## ATTACHMENT "I"

#### ORDINANCE NO.

AN ORDINANCE AMENDING CITY CODE CHAPTERS 25-1 AND 25-5 RELATING TO REQUIREMENTS FOR VESTED DEVELOPMENT RIGHTS UNDER CHAPTER 245 AND CONTINUING USE RIGHTS UNDER SECTION 43.002 OF THE TEXAS LOCAL GOVERNMENT CODE.

## BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

## PART 1. The city council finds:

- Local ordinances play a critical role in the implementation of state vested rights laws by: (1) ensuring that determinations of vested rights are based on complete information; (2) establishing clear procedures for review of claims; and (3) providing developers, landowners, and community residents with needed certainty regarding when new construction will be required to meet current regulations.
- On March 28, 2013, the City Council adopted Ordinance No. 20130328-019, which repealed portions of the City's vested rights regulations and initiated the development of a new vested rights ordinance. In preparing the ordinance, the Council directed the city manager to ensure compliance with state law and to consider the procedures and ordinances adopted by other Texas cities.
- Based on this review, and on consultation with legal counsel, staff determined that state law does not prohibit a municipality from adopting reasonable expiration dates that limit how long a project may remain undeveloped before construction will be required to comply with current regulations. Expiration periods under the Land Development Code are within the range of expiration periods used by other Texas municipalities.
- The requirements and procedures of this ordinance are consistent with state law and draw upon the best practices of other municipalities in implementing state vested rights legislation.
- PART 2. City Code Chapter 25-1 (General Requirements and Procedures) is amended to add a new Article 12 to read as follows:

#### ARTICLE 12. VESTED RIGHTS.

#### DIVISION 1. PETITION SUBMITTAL AND REVIEW PROCEDURES.

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#### § 25-1-531 DEFINITIONS.

- (1) In this article, "permit," "project," and "regulatory agency" have the meanings assigned to them by Chapter 245 of the Local Government Code.
- (2) PLAT NOTE means a note required by the City of Austin to be placed on the face of a subdivision plat in order to impose a discretionary condition on site development or to secure performance of an obligation not otherwise required by the ordinances, regulations, or rules in effect on the date of plat approval.
- (3) TYPE 1 (CHAPTER 245) PETITION means a vested rights petition that alleges rights under Chapter 245 of the Local Government Code to develop property under ordinances, regulations, or rules other than those in effect on the date the permit application is submitted.
- (4) TYPE 2 (CONTINUING USE) PETITION means a vested rights petition that alleges rights under Section 43.002 of the Local Government Code to continue or begin a land use that was begun or planned prior to annexation.
- (5) VESTING DATE means the date on which a project accrued development rights under Chapter 245 or use rights under Section 43.002 of the Local Government Code.
- (6) VESTED RIGHTS means a right conferred by state law to develop property under ordinances, regulations, or rules other than those in effect on the date a permit application is submitted. The term includes development rights under Chapter 245 and use rights under Section 43.002 of the Local Government Code, but does not include a right existing under common law.
- (7) VESTED RIGHTS PETITION or PETITION means a petition requesting a determination of development rights under Chapter 245 or use rights under Section 43.002 of the Local Government Code.

### § 25-1-532 PURPOSE AND APPLICABILITY.

- (A) This article establishes requirements for determining whether a project is entitled to vested rights under Chapter 245 or Section 43.002 of the Local Government Code. To the extent a project is entitled to vested rights, as determined under this article, a permit necessary to initiate, continue, or complete the project may be exempt from current regulations.
  - (B) The purpose of this article is to:
    - (1) Establish a clear and consistent process for evaluating vested rights claims;

- (2) Ensure that vested rights determinations are based on accurate and complete information, including the nature and scope of the original project for which vested rights are asserted and actual development that has occurred over time; and
- (3) Recognize legitimate claims of vested rights under state law, while ensuring that new development complies to the greatest extent possible with current regulations.
- (C) The requirements of this article apply within the planning jurisdiction.

## § 25-1-534 VESTED RIGHTS PETITION REQUIRED.

A petition for vested rights that meets the requirements of Section 25-1-535 (Contents of Vested Rights Petition) must be submitted by a landowner or a landowner's agent in order to request that an application for a permit be reviewed under ordinances, regulations, or rules other than those in effect on the date the application is filed.

## § 25-1-535 CONTENTS OF VESTED RIGHTS PETITION.

- (A) Except as provided in Subsection (B) of this section, a petition for vested rights required by Section 25-1-534 (*Vested Rights Petition Required*) must be submitted on a form approved by the director and must include, at a minimum, the following information:
  - (1) reference to one of the following applications, which must be submitted concurrent with the vested rights petition:
    - (a) a permit application for development of the property; or
    - (b) a fair notice application submitted under Section 25-1-536(B) (Fair Notice Application);
  - (2) a summary of the basis on which the applicant claims vested rights;
  - (3) the date on which the applicant claims that vested rights accrued and any permit, fair notice, or other application that was submitted on that date; and
  - (4) a complete chronological history of the project for which vested rights are claimed, including:
    - (a) a list of permits for development of the property, along with supporting documents, that were issued or applied for after the date the applicant claims that vested rights accrued;

- (b) a description of any permitted or unpermitted development that occurred on the property after the date the applicant claims that vested rights accrued;
- (c) a description of existing development on the property, regardless of whether the development is permitted or unpermitted;
- (d) a list of all annexations and zoning changes affecting the property, if any;
- (e) any covenants, conditions, or restrictions recorded in the deed records for the property; and
- (f) if deemed relevant by the director, evidence regarding progress towards completion of the project under Section 25-1-553 (Permit Expiration for Dormant Projects).
- (B) The director may allow an applicant to omit information required under this section if, in the sole judgment of the director, an application is associated with a project for which vested rights have been conclusively established by a court order or by a settlement agreement or project consent agreement approved by the city council.

## § 25-1-536 FAIR NOTICE APPLICATION.

- (A) A fair notice application may be used in lieu of a permit application to establish vested rights for a new project or to support a petition requesting a vested rights determination for a continuing project under Section 25-1-534 (Vested Rights Petition Required).
  - (B) The director shall adopt the following fair notice applications:
    - (1) A Fair Notice Application (Continuing Project) for subdivisions and site plans, which may be used to request a vested rights determination under Section 25-1-535 (Contents of Vested Rights Petition) based on one or more prior permit applications. The fair notice application must include information deemed necessary by the director to define the nature of the permit sought, including the scope and intensity of development and the nature of the land use, but need not include construction-level detail.
    - (2) A Fair Notice Application (New Project), which may be used to establish a vesting date for a new project that is filed for review under current regulations and for which no prior permits have been sought. The application must include a proposed plan for development of the property, including the scope and intensity of development and the nature of the land use, but need not include construction-level detail.

- (C) A fair notice application expires unless, on or before the deadline established by Section 25-1-82 (Application Requirements and Expiration), the application is updated to include all information required for a complete permit application.
- (D) Acceptance of a fair notice application does not authorize construction or have any effect other than that prescribed by this article.

#### § 25-1-537 COMPLETENSS REVIEW FOR VESTED RIGHTS PETITION.

A vested rights petition and associated development application are treated as a single application for purposes of completeness review and expiration under Section 25-1-82 (Application Requirements and Expiration).

#### DIVISION 2. VESTED RIGHTS DETERMINATIONS.

#### § 25-1-541 VESTED RIGHTS DETERMINATION.

- (A) Not later than 10 working days after acceptance of a complete vested rights petition, the director shall review the petition under Section 25-1-542 (*Criteria for Approval*) and render a determination consistent with the requirements of this section.
  - (B) In acting on a petition, the director may:
    - (1) approve the petition and require the development applications necessary to initiate, continue, or complete the project to be reviewed in accordance with regulations in effect on the vesting date, except for those regulations exempt from vesting under state law;
    - (2) deny the petition and require the development application associated with the project to be reviewed under current regulations of this title; or
    - (3) approve the petition in part, as authorized by Subsection (C) of this section.
- (C) The director may approve a petition in part if a project is legally entitled to some, but not all, of the rights asserted in the petition, or if a change in the scale or intensity of development is necessary to maintain conformity with the original project. A vested rights determination may not waive or modify applicable regulations or provide relief not required by Chapter 245 or Section 43.002 of the Local Government Code.
- (D) The director shall provide a written determination to the applicant, which must state:
  - (1) Whether the petition is approved or denied, in whole or in part, and the basis for the decision;

- (2) The permit or fair notice application on which the petition is based; and
- (3) If the application is approved:
  - (a) a description of the project for which vested rights are recognized; and
  - (b) a vesting date.
- (E) An applicant may request that the director reconsider a vested rights determination at any time before the application expires under Section 25-1-82 (Application Requirements and Expiration). The director's decision on a reconsideration request is final and not subject to further reconsideration.
- (F) A vested rights determination under this section does not affect the availability of a variance or other administrative remedy authorized by this title.

## § 25-1-542 CRITERIA FOR APPROVAL.

- (A) The director shall review a Type 1 (Chapter 245) petition for vested rights under the criteria described in this subsection.
  - (1) General Standard. A permit application is entitled to development rights under Chapter 245 of the Local Government Code if the permit is required to initiate, continue, or complete a project for which a prior application was submitted to the City of Austin. An application is not entitled to development rights if it is unrelated to or inconsistent with the original project or if the original project has been completed, changed, or expired.
  - (2) <u>Review Criteria</u>. In determining whether a petition meets the standard for approval under this subsection, the director shall consider the following factors:
    - (a) The nature and extent of proposed development shown on the prior permit or other application that initiated the project for which vested rights are claimed;
    - (b) Whether the permit application submitted in connection with the vested rights petition is related to and consistent with the original project;
    - (c) The nature and extent of prior development of the property, including any permitting or construction activity that occurred subsequent to the vesting date requested by the applicant;
    - (d) Any prior vested rights determinations made for development of the property; and

- (e) Whether the project has expired in accordance with Division 3 (Expirations and Extensions) of this article or other applicable regulations.
- (B) The director shall review a Type 2 (Continuing Use) petition for vested rights under the criteria described in this subsection.
  - (1) <u>General Standard</u>. A permit application is entitled to use rights under Section 43.002 of the Local Government to the extent that current regulations would prohibit:
    - (a) continuing to use the land in the manner in which it was being used on the date the annexation proceedings were instituted, if the land use was legal at that time; or
    - (b) beginning to use land in the manner that was planned before the 90th day before the effective date of the annexation if:
      - (i) one or more licenses, certificates, permits, approvals, or other forms of authorization by a governmental entity were required by law for the planned land use; and
      - (ii) a completed application for the initial authorization was filed with the governmental entity before the date the annexation proceedings were instituted.
  - (2) Review Criteria. In determining whether a petition meets the standard for approval under this subsection, the director shall consider the nature and extent of development that:
    - (a) occurred on the property prior to initiation of annexation proceedings, including photographs or other evidence substantiating the use; or
    - (b) was proposed in one or more required applications submitted to a governmental entity.
  - (3) <u>Date of Annexation</u>. For purposes of this subsection, annexation proceedings are deemed to have been instituted on the date of the first public hearing before the city council on the annexation ordinance for the property.
- (C) The criteria in this section are intended to assist the director in reviewing Type 1 (Chapter 245) and Type 2 (Continuing Use) petitions for vested rights, but do not limit the director from considering other factors relevant to the determination of rights for a particular project.

#### § 25-1-543 EFFECT OF VESTED RIGHTS DETERMINATION.

If the director approves a vested rights petition, any permit required to initiate, continue, or complete the project shall be entitled to the development or continuing use rights recognized by the vested rights determination, unless the project expires under Division 3 (*Project Expiration*) of this article or other applicable regulations.

## § 25-1-544 PROJECT CONSENT AGREEMENTS.

- (A) The section provides a voluntary mechanism for determining applicable regulations where the extent of a project's vested rights are unclear and for incentivizing projects with clearly established vested rights to achieve greater compliance with current regulations.
- (B) An applicant may submit a request for a project consent agreement to the director, in writing, after the director issues a vested rights determination under Section 25-1-541 (Vested Rights Determinations) and before the application expires under Section 25-1-82 (Application Requirements and Expiration). The request must identify:
  - (1) current regulations for which compliance would be required, other than regulations exempt from vested rights protections under state law;
  - (2) additional restrictions on the nature and intensity of the proposed development; and
  - (3) any modifications or waivers requested as a condition to the agreement, including but not limited to provisions for the transfer or averaging of impervious cover to include additional property or changes to the original project that increase compatibility with adjacent land uses.
- (C) The director may recommend a project consent agreement for approval to the city council if the director finds that the agreement achieves a greater degree of environmental protection or compatibility with adjacent land uses than would occur if a project developed to the full extent of its claimed vested rights.
- (D) In making a determination under Subsection (C) of this section, the director shall consider:
  - (1) the degree to which vested rights for the project have been established;
  - (2) the importance of particular regulations to achieving adopted planning goals or policies for the area in which the project is located; and
  - (3) a recommendation from the environmental officer regarding the environmental benefits of the proposed agreement, if vested rights from the regulations of Chapter 25-8 (*Environment*) are asserted for the project.

- (E) The city council may consider approval of a project consent agreement under this section only if the agreement is recommended by the director or initiated by the city council. Before acting on a consent agreement, the council shall hold a public hearing and the director shall provide notice of the hearing under Section 25-1-132(B) (Notice of Public Hearing).
- (F) In acting on a project consent agreement, the city council may approve, deny, or modify the agreement based on the standard applicable to the director's review under Subsections (C) and (D) of this section. A project consent agreement may waive or modify site development regulations applicable to a project as deemed appropriate by the city council.
- (G) A project consent agreement is subject to the expiration requirements specified in this subsection.
  - (1) A project consent agreement approved by the city council expires on the 90<sup>th</sup> day after approval, unless the applicant has submitted a complete site plan application for review by the director under the terms of the agreement.
  - (2) Following submittal of a site plan application, a project consent agreement expires if:
    - (a) the site plan application expires under Section 25-1-82 (Application Requirements and Expiration); or
    - (b) the site plan expires under Section 25-5-81 (Site Plan Expiration).
  - (3) In approving a project consent agreement, the city council may extend the expiration periods established under this subsection.

## § 25-1-545 ADMINISTRATIVE GUIDELINES.

- (A) The director may adopt guidelines to assist in reviewing petitions for vested rights under Section 25-1-542 (*Criteria for Approval*) and proposed project consent agreements under Section 25-1-544 (*Project Consent Agreements*).
- (B) Guidelines adopted under this section may be used to help address common questions that arise in determining vested rights, including but not limited to:
  - (a) whether a permit application is consistent with the project for which vested rights are claimed;
  - (b) whether a project has been completed or changed;
  - (c) whether progress towards completion has been made under Section 25-1-553 (Permit Expiration for Dormant Projects); and

- (d) the effect of plat notes associated with a project.
- (C) Guidelines adopted under this section shall be posted on the department's website and made available to the public, but need not be adopted by administrative rule under Section 1-2 (Adoption of Rules).

# DIVISION 3. EXPIRATIONS.

## § 25-1-551 EXPIRATION REQUIREMENTS GENERALLY.

- (A) During the timeframes established under this division, a vested rights determination for a project approved under Section 25-1-541 (Vested Rights Determination) applies to any permit application required to initiate, continue, or complete the project.
- (B) If the vesting date approved for a project under Section 25-1-541 (Vested Rights Determination) is based on a permit application that is submitted on or after {insert effective date of ordinance}, the project is subject to the expiration periods specified in Section 25-1-552 (Expiration of Projects Begun On or After {Insert Effective Date}).
  - (C) If all permits for a project expire, the project expires.
- (D) A permit application submitted after a project expires constitutes a new project and is subject to the current regulations of this title, except that:
  - (a) if a site plan associated with a project remains active at the time the project expires, the vested rights determination for the project applies to any application for a building permit necessary to complete construction of the site plan for as long as the site plan remains active; and
  - (b) an application to extend a site plan associated with a project may be approved in accordance with Section 25-5-62 (Extension of Released Site Plan by Director) or Section 25-5-63 (Extension of Released Site Plan by The Land Use Commission).
- (E) The expiration of a project associated with a preliminary plan or a final plat does not affect the validity of a platted lot under this title.

# § 25-1-552 EXPIRATION OF PROJECTS BEGUN ON OR AFTER

- (A) The project expiration periods under this section apply if the vesting date approved for a project under Section 25-1-541 (Vested Rights Determination) is based on a permit application that is submitted on or after {insert effective date of ordinance}.
- (B) If the vesting date approved for a project under Section 25-1-541 (Vested Rights Determination) is based on a preliminary plan, the project expires:

 PART 3. City Code Chapter 25-1 (General Requirements and Procedures) is amended to repeal Article 13 (Dormant Project Expiration) and to add a new Section 25-1-553 to read as follows:

## § 25-1-553 PERMIT EXPIRATION FOR DORMANT PROJECTS.

- (A) This section is adopted under Section 245.005 of the Local Government Code to provide expiration dates for permits that lack an expiration date under applicable regulations. This section does not apply to a permit that is subject to an expiration date under the regulations applicable to the permit. For purposes of this section, a permit that is not subject to an expiration date is an "unexpired permit."
- (B) If an unexpired permit was approved prior to May 11, 2000, then the permit expired on May 11, 2004, unless the applicant submits evidence sufficient to show that progress towards completion of the project was made under Subsection (D) of this section prior to May 11, 2000.
- (C) If an application for an unexpired permit was submitted after September 5, 2005, then the permit expires five years after the permit was approved unless the applicant submits evidence sufficient to show that progress towards completion of the project was made prior to that date under Subsection (D) of this section.
- (D) For purposes of this section, progress towards completion of a project includes any one of the following:
  - (1) an application for a final plat or plan is submitted to a regulatory agency;
  - (2) a good-faith attempt is made to file with a regulatory agency an application for a permit necessary to begin or continue towards completion of the project;
  - (3) costs have been incurred for developing the project including, without limitation, costs associated with roadway, utility, and other infrastructure facilities designed to serve, in whole or in part, the project (but exclusive of land acquisition) in the aggregate amount of five percent of the most recent appraised market value of the real property on which the project is located;
  - (4) fiscal security is posted with a regulatory agency to ensure performance of an obligation required by the regulatory agency; or
  - (5) utility connection fees or impact fees for the project have been paid to a regulatory agency.
- PART 4. City Code Chapter 25-1 (General Requirements and Procedures) is amended to repeal Article 7, Division 4 (Special Exceptions) and to renumber Division 5 (Adjustments) accordingly.

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- PART 5. City Code Section 25-5-62 (Extension of Released Site Plan by Director) is amended to add a new Subsection (D) to read as follows and to renumber the remaining subsections accordingly:
- If a site plan is associated with a project that has expired for purposes of vested rights under Chapter 25-1, Article 12, Division 3 (Expirations), the director may extend the expiration date of the site plan one time for a period of one year under the requirements of this subsection.
  - If the site plan substantially complies with the requirements that would apply to a new application, the director may grant an extension if the criteria in Subsection (C) of this section are satisfied.
  - If the site plan does not substantially comply with the requirements that would apply to a new application, the director may grant an extension if the there is good cause for the requested extension and:
    - the applicant filed the original application for site plan approval with the good faith expectation that the site plan would be constructed; and
    - the requirements for a traffic impact analysis under Subsection (b) (C)(2) of this section have been met; and
    - the applicant constructed at least one structure shown on the original site plan that is suitable for permanent occupancy; or
    - the applicant has constructed a significant portion of the infrastructure required for development of the original site plan.

PART 6. City Code Section 25-1-82 (Application Requirements) is amended to read as follows:

# § 25-1-82 APPLICATION REQUIREMENTS AND EXPIRATION.

- The responsible director may adopt rules establishing the requirements for an (A) application.
- The responsible director or building official may permit an applicant to omit required information from an application that the responsible director or building official determines is not material to a decision on the application. An applicant who disagrees with a determination under this subsection may appeal the decision to the city manager.