



INFORMATION MEMORANDUM

TO: Mayor and City Council

FROM: Andy Gillies
Planning Director

DATE: November 18, 2014

SUBJECT: The possible amendment of the West Side Plan to include single family development

After several years of study and public input, the City adopted the West Side Plan on October 13, 2003 (Resolution 2003-131). This document serves as the official Comprehensive Plan for the portion of the City located west of Stemmons Freeway (US Interstate 35 East). The primary focus of the West Side Plan is to provide the City with guidance regarding future land uses for the area west of the freeway. Therefore, the primary element in the West Side Plan is the Future Land Use Plan. The Westside Future Land Use Plan recommends this area of the City remain primarily an employment area with specific subareas designated for a mixture of high density office, retail, entertainment, and residential land uses. The West Side Plan does not recommend lower density single family development anywhere west of Stemmons Freeway. (See attachment-West Side Plan and Future Land Use Plan)

Over the last two years, the City has had several inquiries from local developers about the possibility of creating new single family residential communities on the West Side. After an extensive discussion at a study session in June 2013, the City Council came to the general consensus that low density of single family development was not the highest and best use of the land on the West Side of Farmers Branch. With that land use decision concluded, the Billingsley Company began their development within the West Side. In 2012, the Billingsley Company had purchased approximately 250 acres of undeveloped land east of Mercer Crossing Lake. Since June 2013 the Billingsley group has rezoned approximately 111 acres for a variety of land uses including office, distribution and multi-family residential. Currently, they have approximately \$190,000,000 in projects either under construction or in site plan review. The estimated value of the proposed Billingsley master plan is approximately \$400,000,000.

This summer another single family developer, Huffines Communities, has met with the City to propose a new single family residential master development of approximately 105 acres containing 850 homes. This proposed development would be located immediately west of Mercer Crossing Lake and the Billingsley property.

Compliance with the Comprehensive Plan

As mentioned earlier, the primary purpose of the Comprehensive Plan is to serve as a guide for future land use development within a community. For that reason the Texas Local Development Code requires all rezoning cases to be “in accordance with the Comprehensive Plan” (Section 211.004).

Therefore, before the City can hear a rezoning case that includes the development of single family housing on the West Side, a substantial amendment to the 2003 West Side Plan would have to be approved. This significant change in future land use philosophy would constitute major text and map revisions throughout most of the chapters of the West Side Plan. Most importantly, it would require a complete redevelopment of the Future Land Use Plan. These amendments will require time to merge into the remaining portions of the West Side Plan. City Administration estimates this amendment process will take approximately nine (9) months with the assistance of a qualified planning consulting firm specializing in long range planning issues. The estimated cost for such an amendment is approximately \$100,000.

Planned Development No. 88 (The Mercer Crossing Code)

In 2006, the City adopted Planned Development No. 88 (PD-88). This large 800+ acre zoning district, also commonly known as the Mercer Crossing Code, was designed specifically to support and implement the general land use recommendations outlined in the 2003 West Side Plan. For example, the central portion of the zoning district is designated as an Urban Center subdistrict, requiring high density (4 to 9 story) building design for office , retail and residential developments. Single family development is not an allowed land use currently within PD-88 and would not be compatible with most of the existing subdistricts in PD-88, especially the Urban Center subdistrict. (See attachment- PD-88 Regulating Plan)

If an amendment to the West Side Plan is mandated by City Council, a substantial rezoning case will have to be reviewed and approved before single family development could occur in this area. City administration estimates this rezoning process will take approximately 4-6 months.

Compatible Land Use

The West Side has historically been an industrial land use corridor. In the 1950-60s much of the Mercer Crossing area was used for gravel excavation. Some of these gravel pits later served as land fill locations. Currently 25% of the area is currently being used for commercial or industrial activity. Many of the businesses on the West Side are associated with the warehousing or distribution of goods. Truck traffic is heavy on the West Side,

especially along the main arterials, Valley View Lane and Luna Road. The closest existing single residential neighborhood located in Farmers Branch is Mustang Crossing, approximately 2 miles away from the undeveloped Mercer Crossing area. The closest elementary school is 2.5 miles away. The closest hospital is 3 miles away. Most retail centers are at least 3 miles away. (See attachment- Proximity Map)

In the last 18 months, the City has experienced a strong interest in multi-family development activity on the West Side. Over 3,123 new multi-family units have been approved by the City during this period. Several additional large scale multi-family developments are currently under review within the City.

Cost of Community Services

This summer the City staff developed a “Cost of Community Services (COCS)” comparison between commercial and single family residential land uses. This COCS study used the audited 2013 City budget as the basis for the comparison. The 2013 budget for the eight primary City departments (Fire, Police, Parks, Community Services, Public Works, Library, Economic Development, Administration) were reviewed by the respective department manager and divided into two basic land uses (commercial or residential). The residential category only included single family housing. These cost totals were then divided by the total developed square footage of commercial and residential property in the City. This produced a total City Service Cost per square foot. Based on this methodology, the total cost per square foot for residential development is \$1.42. In contrast, the total cost per square foot for commercial development is \$0.81 (See attachment- COCS Summary). The conclusion shown by this exercise is that cost of providing typical city services to a single family residential development is approximately 75% higher than commercial development.

Using these COCS findings, City staff then created a “Land Use Valuation Analysis” comparing the same size tract of land (105 acres) developed two different ways, residentially and commercially. For the residential scenario, City staff used the conceptual development proposal of the Huffines group. This scenario generally assumes the development of 850 homes with an average value of \$400,000 and an average home size of 2,000 square feet, creating an overall value of \$340,000,000. For the commercial scenario City staff used the anticipated land use mixture supported by the existing zoning district PD-88 and used the same overall value of \$340,000,000. Therefore, both scenarios created approximately the same amount of annual property tax revenue (\$2,050,000). However, once the respective COCS figures were subtracted from these total revenues, the residential scenario was over \$400,000 more expensive for the City to provide service. Other variables not included in this analysis but worth mentioning are the additional tax revenue sources most commercial land uses provide the City (Business Personal Property BPP, and Sales Tax) and the potential discount of residential property tax revenue based on homestead and senior citizen exemptions. In short, City staff believes this analysis is a very conservative value comparison. (See attachment- Land Use Value Analysis)

Possible Council Action:

1. I move that the City remain with the future land use plan and policies currently outlined in the 2003 West Side Plan.
2. I move that the City amend the 2003 Westside Plan to include single family development.
3. I move to continue this discussion at the next meeting.