land is no longer under contract, Dwyer said. The company is in the process of filing plans with the city of Manor for smaller retail pad sites.

"Typically in markets like this, you'll do what it takes to move things along with Band-Aids and handshakes," Dwyer said.

kharrington@bizjournals.com / (512) 494-2523

Friday, June 19, 2009

Two SH 130 projects revving to go

Homes, shops, offices set for 2,300 acres

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

Update: The Austin City Council approved this measure at its meeting Thursday June 18.

After more than a year in the works, a proposed development agreement for two massive mixed-use developments along State Highway 130 has come back before the Austin City Council so more than \$3 billion worth of construction can start by next year.

The agreement, which would include the formation of a public improvement district, or PID, would also represent a significant step for the city toward land use control in parts of the SH 130 corridor that are in the city's extraterritorial jurisdiction but outside its city limits. The City Council was scheduled to vote on the development agreement after press time on June 18.

Whisper Valley and Indian Hills, both being developed by Taurus of Texas Holdings LP, would span more than 2,300 acres collectively. Whisper Valley is planned for 2,100 acres at the intersection of State Highway 130 and the future extension of Braker Lane. It calls for 2,850 single-family units, 5,000 attached units and more than 2 million square feet of office and

retail space — plus about 700 acres of green space. Indian Hills, which will take shape on 240 acres at the intersection of State Highway 130 and the future extension of Decker Lake Road, will set aside 100 acres for rental units, and the remaining acreage for light industrial, research and development, office, and retail uses.

Joe Petersen, part of the Whisper Valley and Indian Hills development team, said the southern half of Indian Hills would be ideal for a corporate or health campus, or a distribution center, because of its position near major roads.

The development agreement would bring Indian Hills and Whisper Valley into the city with a limited purpose annexation. It would also form a PID that would allow Taurus to underwrite public infrastructure in the largely undeveloped area. The PID asks the city to issue bonds, the proceeds of which pay for infrastructure and are reimbursed through assessments on property owners. In exchange, city officials will have oversight of the project. The PID bonds will not impact Austin's bond rating.

For the developers, it's a chance to build higher-quality projects that fit the city's dense growth guidelines and gain help in funding some of the projects' infrastructure, said Doug Gilliland, a managing partner with Taurus of Texas Holdings. Taurus wants Whisper Valley's design to reflect the open space and trails incorporated into its plans, rather than having repetitive street patterns, Gilliland said.

Gilliland said the rest of the projects' financing will come from the private market, adding that Taurus has "had a number of lending sources that have shown interest."

For the city, it's a chance to have some control over development standards in the corridor. During the 2007 legislative session, the city had hoped to see legislation passed that would give Austin control of land use over portions of the SH 130 corridor, said Steven Metcalfe, a partner with Drenner & Golden Stuart Wolff LLP who is working with Taurus.

"It's a preferred growth area, and [the city] wants to see growth, but they want it to occur in denser nodes," Metcalfe said.

That legislation failed, although since 2007 the city has worked with other developers, most recently Carma Texas, on infrastructure and development agreements.

kharrington@bizjournals.com / (512) 494-2523

Thursday, May 15, 2008

Council approves \$3 billion PUD on SH 130

Austin Business Journal

The Austin City Council approved a resolution to negotiate a planned unit development (PUD) agreement for two mixed-use developments in the State Highway 130 corridor called Whisper Valley and Indian Hills.

Taurus of Texas Holdings LP, the Fort Worth-based partner of Taurus Investment Holdings Inc. in Boston, is investing \$3 billion in the two developments located in the city's extraterritorial jurisdiction, the 322 square miles of unincorporated land just outside the city limits that the city is authorized to annex and levy taxes on.

Under Taurus' agreement with the city, Whisper Valley and Indian Hills would be annexed for limited purposes, meaning the city would not immediately assess taxes but gain full land use control.

Whisper Valley is planned for 2,100 acres at the intersection of State Highway 130 and the future extension of Braker Lane and calls for 2,850 single-family units, 5,000 attached units, 1.25 million square feet of retail and commercial space and 1.15 million square feet of office.

Indian Hills is planned for 240 acres at the intersection of State Highway 130 and the future extension of Decker Lake Road. The development will set aside 100 acres for rental units, and the remaining acreage for light industrial, research and development, office and retail uses.

City leaders have targeted the emerging 90-mile SH 130 corridor as a major future growth area.

Taurus plans to use a public financing mechanism called a public improvement district to underwrite public infrastructure in the largely undeveloped area. The PID asks the city to issue bonds, the proceeds of which pay for infrastructure and are reimbursed through assessments on property owners. In exchange, city officials will have oversight of the project.

The PID is one of several available tools the city is using to promote dense, mixed-use development in the SH 130 corridor. Among those tools are planned unit developments -- which apply to master-planned projects of 10 acres or more -- with limited purpose annexation, and reimbursements for water and wastewater service extension to the SH 130 area.

Taurus: tiholdings.com

Friday, April 18, 2008

\$3B investment set near SH 130

In wake of Villa Muse, Fort Worth developer reaches annexation deal with city of Austin

Austin Business Journal - by [Jean Kwon](#)

After the unsuccessful bid by the developers of Villa Muse, a proposed multibillion-dollar film production hub, to build outside city land-use controls, the developers of two new projects in the same area are singing an opposite tune: They're entering an unusual -- and intimate -- financing partnership with the city.

That partnership, say city leaders, could set the precedent for the way large-scale real estate projects develop in the city's desired growth areas.

Taurus of Texas Holdings LP, the Fort Worth-based partner of Taurus Investment Holdings Inc. in Boston, plans to invest \$3 billion in two projects totaling about 2,340 acres near State Highway 130 east of Austin -- a few miles north of Villa Muse's proposed location. Just like Villa Muse, the proposed projects are in the city's extraterritorial jurisdiction, the 322 square miles of unincorporated land just outside the city limits that the city is authorized to annex and levy taxes on. City leaders have targeted the emerging 90-mile SH 130 corridor as a major future growth area.

The city continues to dangle an offer of a development agreement within the ETJ to Villa Muse, says Assistant City Manager Laura Huffman.

That offer involves the use of a rare public financing mechanism that would help bring infrastructure -- water, wastewater and roads -- quickly to the area, which would normally take the city years to service. Called a public improvement district, or PID, the structure asks the city to issue bonds, the proceeds of which pay for infrastructure and are reimbursed through assessments on property owners. In exchange, city officials have oversight of the project, which observers say Villa Muse may have wanted to avoid.

Taurus, on the other hand, is embracing the PID concept, and a development agreement in the works will make its way to the City Council in coming weeks.

Dubbed Whisper Valley, the first project is a 2,100-acre mixed-use development at Braker Lane that would include 2,850 single-family units, 5,000 attached units, 1.25 million square feet of retail and commercial space and 1.15 million square feet of office.

Just to the south at Decker Lake Road are plans for another 240-acre project called Indian Hills. That project would set aside 100 acres for rental units, and the remaining acreage for light industrial, research and development, office and retail uses. The lead master planning firm is Denver-based Nuszer Kopatz. Design teams are the Dallas office of global firm **Gensler** and Memphis-based **Looney Ricks Kiss Architects**. **Bury+Partners Inc.** of Austin is the lead engineer.

"SH 130 is opening up a region for Austin which we believe has tremendous promise," says Taurus of Texas President Douglas Gilliland. "The proximity to high-quality employment centers, downtown and the airport all were things we knew would allow for significant growth in a market that has already proven itself to be a quality market."

"We also understood the biggest challenge was the massive amount of infrastructure that needs to go there," says Gilliland. "We could see the city shared the same commitment."

City Council Member Brewster McCracken says PIDs are a good way to get infrastructure placed in areas primed for growth.

PIDs haven't been used extensively in Texas because of legal hurdles and complexities created in the past over misinterpretation of the state's PID-enabling statutes, says attorney Steve Metcalfe, who is stewarding Taurus' projects through city approvals.

Outside Texas, there were \$5 billion worth of PID bonds issued last year, says Tripp Davenport, a land secure transaction expert at **Bank of America**.

Under Taurus' agreement, Whisper Valley and Indian Hills would be annexed for limited purposes, meaning the city would not immediately assess taxes but gain full land use control. The projects would get planned unit development zoning.

Statutorily, limited-purpose-annexed property becomes full-purpose annexed within three years but that requirement can be waived, says Metcalfe. A date certain for annexation will be negotiated in the development agreement, he says.

With approvals in place by the end of the year, construction could begin on both projects as early 2009, says Gilliland.

Villa Muse developers had cited the city's prolonged development review process as the reason for wanting to back out of the ETJ. Backers of Villa Muse, who want to build a massive mixed-use project anchored by film studios, say that due to the city's unwillingness to let their land go, they're seeking other sites near major Texas cities.

jkwon@bizjournals.com | (512) 494-2528

Friday, February 22, 2008

City crafting land use policy for area surrounding SH 130

Austin Business Journal - by [Jean Kwon](#) ABJ Staff

City officials are working on a strategic land development policy for the largely undeveloped, unincorporated land surrounding the new State Highway 130, prompted by the potential loss of a proposed multibillion-dollar film production hub in the area.

The developers of Villa Muse, a proposed \$2.5 billion mixed-use project blending studios, production offices and multifamily homes, made a request to the city late last year to be released from the 322-square mile area just outside city limits, or extraterritorial jurisdiction.

While that request is pending and will be reviewed by City Council next month, city officials are working on a concurrent policy that would enable the city to tighten land use control and shape growth in the desired development zone near SH 130.

That policy will try to accomplish at the city level what a failed legislative bill sponsored in the last session by Sen. Kirk Watson would have done, says Assistant City Manager Laura Huffman. Senate Bill 1688 would have allowed the city to annex land around SH 130 in a limited way so that the city could apply its zoning and building codes but wouldn't have to immediately provide city services. The bill would have also created an infrastructure district that expedited the construction of roads and utilities in areas that would normally take years to service.

According to Huffman, in the absence of the state law, the city will pursue several available tools to promote projects consistent with the city's vision for dense, mixed-use development in the area. Among those tools are planned unit developments -- which apply to master-planned projects of 10 acres or more -- with limited purpose annexation, and public improvement districts, which levy assessments against property owners within the districts to pay for hard costs like infrastructure and utilities. The city also grants reimbursements for water and wastewater service extension to the SH 130 area. Other tools and incentives may be explored, says Huffman.

"When the state law did not pass it, it did not change the fact that this is an area that is going to experience a lot of growth, so the city has an ongoing interest in shaping that growth according to the city's vision," Huffman says.

In the past, the city has negotiated projects for limited purpose annexation on a case-by-case basis, says Huffman.

Among those projects are Wildhorse Crossing, a 124-acre, \$80 million retail project at the southeast intersection of SH 130 and U.S. Highway 290. Eastbourne Investments Ltd. of Williamsville, N.Y., plans to break ground on that project in late 2008 or early 2009. Taurus of Texas Holdings LP last year bought nearly 2,000 acres known as Whisper Valley Ranch at SH 130 and Braker Lane to create a \$2 billion, mixed-use community with 7,500 residential units and 2 million square feet of commercial space.

The developers of Villa Muse cited the city's prolonged development review process and the urgency in competing with out-of-state studios in arguing for the release, which would potentially lose the city millions in tax base.

The request for release from the city's ETJ was opposed by the city's Environmental Board. The Planning Commission was split, with half of the commissioners favoring a release contingent on potential re-annexation at some point in the future.

Friday, April 20, 2007

Developers, cities track bills related to SH 130 planning

Austin Business Journal - by [Kate Harrington](#) ABJ Staff
BRETT BUCHANAN | ABJ

Jim Aanstoos of Hutto's economic development corporation is keeping a close eye on legislation at the Capitol that could help his city better plan for the impact of SH 130.

Lawmakers are negotiating their way through a slew of transportation- and development-related bills this legislative session. But two bills in particular that would give Austin and smaller cities more control over development around State Highway 130 are piquing the interest of developers and city leaders up and down the corridor.

Sen. Kirk Watson, D-Austin, is pushing the two bills that would give cities and counties a tool to control development by:

- Gaining the ability to do limited-purpose annexation
- Giving them more zoning power near the SH 130 corridor
- Allowing them to create infrastructure districts that would ultimately fund roads and utilities.

City leaders say the proposed legislation is key to attracting high-paying jobs and industry that will flock to the new corridor, and to managing that growth.

SB 1688, which is aimed at Austin, has Hutto interested as well. The bill would give Austin, and Hutto if it's included, authority to create an infrastructure district and collect sales and property taxes to pay for utilities and infrastructure within the district. Pete Dwyer, president and CEO of Dwyer Realty Cos., says creating an infrastructure district could lure developers to the area. But he emphasizes that lawmakers need to communicate with the development community on how development and transportation can help drive each other to success and profitability, or else developers will shun it.

"I anticipate it would let us finance projects that we don't have general revenue money for, or not enough dollars ... to pay for infrastructure products that would attract high-paying jobs and light manufacturing ... which logically would occur up and down the 130 corridor," Hutto Economic Development Corp. Interim Director Jim Aanstoos says of SB 1688 and its house companion, authored by State Rep. Mike Krusee, R-Round Rock. "But in order to get those projects here, it's raw land now, and we need infrastructure."

Aanstoos is trying to make a case for Hutto to be included under SB 1688's jurisdiction because it's one of the only cities along the SH 130 corridor bisected by another major corridor, U.S. Highway 79. The opportunities are great, he says, but Hutto has limited planning tools.

For cities like Hutto, getting development that is well-planned is essential to economic growth. Aanstoos says between 1995 and 2005, Hutto saw a 866 percent growth increase, but mostly in residential growth. Bringing well-planned, dense development to the city's tax base is a priority, he says.

But in order to do that, smaller cities need planning tools like limited purpose annexation, says Dwyer. A dearth of utilities in small cities around SH 130 is a factor that's impeding planned development and unbalancing the tax base, he says.

SB 1688 is geared more specifically towards smaller cities along the SH 130 corridor, and would allow home-rule cities, those under 225,000 in population, to do limited-purpose annexation if any of their incorporated territory is within 15 miles of SH 130. Watson says limited-purpose annexation gives smaller communities that will soon have a major thoroughfare nearby the ability to plan for upcoming development.

"If you've ever driven out 290 East, the world's largest fiberglass-boat graveyard is there beside the highway," Dwyer says. "[Municipalities] say 'In order to have negotiating power with developers, we need to be able to offer them sewer and water.' And if they don't have that ability and the user of the land has an agenda that doesn't fit with everybody's view of a high-quality development ... there's not much to regulate against that."

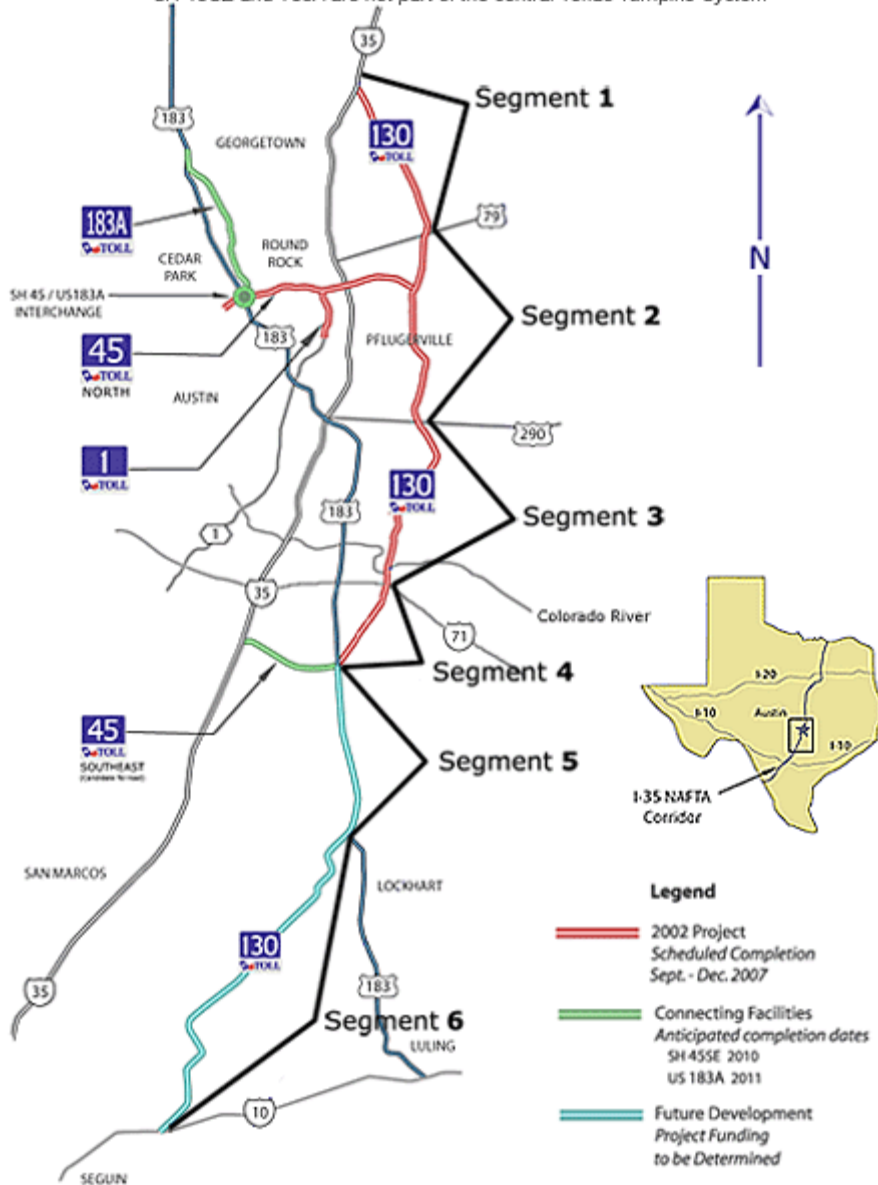
kharrington@bizjournals.com | (512) 494-2523

MAP OF SH-130

Segment 4 corresponds to Del Valle

Central Texas Turnpike System*

*SH 45SE and 183A are not part of the central Texas Turnpike System



Canadian company amasses 1,600 acres in Del Valle About \$19M invested so far in master-planned development

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

After snapping up 362 acres in June, a Canadian company has amassed 1,600 acres in Del Valle with plans for a master-planned residential development.

Winnipeg, Canada-based **Qualico Development** plans to put a range of housing -- from entry-level to higher price points -- into the development along with a golf course and commercial component, says Glynn Hendry, general manager of Qualico Communities in Calgary. While he says he doesn't yet know what the project's total cost will be or how many lots will ultimately go on the ground, Hendry estimates Qualico has spent approximately \$19 million on the land east of Austin near Austin-Bergstrom International Airport.

Hendry adds the company is not yet sure how much or what type of commercial development will take shape there, but says there likely won't be activity on the project until late 2009 or early 2010.

"Our company has primarily had its business in western Canada for 60 years [but recently] made the decision to expand into the U.S.," Hendry says. "We picked Austin as a great market. Our research shows it's a tremendous place to have business. Despite all the trouble we hear in U.S. housing starts today, Austin still has a ton of potential."

Austin hasn't been hit as hard as the rest of the country, Hendry says, and while sales have slowed down in the area, he expects them to pick back up by the end of 2009.

Qualico purchased the Austin subdivision Austin's Colony several years ago and also has a smaller residential subdivision in Kyle, 20 miles south of Austin, in the works.

Mark Sprague, a partner at **Residential Strategies Inc.**, says the Del Valle market has a 31-month supply of lots, higher than the equilibrium point of 24 months. That may mean it will take up to five years for that market to pick back up, he says. But several

characteristics -- water and wastewater availability and proximity to Austin top among them -- will help launch the area back into activity. As with other areas in the state, the presence of industry nearby will be key to residential growth, Sprague predicts.

"The location [of Del Valle] is great, especially with State Highway 130," he says.

"Industry will be paramount, because \$4-a-gallon gas will continue to affect people [who commute into Austin] dramatically. For every 10-cent increase in a gallon of gas, it takes \$1,250 out of a couple's budget."

Hendry also points to SH 130 in talking about Qualico's decision to locate the project in Del Valle, saying it boosts the development's potential.

During the last three years, annual housing starts in Del Valle have ranged from 500 to 800, with the current annual pace just under 600 units, says Eldon Rude, director of the Austin market for **Metrostudy**. Most of those homes are entry-level, he says, in the \$100,000 to \$200,000 price range.

"The presence of SH 130 and State Highway 45, and the inability to bring on first-time housing products in some of the other submarkets around Austin, will be a plus for this area over time," Rude says. "It's getting more and more difficult to bring on first-time housing in Round Rock and Pflugerville, so you'll see more of it in Manor and Del Valle."

Companies such as Qualico that are based outside of the United States are buying property in what they feel are emerging markets, Rude says, adding that with the dollar's relative weakness, those markets are especially attractive.

Carma Texas, the Lone Star State arm of Calgary, Canada-based Carma Developers LP, announced last June that it plans to invest \$500 million in 2,500 acres near Austin-Bergstrom International Airport. That project is planned to include 1 million square feet of commercial space and homes for 30,000 residents.

kharrington@bizjournals.com / (512) 494-2523

\$200M project slated

SH 130 part of draw for developers

Austin Business Journal - August 11, 2006

by [A.J. Mistretta](#)

ABJ Staff

A pair of out-of-town developers are the latest to lay out plans for a hulking retail project along the future State Highway 130.

Eastbourne Investments Ltd. of Williamsville, N.Y., and Boise, Idaho-based Retail West Properties expect to break ground during the first half of 2007 on Eastbourne Crossing, a \$200 million retail and residential project at the toll road's intersection with State Highway 71. Eastbourne bought the 390-acre tract for \$29 million in June.

The project will include roughly 1.4 million square feet of retail space and up to 1,200 residential units. AMG National Trust Bank is providing equity on the deal. DFD CornoyerHedrick of Phoenix is the architect on the commercial portion and Austin-based Bury+Partners is handling the engineering.

Eastbourne President Frank Egan says the commercial space seeks to attract major national tenants such as Wal-Mart, Target and Lowe's with plenty of room for smaller retailers and restaurants. He expects to have anchor tenants in hand by year-end. The nearest retail projects in play are in Bastrop to the east and South Austin to the west, making the tract prime for new development, Egan says.

"For so long, Austin has been growing to the north," Egan says. "But now, with the road improvements and the proximity to downtown, this whole area is becoming very desirable from the commute side and the affordability side. ... It's pretty exciting times for that half of the city."

Austin-based Masonwood Properties is in escrow on 236 acres of the tract earmarked for residential development. Masonwood President Jim Meredith says the company plans between 1,000 and 1,200 residential units -- mostly single-family homes with some townhomes possible -- in the range of \$150,000 to \$225,000. Masonwood will spend about \$33 million on the project. The company has not yet selected the homebuilders it will work with.

Beyond the large employment base at nearby Austin-Bergstrom International Airport, Meredith believes SH 130 will make the homes attractive to people working anywhere between North Austin and San Marcos. The completion of improvements along SH 71 will provide direct access to downtown.

"The infrastructure that's being built out there is what's opening up this market," Meredith says.

David Simmons, senior vice president of The Weitzman Group, says there's no doubt SH 130 will open up significant commercial and residential development in the east.

The question, he says, is one of timing.

"I just can't see 1.4 million square feet of retail being supported there at this point," he says.

Retailers want rooftops and Simmons predicts it will take time to build the critical mass near SH 71 and SH 130 needed to land anchors like Wal-Mart and Target.

Simmons says another SH 130 intersection at SH 45 will have a better chance of luring national retailers sooner because of a rapidly expanding population base to the north in Pflugerville and Hutto. Interest among the big-box players there is said to be hot.

But developers who wait for perfect timing before making their move on SH 130 may be left out in the cold, says Travis Waldrop, retail specialist with NAI/Commercial Industrial Properties Co. He says the big anchors are already examining the corridor and will probably make their first location decisions in the next six to nine months.

Waldrop says of the three main SH 130 intersections at SH 71, SH 45 and US Hwy. 290, SH 71 does have the weakest demographics. But, he adds, there's a lot of distance between those points, and retailers may deem them all important.

"The rooftops might not be immediately in the vicinity, but if they feel the future is strong enough, they're going to pull the trigger," Waldrop says.

Egan says Eastbourne owns three other tracts in South and Southeast Austin. He says the company does not yet have plans for those properties.

amistretta@bizjournals.com / (512) 494-2519

Texas 130 in Austin area opens final stretch today

By Ben Wear
AMERICAN-STATESMAN STAFF
Wednesday, April 30, 2008

The final segment of the Austin portion of the Texas 130 tollway, from Texas 71 east of Austin-Bergstrom International Airport to U.S. 183 at Mustang Ridge, will open about noon today after a brief ribbon-cutting ceremony.

Central Texas toll projects



Driving on the 8.7-mile segment will be free for everyone in May and June. Then, as the Texas Department of Transportation did with three earlier segments of Texas 130 as well as with the Loop 1 and Texas 45 North toll roads, it will begin charging cash customers in the third month, July.

Drivers with electronic toll tags will drive for half-price in July, and then starting Aug. 1, everyone will be paying full tolls: \$1.50 for cash customers, \$1.35 for drivers with toll tags and \$1.80 for people who drive through without a toll tag or paying cash. Photos are taken of those drivers' license plates, and they get a bill in the mail.

After today's ceremony, Austin will have about 70 miles of tollways open (including 183-A in Cedar Park).

A fifth area toll road, Texas 45 Southeast, is scheduled to open next year. It will complete an eastern bypass of Austin's congested Interstate 35 from north of Georgetown to south of Onion Creek.

Friday, October 12, 2007

Zoning may create 'sub-downtowns' along I-35

Austin Business Journal - by [Jean Kwon](#) ABJ Staff

City planners are working on a land-use policy that would create mini-downtowns anchored by major employers just east of I-35 and along parts of the new State Highway 130.

The city's Planning Commission is considering a so-called "mixed-use activity center" zoning overlay that would allow landowners of underdeveloped areas along I-35 to build compact, mixed-use developments or "sub-downtowns," says Cid Galindo, a member of the commission. The City Council will review the proposal as early as the end of the year.

City planners say the new zoning would allow the city to better absorb its steady growth -- an average of 3.5 percent for the last 100 years, and 4.1 percent last year. If the current trends continue, demographers predict that the city and its extraterritorial jurisdiction will have 2.5 million residents in its 400,000 acres in 30 years.

A mixed-use overlay would help create regional town centers at 5-mile intervals on large parcels of 500 to 2,500 acres on the eastern edge of the city limits away from environmentally sensitive areas, says Galindo. The city's proposed target growth rate for those areas is 5 percent. To achieve that, the city needs to concentrate growth in more urban forms, says Galindo.

"There's only so much we can absorb downtown," says Galindo. The mayor's stated goal of bringing 25,000 residents to downtown is "a drop in the bucket," or 1 percent of Austin's population in 30 years, he adds.

"We've got to create sub-downtowns ... where people can get 80 percent of their daily living requirements without having to get on a highway somewhere," Galindo says.

All regional town centers would be designed to take advantage of SH 130.

"Those locations are still very amorphous" because not much has been built in those areas, says Galindo. Town centers could also be proposed for areas of 10 to 500 acres within neighborhoods and in urban infill areas, provided neighborhoods identify areas of opportunity.

In exchange for dense entitlements, developers of town centers would need to meet requirements for affordable housing, commercial design standards and connectivity to major thoroughfares.

One of the sites city staffers are recommending for a town center surrounds **Samsung Austin Semiconductor LLC's** new fabrication plant south of Pflugerville off of I-35.

"There's still a lot of open land there and there's a huge employer that's just been plopped into the middle of a field," says Galindo.

A critical element of regional town centers would be to attract major employment centers on the order of Samsung or **Dell Inc.** to create the job bases that can support local housing and retail, says Galindo.

"We've gone so far as to think each town center might have a theme," adds Galindo. For example, the town center around Samsung could be known as a high-tech area; the area around Decker Lake -- also known as Walter Long Lake - - could have a sports venue and theme, says Galindo.

Regional town centers may alleviate instability in retail areas, or so-called "retail flight" from inner urban areas out to suburbs, says Paul Frank, a city senior planner. Anchor retailers looking for newer markets leave big holes in shopping centers, handicapping smaller stores and mom-and-pops that relied on them to generate business, Frank adds.

Creating sub-downtowns is far from being a new concept in Austin, and many developers have already embraced the concept by adopting New Urbanism techniques. New Urbanism projects resemble The Domain and the Mueller neighborhood, and are comprised of dense clusters that blend together homes, offices and shops around significant transportation arteries, such as highways and commuter rails.

jkwon@bizjournals.com | (512) 494-2528

Friday, November 2, 2007

SH 130 retail boom

Austin Business Journal - by [Kate Harrington](#) ABJ Staff



BEACON AVIATION INC.

The projects planned around the new SH 130 toll road would post retail far ahead of residential growth.

[View Larger](#)

Northeast Austin is poised to see more than 3 million square feet of mixed-use development at the intersection of State Highway 130, Parmer Lane and U.S. Highway 290.

The proposals for the relatively barren part of Central Texas reverse the long-held notion that retail must follow rooftops.

Endeavor Real Estate Group LLC has increased its land holdings to include 600 acres northeast and northwest of SH 130, and plans to build a mixed-use project similar, but bigger than, its Southpark Meadows development in South Austin. The project will eventually span more than 2.3 million square feet. The still-unnamed development will include retail, multifamily housing, office space and a hotel, says Andy Pastor, managing principal with Endeavor. Pastor declines to say how much the project will cost or what a timeline looks like for groundbreaking, but says Endeavor is in discussions with potential retail tenants.

Across U.S. 290 from Endeavor's planned project, a New York developer is partnering with Austin's **SCC Development Co.** LLC to build 1 million square feet of retail -- tantamount to a regional mall

such as Barton Creek Square. **Eastbourne Investments Ltd.** of Williamsville, N.Y., closed on the 124-acre tract in mid-October for an undisclosed amount. Eastbourne and SCC plan to break ground in late 2008 or early 2009 on the development, dubbed Wildhorse Crossing, a \$80 million retail project at the southeast intersection of SH 130 and U.S. Highway 290. Johnson Architects of Dallas is the project's architect and Austin's Jones & Carter Inc. is doing the engineering.

Eastbourne is no stranger to the area. In June 2006, the group purchased another 390 acres at the intersection of SH 130 and State Highway 71 for \$29 million, with plans to work with Boise, Idaho-based **Retail West Properties** to build a project called Eastbourne Crossing. That project will include 1.4 million square feet of retail space and up to 1,200 residential units. Eastbourne President Frank Egan says the company also holds approximately 500 acres around the SH 130 corridor for which the company has no immediate plans, but will likely turn into projects similar to Wildhorse Crossing or Eastbourne Crossing.

Egan says Wildhorse Crossing will be a retail-only 'power center' anchored by a big-box store. He declined to say which retailers Eastbourne and SCC are talking to, but says they are in early negotiations with potential tenants.

"We've been very active down in Austin for the last three years and identified it as a growth market," Egan says. "We have sought out opportunities specifically along SH 130 ... [In the] near term, it is a great site and, long-term, it's an even better site. That intersection is very rapidly going to develop into a retail area."

Egan and Kelly Shaw, principal with SCC, say the interest in the SH 130 corridor, especially at key intersections, has picked up noticeably in the last year. While developers are cognizant that rooftops haven't spread to the area yet, Pastor says the confluence of the new toll road,

U.S. 290 and Parmer Lane make the area a regional location with huge growth potential for housing and future corporate relocations.

Developers are going farther and farther outside city cores to achieve the type of power centers that appeal to big retailers, says David Simmonds, senior vice president of The **Weitzman Group**. That need for large sites has set off a reverse trend of rooftops following retail in some cases, he says.

"They're banking that, in the years down the road, [the area] will grow," Simmonds says. "The question is, if you build it, will they come?"

That depends in part on which anchors retail centers like Wildhorse are able to attract, he says. Simmonds says Target and JC Penney are the most sought-after anchors nationally, and if Eastbourne and SCC can sign a well-regarded anchor, the center could be a success.

Travis Waldrop, retail specialist with **NAI/Commercial Industrial Properties Co.**, says there is a risk of overbuilding an area that hasn't yet seen demand.

But he says since developers with large retail projects tend to build out slowly and in phases, as Endeavor has done with Southpark Meadows in Austin, there's also a good chance that Austin's growth will have reached key SH 130 corridor intersections by the time the retail projects are on the ground.

"While the overall picture may look unrealistic to a certain extent, when you put it in the context of 10 to 20 years on the horizon, those things can become more palatable."

kharrington@bizjournals.com / (512) 494-2523

Taking a toll road to a boom

Region has few tools to guide growth along Texas 130

By Stephen Scheibal
Austin American-Statesman Staff
Sunday, February 13, 2005

Right now, the pillars tower over empty farmland, waiting to hold a highway not yet built. But it's coming. A brown gash as wide as a football field already radiates energy across the rural plains. Houses are rising from soil that has known only grass, grains or cotton. Even the dust tastes new.

Texas 130, the 49-mile, \$1.5 billion toll road now under construction in eastern Travis and Williamson counties, will transform Central Texas. Set to open in less than three years, the tollway will map the future for a massive swath of territory and the masses who settle it. What is built along the road will determine how hundreds of thousands of people live, work and travel. The growth will affect the tax bills and daily commutes of nearly every Central Texan, creating wealth -- or poverty -- for cities and school districts in its wake.

Done well, development along 130 could charge the region's economy for generations. Done poorly, it could spawn decades of problems that will be impossibly expensive to repair. And almost no one is ready for it.

"No one is stepping up and taking the larger responsibility for this," said Jon Roberts, an economic development consultant who has worked with the cities along 130 as well as with Envision Central Texas, the region's most prominent planning group. "The 130 corridor is everyone's responsibility and no one's responsibility."

Widely touted as a bypass to Interstate 35, Texas 130 actually will divert only about 5 percent to 15 percent of the traffic that clogs the interstate. The road's true value is as an anchor for a highway grid covering hundreds of square miles of farms and ranches, most now devoid of development. If it works, the tollway will ignite a parallel economy independent of the interstate, an entirely new growth corridor for large-scale development on the region's eastern flank where, according to projections, nearly 700,000 people will live and more than 300,000 will work by 2030.

It's possible that the tollway will put even more traffic onto I-35 than it diverts, particularly before employers move into the corridor, said Mike Weaver, a transportation consultant and longtime Texas 130 booster. But the road will be crucial in 25 years, he said, when nearly 2.8 million people are expected to live in Central Texas, more than doubling its current population. "Where are those people going to move?" Weaver asked. "They can't keep living on 35."

In Hutto and Manor, new houses already are changing the horizon, providing a glimpse of the future. It's already clear in many cases that local officials lack the resources, authority or political will to manage the growth they face. It's almost irrelevant for communities along 130 to ask what development should look like or how they want their towns to mature.

The questions are much more basic: Will the utility connections, roads and structures be stout and attractive enough to sustain neighborhoods? Can taxpayers afford the development? Will it create new traffic jams? Even such fundamental questions have no answers. Worst of all, very few people are raising them.

Myth and history

People have different ideas about what Texas 130 will do, in part because it was supposed to have done so many things. Through two decades and two economic busts, plans for the road stalled and restarted, its alignment shifting repeatedly.

But 130 itself never faced serious opposition, in part because so few people understand that the tollway not only can but must spawn widespread development. That's the only way it will generate enough money to pay off hundreds of millions of dollars in debt.

In its widely held mythology, Texas 130 has few access points and no frontage roads and primarily serves to divert cars and trucks passing through Central Texas from Interstate 35. In fact, there will be 30 intersections where cars and trucks will enter or exit 130, and more than a third of the tollway will have access or frontage roads, making it more like a freeway than a limited-access bypass.

A generation from now, most 130 traffic will be people who get on and off somewhere in the middle, not people blowing through the Austin area, according to projections by the Capital Area Metropolitan Planning Organization, a transportation planning group.

Though not widely publicized, it was clear by 1997, in planning documents and public testimony, that there would be numerous entries and exits. The access points, and the tolls they would net, were key selling points to investors in the road. In the end, 130's potential force as a development engine was overshadowed by the desire for an alternative, any alternative, to Interstate 35.

Texas 130, for the moment, offers a 200-square-mile playpen for visionaries. Some see a chain of dense little cities teeming with tidy neighborhoods, diverse architecture and little need to drive -- some utopian melange of Brooklyn, N. Y., and Austin's own Hyde Park. The vision is a lot like the scenario that came out of Envision Central Texas in 2004, after the planning group collected opinions about the region's future from thousands of people. Planners imagine restaurants and grocery stores within walking distance and apartments sitting atop businesses.

In similar scenarios, buses or trains would carry people to offices and malls lining the tollway. Rail stops, where commuter trains pick up people headed for Austin or other hubs, would become community centers. And crisscrossing streets would disperse traffic through subdivisions with relatively small lots. These small cities would be separated by thousands of acres preserved as open space.

The vision enthralled some planners who want to see suburbs modeled on traditional urban neighborhoods. It unnerves many developers who build affordable, marketable subdivisions, as well as free-market devotees who fear regulations that drive up costs. It also ignores Texas' history of eschewing planning and limiting local power." In some of these small towns, there's a

wakening awareness that they need to be prepared for this," said Jay Hailey, a real estate lawyer and member of the Envision Central Texas executive committee. "How do you do development in a different kind of way?" The answer, quite possibly, is that you don't.

The flat horizon around Hutto doesn't hide much. Two-story houses constitute most of the skyline, and the skyline is always changing. Hutto is hot, real estate agents will tell you. Here, people don't talk much about utopian dreams. "The market doesn't have anything to do with Envision Central Texas," said John Lloyd, an early proponent of Texas 130 now selling subdivisions around Hutto.

The market is driving Hutto's growth, inundating the town with new houses. Houses are the biggest hope for the 130 corridor, and its biggest threat.

The region desperately needs and wants affordable homes for those priced out of Central Austin. But subdivisions can represent the very definition of sprawl, overloading roads and forcing long commutes. An excess of houses drains the finances of cities and school districts, eating up land that would support dense projects that yield more tax revenue. Texas 130 will affect at least 12 cities and six water-supply corporations in Travis, Williamson and Bastrop counties. They are doing little to guarantee a healthy balance of growth. The state, perhaps the only player that could bring order to the 130 corridor, is doing nothing at all.

"I'm afraid that without some guidance and direction, we're going to have the same old same old," said Weaver. "We're going to have suburban sprawl, and in 20 years we're going to have neighborhoods that no one wants to live in."

Statistics from Metrostudy, a Houston-based market research firm, show seedlings of a boom in the corridor. Hutto's new home construction doubled from 2000 to 2003. Around Manor and Elgin in 2000, there were just 1,984 planned lots for houses. By last fall, the inventory had skyrocketed past 13,400. Growth was occurring anyway, said Eldon Rude, director of Metrostudy's Austin operations, but 130 will accelerate it.

Commercial growth

For growth-hungry towns, some forms of development are more profitable than others. Businesses and expensive houses tend to generate more money in property and sales taxes than they use in services. But cities struggle to provide parks, police and other services to clusters of low- and moderately priced houses.

For example, just one 35-acre piece of Barton Creek Square mall has a taxable value of about \$82 million, not counting the land it sits on, according to the Travis Central Appraisal District. In Hutto, 35 acres of a Lloyd subdivision -- counting the land -- would be worth less than \$37 million, assuming seven homes per acre and \$150,000 per house. Pflugerville, flush with new subdivisions, now struggles to pay for the growth, taxing homeowners 64 cents for every \$100 in assessed property value. Austin, with a better mix of commercial property and high-end homes, charges 44.3 cents per \$100.

Consequences of rampant home building may be felt far beyond Texas 130's path. Consider this worst-case scenario: People and small stores move into the 130 corridor, but big employers don't. That would force commuters to take 130 to cross-town roads already jammed with cars and trucks. Most drivers, particularly those headed into Central Austin, would still end up on the interstate.

Roberts, the economic development consultant, said the Texas 130 corridor could create a wealth of commercial development that will pay dividends for generations. He is less certain that local officials will seize the opportunity. Cities can earmark land for houses, stores, offices and other land uses within their limits, but developers often fight regulations they consider too restrictive. "The pressures that are on the city councils and the county commissioners are enormous," Roberts said.

Pflugerville City Manager David Buesing said he has lost faith that the market will provide Pflugerville with the stores and employers that residents need. Despite limited resources and a high tax rate, the city wants to annex land along the tollway and extend utilities there to induce more commercial growth and fewer houses. "If (developers) were given the opportunity, they'd build the bedrooms right up to the expressway," Buesing said.

In Austin, city staffers are monitoring development patterns in a 300-square-mile zone, stretching from Interstate 35 to the Bastrop County line. But the city has no plans for large-scale annexations. "Annexations can be so emotional," Austin Mayor Will Wynn said. "Oftentimes, annexation is seen simply as a tax-base grab."

In most of the rest of the corridor, city officials are trusting the market to deliver commercial growth. Former Hutto Mayor Mike Fowler knows well how much his city's future depends on development at 130 and U.S. 79, which is shaping up as a major interchange. Reports last week of a possible dense, urban project near Hutto demonstrate the potential and limitations in the corridor.

Developers, according to Hutto officials, want to concentrate offices, a hotel, shops, a water or skate park and other projects just south of U.S. 79 along 130.

But the land lies outside Hutto's city limits. So, though officials can negotiate with developers, they can't control what happens. The limitations don't bother Fowler, who trusts the market to provide for his city. "I do think it's desirable, and I do think it's managed, but I don't think it's dictated," Fowler said of the city's development. "I'm an American. We're based on freedom and freedom of choice."

"One thing about a market-driven project is it sells."

Unincorporated areas

Beyond the pale of cities lie expanses of land known, prosaically, as unincorporated areas. They are to planners what the Old West was to sheriffs: fierce, intriguing places where one might scratch out a good life or be robbed and left for dead.

Roughly 90 percent of Texas 130 -- 45 miles worth -- will run outside the current limits of any city, according to the Capital Area Council of Governments. Cities have little jurisdiction over those parcels, and state lawmakers have long refused to let counties manage growth there. "That's a real problem that I think Texas faces," said Fritz Steiner, dean of the University of Texas School of Architecture and member of the Envision Central Texas executive committee. "Unless you get a grip on that, future generations will pay the price for inadequate utilities and roads and really poorly planned land use."

In unincorporated areas, developers are typically allowed to build whatever they can. That usually means subdivisions or strip centers. Unincorporated areas seldom have water and sewer lines that developers need. But subdivisions can be built with septic tanks and wells, whereas malls and factories cannot. So developers can build houses right away instead of waiting for cities to extend expensive infrastructure that would support denser development.

"You can sit and bitch about sprawl all you want," said Lloyd, the Hutto developer. "But until you're willing to write a check, sprawl is what you get." The lack of authority leaves most of the Texas 130 corridor in the hands of landowners, developers and the market. "If it's in an unincorporated area, it's going to be completely market-driven," said Betty Voights, executive director of the Council of Governments. "There's no telling. It could be all truck stops."

With its flat topography and dying farm towns, land east of Austin has never attracted the kind of scrutiny directed at the Hill Country southwest of the city. Now, the Texas 130 corridor is forcing its way into the region's consciousness.

Austin routinely urges companies to look east for expansions or relocations. The Greater Austin Chamber of Commerce, chaired by former Austin Mayor Kirk Watson, this year plans to study the tollway's potential economic benefits. But for the most part, the region's elected officials and community leaders have shown little interest in such studies.

Governments along 130 have yet to form a group to consider the possibilities, challenges and threats they face. The Hill Country warrants two such groups. Wynn has proposed a far-reaching ballot proposition that could include tens of millions of dollars for infrastructure. But it's too early to tell how much -- if any -- bond money will be spent on 130-related projects.

"The future of this region is going to boil down to land-use decisions," the Austin mayor said. "We either do it right the first time or, sadly, leave it to our grandkids to redo it."

Bills that would provide land-use controls in unincorporated areas, even those strictly around cities, have never found traction in the Legislature. State Sen. Jeff Wentworth is sponsoring a bill this year that would give counties new powers to regulate development. But the San Antonio Republican has introduced similar legislation before; it has never passed. State Rep. Mike Krusee, a Republican from Williamson County, said he at least wants to reward subdivisions that minimize costs on neighboring taxpayers. But he has yet to come up with a proposal that his colleagues would support. "I know there's a problem," Krusee said, "but I'm not sure what the politically viable solution is."

For the public, the basic questions have proven nearly as elusive as any solution. Not only does no one know just what will grow from the new highway, few people can even articulate what they want. Harried officials make decisions every day that will shape their cities' futures. But there is little talk about which actions will prove wise a generation from now and which will prove tragically shortsighted.

There are only two certainties in the Texas 130 corridor: The road is coming, and the growth is fast behind it.

sscheibal@statesman.com; 445-3819

Find this article at:

http://www.statesman.com/news/content/auto/epaper/editions/sunday/news_24f0a05395c281d700d5.html