Planning and Zoning Commission
Planning Department Staff Report

Planning and Zoning Commission Meeting:	August 25, 2025
Project No:	VAR2026-007
Project Planner:	Sara Varvarigos, AICP, Senior Planner
Item Details	
Project Name:	Headwaters East Commercial
Property Location:	Between Headwaters Blvd and Canyonwood, North of US 290, inside City Limits
Legal Description:	43 Acres out of the Headwaters Commercial Tract
Applicant:	Daniel Campbell, Marathon Equity
Property Owner:	Oryx Land Holdings, LLC
Request:	A variance to allow a parking reduction in the PDD6 Zoning District

Planning Department Staff Report

Overview

The applicant, Marathon Equity, is requesting a variance from the City's minimum off-street parking requirements for retail or personal service establishment buildings for the 43-acre Headwaters East Commercial Development. The development, which is located in Planned Development District #6, features a mix of Retail, Bank, Restaurant, and mixed Retail & Restaurant Land uses (refer to Attachment 1), and is a part of the larger 1,509.68 acre Headwaters Development. The City's on-site parking regulations, as outlined in City Ord. Ch. 30, Exhibit A, Section 5.6.2 and 5.7.6, apply to the site.

Per City Ord. Ch. 30, Exhibit A, Section 5.6.2 and 5.7.6:

- Retail Land Use requires one (1) on-site parking space for every 200 square feet of gross floor area (GFA).
- Bank Land Use requires one (1) on-site parking space for every 200 square feet of gross floor area (GFA).
- Restaurant Land Use requires one (1) on-site parking space for every for each 100 square feet of seating/waiting area, or one space for every three seats under maximum occupancy.

Per the applicant, the 43-acre commercial project has an overall parking ratio of 5.36 spaces per 1,000 SF (1 space per 187 SF) of GFA, with the "Anchor" and "Junior Anchor" parcels offering parking spaces that are below the minimum parking requirement of 1 space per 200 SF of GFA (not including 93 parallel parking spaces that will be provided along Dripstone Trail). If the applicant were to adopt the minimum parking ratio of 1 parking space/200 SF for all the retail spaces across the entire development, they would have to eliminate approximately 25,000 SF of building pad floor area to provide sufficient parking spaces for the "Junior Anchor" and "Anchor" parcels, which are "under-parked" by 92 and 118 spaces, respectively (see Attachment 1, Site Plan 33, and table below). However, other pads on the site provide significantly more parking than the minimum parking required by the code, as shown by the green font in the table below. When the parking spaces provided are calculated on an "overall site" development basis, the development is short 33 on-site parking spaces. The applicant is proposing to reduce the amount of retail parking spaces required by Headwaters East Commercial by approximately 33 spaces, which is 2% less than the required minimum "overall parking ratio".

Building Pad Sites Identified on Site Plan 33	Building Gross Floor Area (SF)	Required Parking Ratio (SPACE/SF)	Required Parking (SPACES)	Provided Parking (SPACES)	Difference: Parking Provided and Required (SPACES)
Junior Anchor- Retail 2	16,501	200	83	366	-92
Junior Anchor- Retail 3	25,001	200	125		
Junior Anchor- Retail 4	50,000	200	250		
Anchor	94,000	200	470	352	-118
Pad F (Retail)	3,200	200	16	19	3
Grocery	23,300	200	117	245	85
Retail	8,750	200	44		
Pad A (Retail)	3,300	200	17	23	7
Pad B (Bank)	1,900	200	10	20	11
Auto- Oriented Restaurant	1,708	100	17	10	-7
Shops 1 (Restaurant)	8,350	100	84	129	-3
Shops 2 (Retail)	9,700	200	49		
Pad C (Retail)	7,320	200	37	44	7
Pad D (Restaurant)	7,790	100	78	125	47
Shops 3 (Restaurant Portion)	4,000	100	40	84	8
Shops 3 (Retail Portion)	7,275	200	36		
Pad E (Restaurant)	4,000	100	40	51	11
Shops 4 (Retail)	6,225	200	31	40	9
Total	282,320	NA	1,541	1,508	-33
[redacted]					
Overall Parking Ratios (SPACE/GFA)			1 space per 183 SF	1 space per 187 SF	2% lower than required

Key points of justification provided by the applicant include:

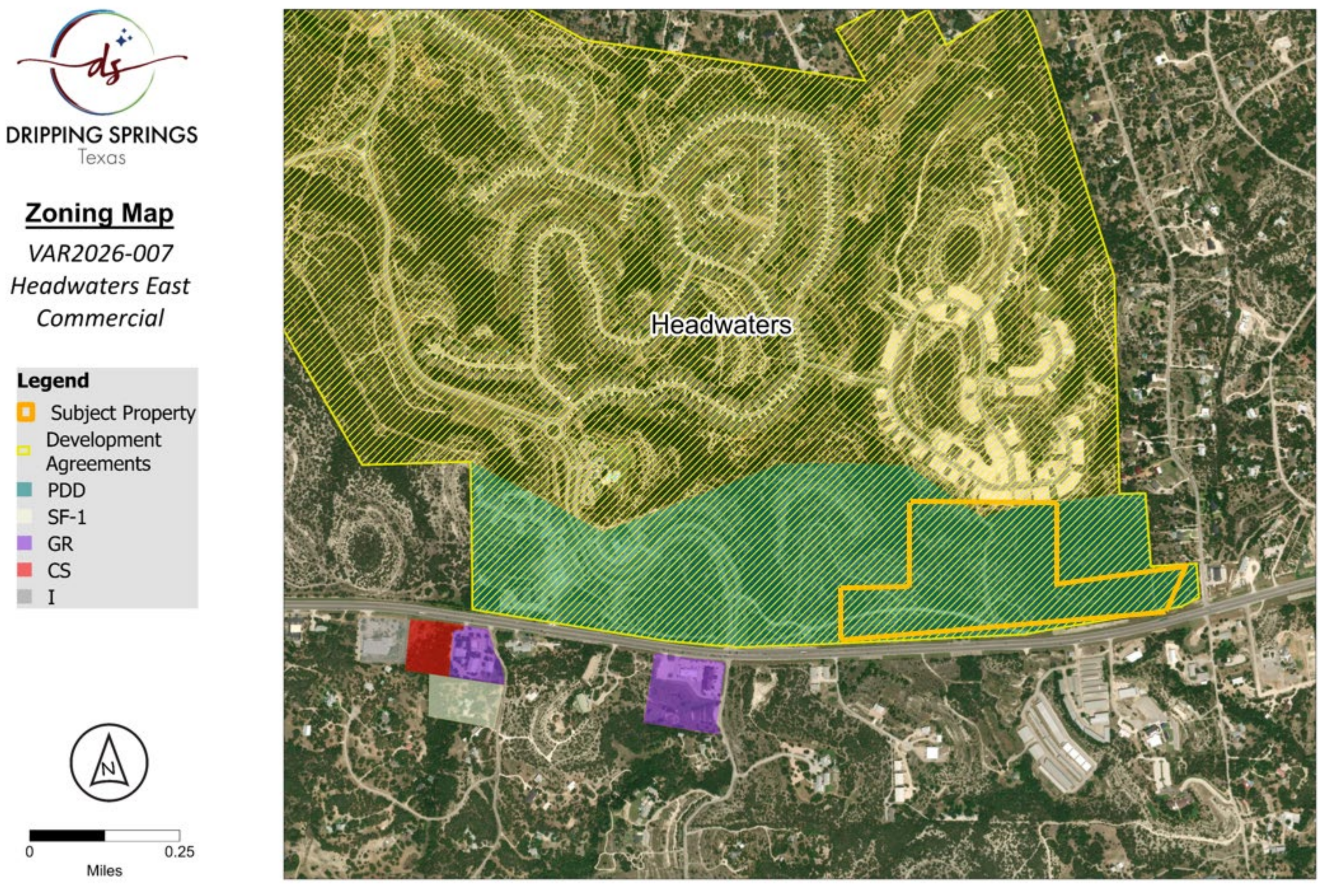
- ***Economic and Employment Impact:*** *The applicant states that the variance is necessary to maximize building pad space, economic activity, and sales tax revenue on the "land-constrained" Headwaters Development, which preserves approximately 1,000 Acres of the overall 1,509 Acre development (66% of the site).*
- ***The applicant will provide an additional 93 parallel parking spaces along Dripstone Trail road within the Headwaters East Development (refer to Attachment 1, Site Plan 33.***
- ***Parking Ratios for Similar Commercial Developments:*** *The applicants reviewed comparably sized shopping centers that have been successfully developed in the region with lower parking standards and provided a table with the following parking ratios:*

Project	Anchor	Overall Parking Ratio	Anchor Lot Parking Ratio
Belterra Village (Dripping Springs)	EVO/Gold's Gym	5.5 /1,000 (1 space/182 SF)	3.87/1,000 (1 space/259 SF)
1890 Ranch (Cedar Park)	Target	4.5/1,000 (1 space/222 SF)	n/a
The Parke (Cedar Park)	Whole Foods	4.7/1,000 (1 space/213 SF)	n/a
The Village (Dripping Springs)	Target	3.4/1,000 (1 space/294 SF)	3.1/1,000 (1 space/323 SF)

The applicant noted that the anchor lot at Belterra Village has as tenants both a movie theatre, a full-size gym, and two full-service restaurants all of which typically require more parking than traditional retail and still this area is successfully parked at below 4.0/1,000 (1 space per 250 SF). The applicant also notes that Cedar Park, Bee Cave, San Marcos, and Georgetown set the minimum parking requirement for retail at 4.0/1,000 (1 space per 250 SF) while Round Rock is at 4.4/1,000 (1 space per 228 SF). Out of all these comparable projects, the Target-anchored The Village shopping center is the most recent,, and is currently under construction.

If the requested variance is approved, the applicant will be required to submit and receive approval of all planning and building permits which are reviewed and administratively approved by staff:

Surrounding Properties



Direction	Zoning District	Existing Use	Future Land Use
North	Headwaters Development Agreement	Single-Family/Open Space	Dripping Springs Sports Club, Headwaters "Commercial Activity Center"
East	ETJ	Single-Family	
South	ETJ	Proposed Commercial	
West	PDD 6	Commercial	

Approval Criteria for Variance (2.22.2-Zoning Ordinance)

Approval Criteria	Staff Comments
1. there are special circumstances or conditions affecting the land involved such that the literal enforcement of the provisions of this Chapter would deprive the applicant of the reasonable use of the land; and	The Headwaters site may be considered a "Land-constrained" project, as only 509 acres (34%) of the overall 1,509 acre subdivision area is permitted to develop, with approximately 7% of the overall area set aside for commercial development. Thus, the applicant would like to maximize the limited amount of usable commercial space available for development by prioritizing retail space over on-site parking, as is feasible.
2. the variance is necessary for the preservation and enjoyment of a substantial property right of the applicant; and by preserving the natural features and	The proposed parking variance will allow for the preservation of a substantial property right of the applicant. It will not be of benefit or detriment to natural features of

topography of the land; and	the site, as either a scenario with increased parking or increased building footprints would not alter the amount of impervious cover on the site (it would remain at 68.5%, per the applicant).
3. the granting of the variance will not be detrimental to the public health, safety or welfare, or injurious to other property within the area; and	The granting of the variance may be beneficial to the public health, safety or welfare, if the applicant provides sidewalks and pedestrian connections between adjoining building pads; this may encourage patrons of the commercial development to engage in active transportation by walking from one pad to another.
4. the granting of the variance constitutes a minimal departure from this Chapter; and	If the applicant were to adopt the minimum parking ratio of 1 parking space/200 SF for all the retail spaces across the entire development, they would have to eliminate approximately 25,000 SF of building pad floor area to provide sufficient parking spaces for the "Junior Anchor" and "Anchor" parcels, which are "under-parked" by 92 and 118 spaces, respectively. However, other pads in the commercial development provide significantly more parking than the minimum parking required by the code. When the parking spaces provided are calculated on an "overall site" development basis, the development is short 33 on-site parking spaces. The applicant is proposing to reduce the amount of retail parking spaces required by Headwaters East Commercial by approximately 33 spaces (i.e. 1 space per every 187 SF of floor area, or 5.36 spaces per 1,000 SF of area), which is 2% less than the required minimum "overall parking ratio" (with an overall parking ratio of 1 space for every 183 SF).
5. the subject circumstances or conditions giving rise to the alleged hardship are not self-imposed, are not based solely on economic gain or loss, and do not generally affect most properties in the vicinity of the property; and	As previously mentioned, the Headwaters development may be considered a land-constrained development, with 66% of the area being preserved as open space. The applicant would like to maximize the limited usable commercial space in the overall development, which accounts for approximately 7% of the entire area.
6. Granting the variance is in harmony with the spirit, general purpose, and intent of this Chapter so that: a. the public health, safety and welfare may be secured; and b. that substantial justice may be done.	The commercial site design may consider the health and welfare of the community by providing access to pedestrian connections and sidewalks. Substantial justice may be done by supporting an appropriate balance of community-oriented land uses, parking spaces, and pedestrian connections in a context-sensitive manner.

Additional staff analysis:

Staff finds that the request for decreased parking could ultimately allow for a more balanced and dynamic mix of land use in the overall commercial development, via the increased retail floor area of 25,000 SF at the "Anchor" and "Junior Anchor" area, which replaces additional parking spaces. The decrease in parking spaces at these sites may be reasonably offset by the additional 93 parallel parking spaces provided along Dripstone Trail, as well as extra parking provided on other neighboring building pad sites.

Moreover, if the applicant provides increased pedestrian connections through sidewalks and crosswalks for adjoining pad sites throughout the development, this may encourage visitors to park in adjacent lots and walk over to several retail destinations, thus promoting pedestrian activity and a sharing of parking between adjacent lots.

Summary and Recommendation

Staff recommends approval of the variance request with the following conditions:.

1. The applicant shall submit an updated site plan providing adequate pedestrian connections between adjacent properties within the development to be approved by the Development Review Committee.

Public Notification

A legal notice advertising the public hearing was placed in the Dripping Springs Century-News, signs were posted on the-site, notice was placed on the City Website, and all property owners within a 300-foot radius of the site were notified of the Variance request. At the time of the posting of this report, no response was received.

Meetings Schedule

August 25, 2026 Planning & Zoning Commission

October 6, 2026 Board of Adjustments

Attachments

Attachment 1 – Variance Application & Application Materials

Attachment 2 – Site Plans for Comparable Commercial Development Projects Referenced by Applicant

Recommended Action	Recommend approval with the condition referenced above.
Alternatives/Options	Recommend denial of the variance or approval with alternate conditions.
Budget/Financial impact	N/A
Public comments	No public comments or letters were received at the time of posting of this report.
Enforcement Issues	N/A
Comprehensive Plan Element	N/A