

# Increasing Addison's Owner-Occupied Housing



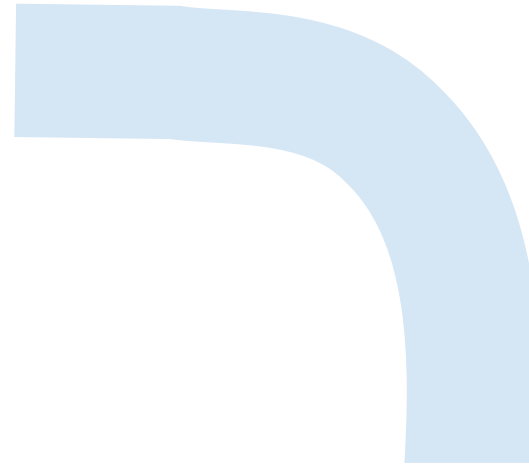
October 2025

CATALYST  
URBAN PLANNING



## ***Assignment:***

- *Understand what is required to increase owner-occupied housing*



## ***Discussion Points:***

1. *Baseline Questions*
2. *Addison's Context*
3. *For-Sale Alternatives*
4. *Implementation Concepts*

# The Primary Questions

## 1. Why are there so many apartments?

Answer (a): **Land economics** – Current commercial pricing \$53.53/sf (vs. single family of \$17.82/sf to land). Until recently, only apartments could afford these rates

Answer (b): **Growth strategy** -- The Town made strategic decisions to create mixed-use districts with urban apartments to position it as an “urban node”

Answer (c): **Household incomes** -- The Town’s household incomes have not supported ownership at the percentages of other communities (due to rental)

## 2. Can for-sale development pay commercial land rates?

Answer: **It can.** Requires medium-to-high density formats that carry developer risk

## 3. Can the Town change course and increase its homeownership percentage?

Answer: **Yes.** The scarcity of available land, actions needed to mitigate development risk, and smaller market for certain types will temper the amount

## 4. How can the Town make this happen?

Answer: **Be Proactive.** Identify types that work (beyond typical townhomes), form relationships with related buildings/developers, incentivize early wins

# 1. Establishing a Base Line Understanding

|                                        |                     |                               |                      |
|----------------------------------------|---------------------|-------------------------------|----------------------|
| <b>A. Current Entitled Conditions:</b> |                     | <i>Total Housing Units</i>    | <i>11,575</i>        |
|                                        |                     | <i>Total w/Entitled Units</i> | <i>15,787</i>        |
| <u>Ownership Housing</u>               |                     | <u>Rental Housing</u>         |                      |
| <i>Large Lot Single Family</i>         | <i>120</i>          | <i>Multifamily Rental</i>     | <i>9,104</i>         |
| <i>Small Lot Single Family</i>         | <i>1,268</i>        |                               |                      |
| <i>Duplexes</i>                        | <i>84</i>           |                               |                      |
| <i>Townhomes</i>                       | <i>392</i>          |                               |                      |
| <i>Condo (Townhomes)</i>               | <i>266</i>          |                               |                      |
| <i>Condo (Stacked Flats)</i>           | <i><u>341</u></i>   |                               |                      |
|                                        | <i>2,471</i>        |                               |                      |
| <i>Additional Entitled</i>             | <i><u>196</u></i>   | <i>Additional Entitled</i>    | <i><u>4,016</u></i>  |
| <i>Total Ownership</i>                 | <i><b>2,667</b></i> | <i>Total Rental</i>           | <i><b>13,120</b></i> |
| <b>Current Entitled Mix</b>            | <b>16.9%</b>        |                               | <b>83.1%</b>         |

**Takeaways:** The Town's prior strategies to build urban mixed-use neighborhoods have been successful while also increasing its renter household percentage.

## 2. Determining Target for Owner-Occupied Housing

### A. Comparing % of owner-occupied housing in similar “Urban Nodes”:

| <i>Urban Nodes</i>                                       | <i>Acres</i> | <i>% of owner-occupied</i>   |
|----------------------------------------------------------|--------------|------------------------------|
| <i>Addison (part of the DFW Metroplex)</i>               | <i>2.8k</i>  | <i>17% (of 10,042 HH's)</i>  |
| <i>Bellevue (part of the Seattle Metropolis)</i>         | <i>23k</i>   | <i>20% (of 61,443 HH's)</i>  |
| <i>Las Colinas (part of the DFW Metroplex)</i>           | <i>12k</i>   | <i>27% (of 18,121 HH's)</i>  |
| <i>Tysons (part of the Fairfax County VA Metropolis)</i> | <i>3.1k</i>  | <i>33% (of 14,011 HH's)</i>  |
| <i>Irvine (part of the Orange County CA Metropolis)</i>  | <i>42k</i>   | <i>44% (of 118,759 HH's)</i> |

*Average % of owner-occupied households in urban nodes*      **28%**



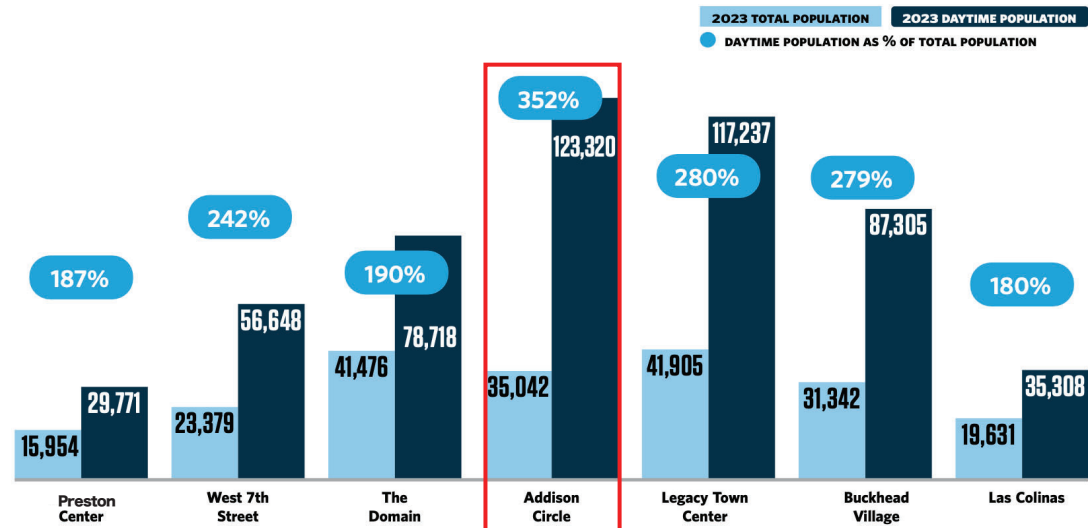
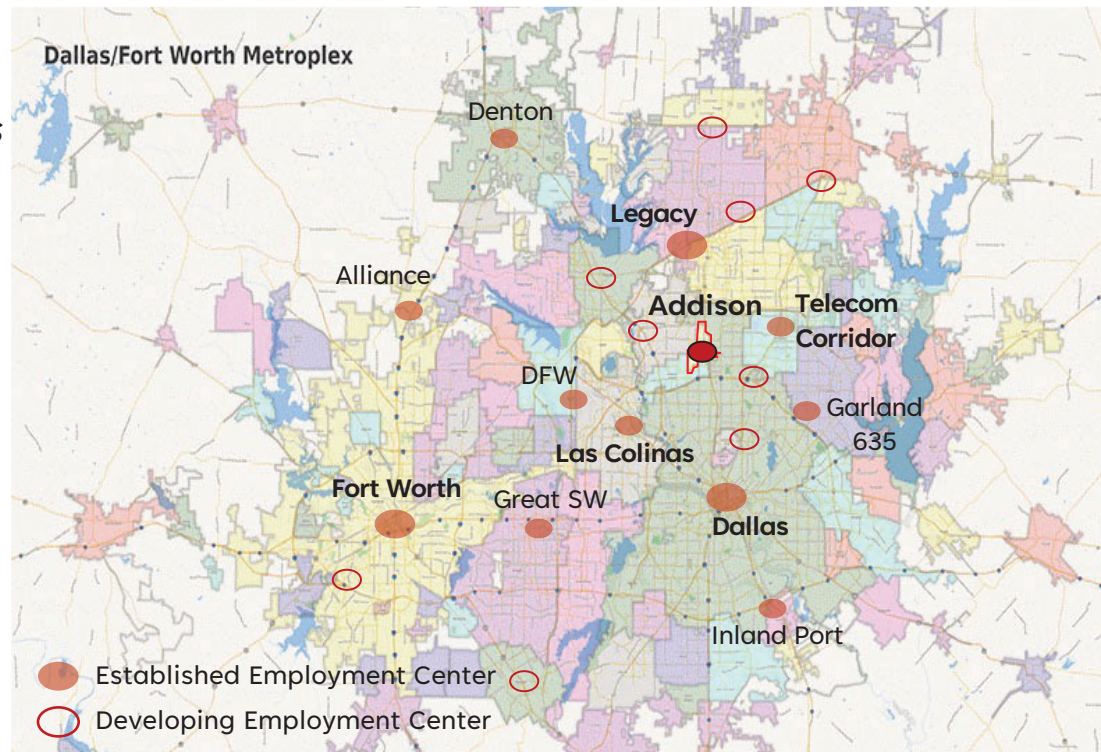
## B. The Town's Positioning

- Addison leads its comparables in daytime population
- The Town is an “urban node” (ie, employment enhanced by amenities, services, housing & transportation)
- There are 12 such “nodes” in DFW (but only 5 with quality placemaking like Addison)

### Takeaways:

(a) Addison's positioning makes it a “go-to” urban destination

(b) Demand for owner-occupied will follow if the market's related desires are provided for



### C. Considering Town's Vacant Land

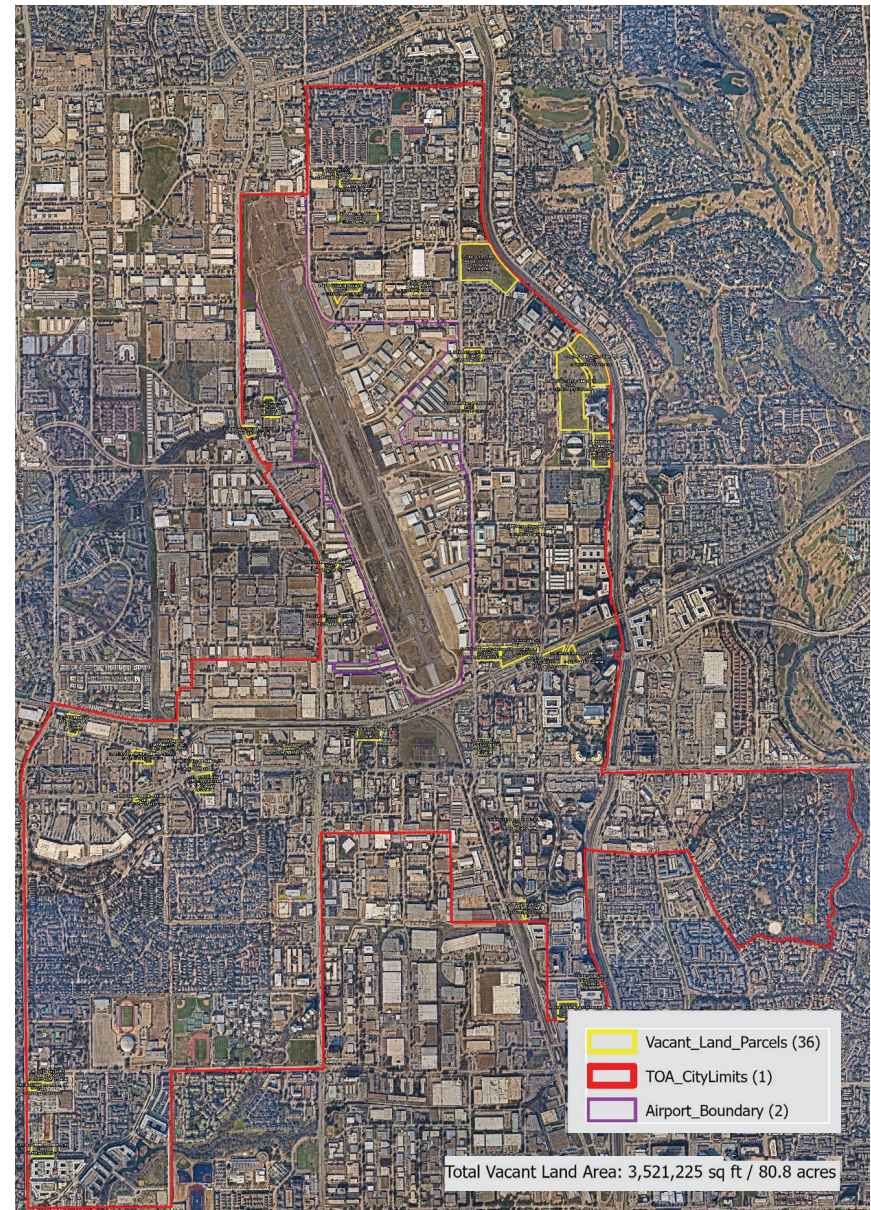
- **Remaining vacant land in the Town:**  
8 ac (residential) / 72 ac (commercial)

#### **Takeaways:**

- (a) If residential and ½ commercial vacant land developed at TH density:  
**660 units** (15 du/ac)
- (b) Total if this land is developed to achieve a 28% owner-occupied target:  
**2,350 units** (30 du/ac)
- (c) At Town's land cost, this density is more difficult to achieve due to higher developer risk

#### **Solutions:** (to increase %)

- (i) Allow more commercial land to be developed (above 50%) and/or
- (ii) Allow key apartment buildings to be converted to ownership units



### 3. Comparing Market Pricing and Incomes

|                                                         | Local        |              |              |             | Regional     |             | National     |              |             |
|---------------------------------------------------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|-------------|
|                                                         | Addison      | Dallas       | Richardson   | DFW MSA     | Austin       | Houston     | Los Angeles  | New York     | Total US    |
| <b>All Households (HH's)</b>                            |              |              |              |             |              |             |              |              |             |
| Total Households                                        | 10,042       | 528,038      | 45,822       | 2,825,878   | 475,680      | 878,906     | 1,460,167    | 3,313,316    | 128,700,000 |
| Median Household Income                                 | \$ 82,858    | \$ 67,760    | \$ 95,170    | \$ 87,155   | \$ 91,461    | \$ 62,894   | \$ 79,701    | \$ 76,577    | \$ 78,538   |
| <b>Owner-Occupied HH's</b>                              |              |              |              |             |              |             |              |              |             |
| Median Home Sales Price                                 | \$ 466,000   | \$ 402,900   | \$ 521,300   | \$ 401,000  | \$ 505,000   | \$ 329,600  | \$ 1,100,000 | \$ 760,000   | \$ 410,800  |
| <b>First Time Buyers:</b>                               |              |              |              |             |              |             |              |              |             |
| Average Gross Monthly Payment*                          | \$ 4,695     | \$ 4,223     | \$ 5,108     | \$ 4,208    | \$ 4,928     | \$ 3,704    | \$ 8,916     | \$ 6,344     | \$ 3,977    |
| Payment % of Monthly Qual. Income                       | 28%          | 28%          | 28%          | 28%         | 28%          | 28%         | 28%          | 28%          | 28%         |
| Qualifying Income                                       | \$ 201,214   | \$ 180,986   | \$ 218,914   | \$ 180,343  | \$ 211,200   | \$ 158,743  | \$ 382,114   | \$ 271,886   | \$ 170,443  |
| Current Households that can Qualify                     | 10%          | 15%          | 17%          | 28%         | 15%          | 17%         | 7%           | 9%           | 18%         |
| Delta between Median HH Income and Qualifying HH Income | \$ (118,356) | \$ (113,226) | \$ (123,744) | \$ (93,188) | \$ (119,739) | \$ (95,849) | \$ (302,413) | \$ (195,309) | \$ (91,905) |
| <b>Move-Up Buyers:</b>                                  |              |              |              |             |              |             |              |              |             |
| Mortgage after avg DFW equity transfer                  | \$ 199,000   | \$ 135,900   | \$ 254,300   | \$ 134,000  | \$ 305,525   | \$ 219,600  | \$ 740,000   | \$ 590,000   | \$ 288,300  |
| Average Gross Monthly Payment*                          | \$ 3,254     | \$ 2,738     | \$ 3,707     | \$ 2,722    | \$ 3,708     | \$ 3,005    | \$ 7,386     | \$ 6,035     | \$ 3,567    |
| Payment % of Monthly Qual. Income                       | 28%          | 28%          | 28%          | 28%         | 28%          | 28%         | 28%          | 28%          | 28%         |
| Qualifying Income                                       | \$ 139,457   | \$ 117,343   | \$ 158,871   | \$ 116,657  | \$ 158,914   | \$ 128,786  | \$ 316,543   | \$ 258,643   | \$ 152,871  |
| Current Households that can Qualify                     | 19%          | 27%          | 27%          | 37%         | 27%          | 22%         | 8%           | 10%          | 22%         |
| Delta between Median HH Income and Qualifying HH Income | (56,599)     | (49,583)     | (63,701)     | (29,502)    | (67,453)     | (65,892)    | (236,842)    | (182,066)    | (74,333)    |
| <b>Renter-Occupied HH's</b>                             |              |              |              |             |              |             |              |              |             |
| % of Renter-Occupied Housing                            | 82%          | 58%          | 48%          | 40%         | 46%          | 58%         | 64%          | 50%          | 35%         |
| Median Gross Monthly Rent                               | \$ 1,463     | \$ 1,411     | \$ 1,499     | \$ 1,503    | \$ 1,424     | \$ 1,194    | \$ 2,188     | \$ 4,035     | \$ 1,639    |
| Payment % of Monthly Q Income                           | 30%          | 30%          | 30%          | 30%         | 30%          | 30%         | 30%          | 30%          | 30%         |
| Qualifying Income                                       | \$ 58,520    | \$ 56,440    | \$ 59,960    | \$ 60,120   | \$ 56,960    | \$ 47,760   | \$ 87,520    | \$ 161,400   | \$ 65,560   |
| % of Households that can Qualify                        | 40%          | 45%          | 65%          | 57%         | 28%          | 46%         | 26%          | 24%          | 50%         |
| Delta between Median HH Income and Qualifying HH Income | \$ 24,338    | \$ 11,320    | \$ 35,210    | \$ 27,035   | \$ 34,501    | \$ 15,134   | \$ (7,819)   | \$ (84,823)  | \$ 12,978   |

Sources: US Census, NCTCOG, Census Reporter, Realtor.com, Apartments.com, MMG, FHA, Axios, CityData

\* For first-time buyer assumes 10% down payment. For move-up buyer assumes \$276k average equity carry over for DFW. All assume 6.25% rate, 30 year term, PMI, \$12k annual other HH debt payments, and 1.75 median tax rate Dallas County

#### Takeaways:

- The Town is less affordable than its immediate peers, but more affordable than other exclusive communities (\$466k median price vs. Prosper \$886k, Southlake \$1.2M, University Park \$2.3M)

## 4. Understanding the Homebuyer Marketplace

Where we buy is based on our household makeup and needs:

- Families – Looking for the quality of nearby schools and parks
- Non-Families – Looking for flexible housing for different living styles, access to amenities, restaurants, and activities

**Neighborhood Connection**



**Remote Working**



**Community Engagement**



**Water Experiences**



**Outdoor Activities**



**Mindful Living**



**Income/Age Housing Choice**



**Education and Safety**



**Urban Land Institute & Builder Magazine's Traits of Sought-After Communities**

## Household Marketplace: *What they are looking for*



*Young Professionals*



*Childless Couples*



*Empty Nesters*

- *Flexible housing types that meet diversified household needs*
- *Walkable environments that are safe, well-maintained, and convenient*
- *Proximity to work, shopping, coffee shops, music and entertainment*
- *Lifestyle and recreation amenities including dog-friendly spaces*
- *Neighborhoods with a thriving restaurant scene, theaters and culture*
- *Low maintenance living experience to allow more time for leisure*
- *Communities with like-minded neighbors and special events*

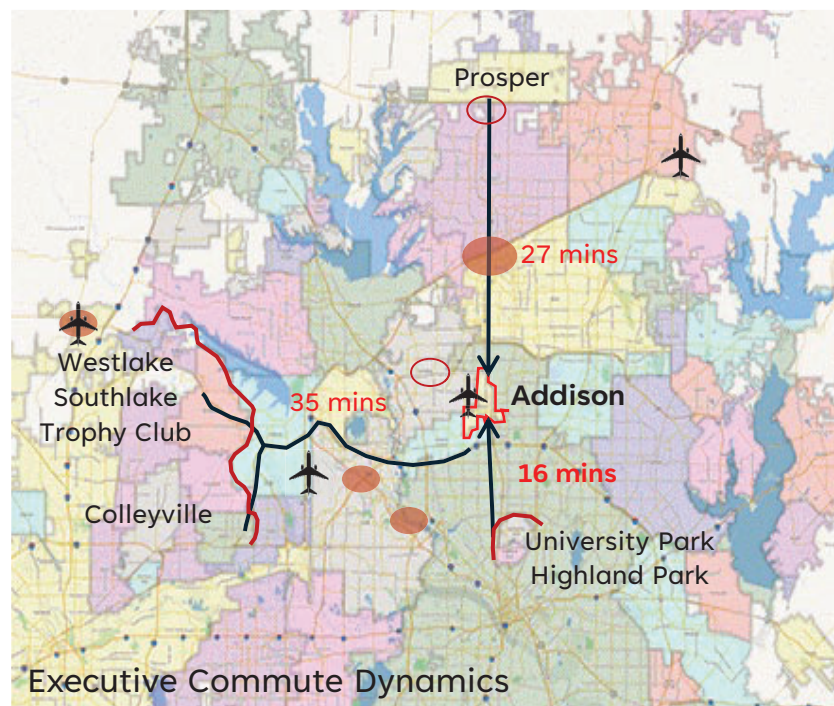
**Takeaways:** The Town already offers most of these traits and amenities. By evolving its housing portfolio and continuing its placemaking efforts, Addison is well-positioned to appeal to these households.

While new families will consider purchasing resale single-family homes, the emerging supply of townhome-style units is unlikely to meet their preferences.

## Positioning for C-Suite Housing

- *Current corporate decision makers in Addison likely live in the Park Cities due to lower commute time and schools*
- *The Town should provide an appealing environment for these leaders (particularly older execs and/or those without children)*
- *This market has high expectations for the quality and offerings of its housing that is not offered (substantially) at present*

**Takeaways:** This market age and income reflects +/- 9% of the Town's forecasted growth, or 185 units of the 2066 units needed to reach 28%. *This equates to 1-3 high-end developments*



## 7 Wealthiest DFW Suburbs (and best ISD's)

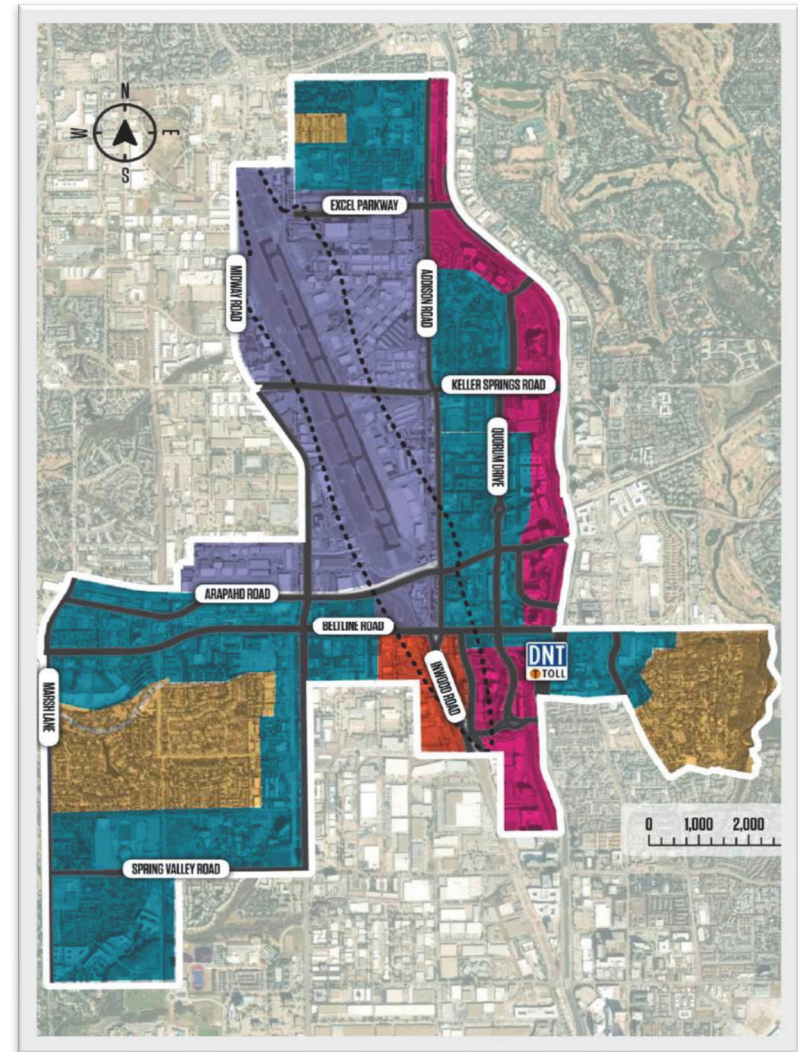
| Municipality    | HH Income | Population |
|-----------------|-----------|------------|
| Westlake        | \$471,768 | 2,000      |
| Highland Park   | \$429,832 | 9,000      |
| University Park | \$381,235 | 26,000     |
| Southlake       | \$360,078 | 32,000     |
| Trophy Club     | \$226,745 | 14,000     |
| Prosper         | \$215,851 | 46,000     |
| Colleyville     | \$196,298 | 26,000     |

## 5. Re-Positioning the Town's Districts

### A. Planning Zones

- *For people to invest in home ownership at higher pricing, the quality of the physical community and amenities is a key point*
- *The Advance Addison 2050 Plan organizes the Town into five types of zones to accomplish this*
- *These “Place Types” identify sub-district goals and specific development intention*

**Takeaways:** This approach provides the Town with a sound planning framework from which to address reinvestment and new development.

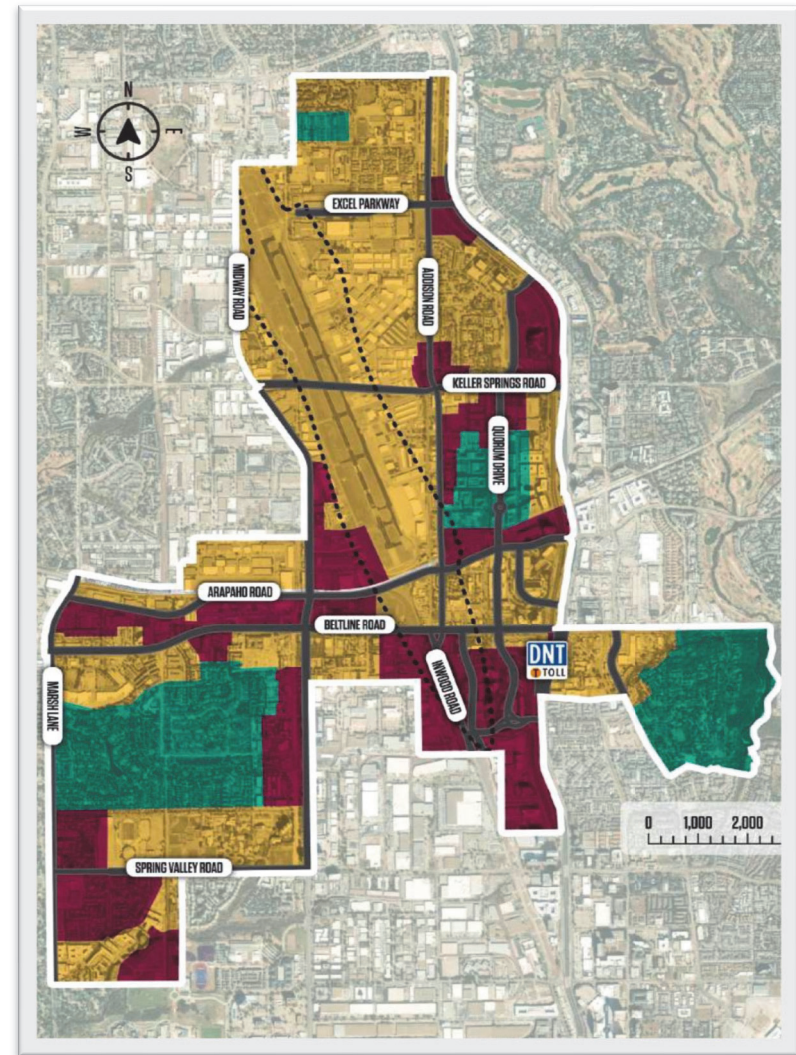


## B. Urban Renovation

- *The Advance Addison 2050 Plan anticipates reinvestment in all 5 zones and identifies subdistricts for preservation (green), enhancement (orange) and redevelopment (red)*

### Takeaways:

- (a) This “Spectrum of Change” approach is well conceived. The market and financial viability of desired housing types should be considered in the redevelopment plans.
- (b) Average \$53.53/sf rate for the Town’s commercial land ensures that traditional single family (which is valued at \$17.82/land sf in Addison) is not viable; denser building types are needed.



## 6. Vetting For-Sale Housing Types

### A. Towers

#### *For Sale Towers*

Locations where high-rise towers are envisioned include Addison Circle, Spectrum, and the Quorum (w/ market comparisons below).

##### Addison-Area Urban For-Sale Comparables:

Aventura: \$323k(1)-\$450k(2)-\$N/A(3)

Bonaventure: \$N/A(1)-\$350k(2)-\$580k(3)

< SF Equivalent (Celestial): \$1.2M(3) >

##### Greater Market Tower For-Sale Comparables:

7901 Windrose (Plano): \$1.45M(2)-\$3.3M(3)

2800 Lakeside (FM): \$1.67M(2)-\$2.39M(3)

Hall Arts (Dallas): \$NA(1)-\$5M(2)-\$5.95M(3)

The House (Victory): \$6.6k(1)-\$7.6k(2)-\$2.4M(3)

Stoneleigh (Uptown): \$N/A(1)-\$4.3M(2)-\$5M(3)

Ritz Carlton (Uptown): \$N/A(1)-\$3.56M(2)-\$N/A(3)

#### *For Lease Towers (for later conversion)*

High-rise for-lease towers have been converted to condominiums over time and should be analyzed for market viability.

##### Addison-Area For-Rent Comparables:

Addison Circle Area: \$1,875(1)-\$5,900(2)

(highest comparable)

< SF Equivalent (Les Lacs): \$3,995(3) >

##### Greater Market Tower For-Rent Comparables:

12 Cowboys (Star): \$3,708(1)-\$7,924(2)-\$13k(3)

Lvl 29 (Legacy): \$2,930(1)-\$3,950(2)-\$14k(3)

Kincaid (Legacy): \$2,461(1)-\$3,900(2)-\$10k(3)

Hanover (UP): \$2,889(1)-\$6,313(2)-\$12k(3)

8111/9 Douglas (UP): \$N/A(1)-\$10,450(2)-\$21k(3)

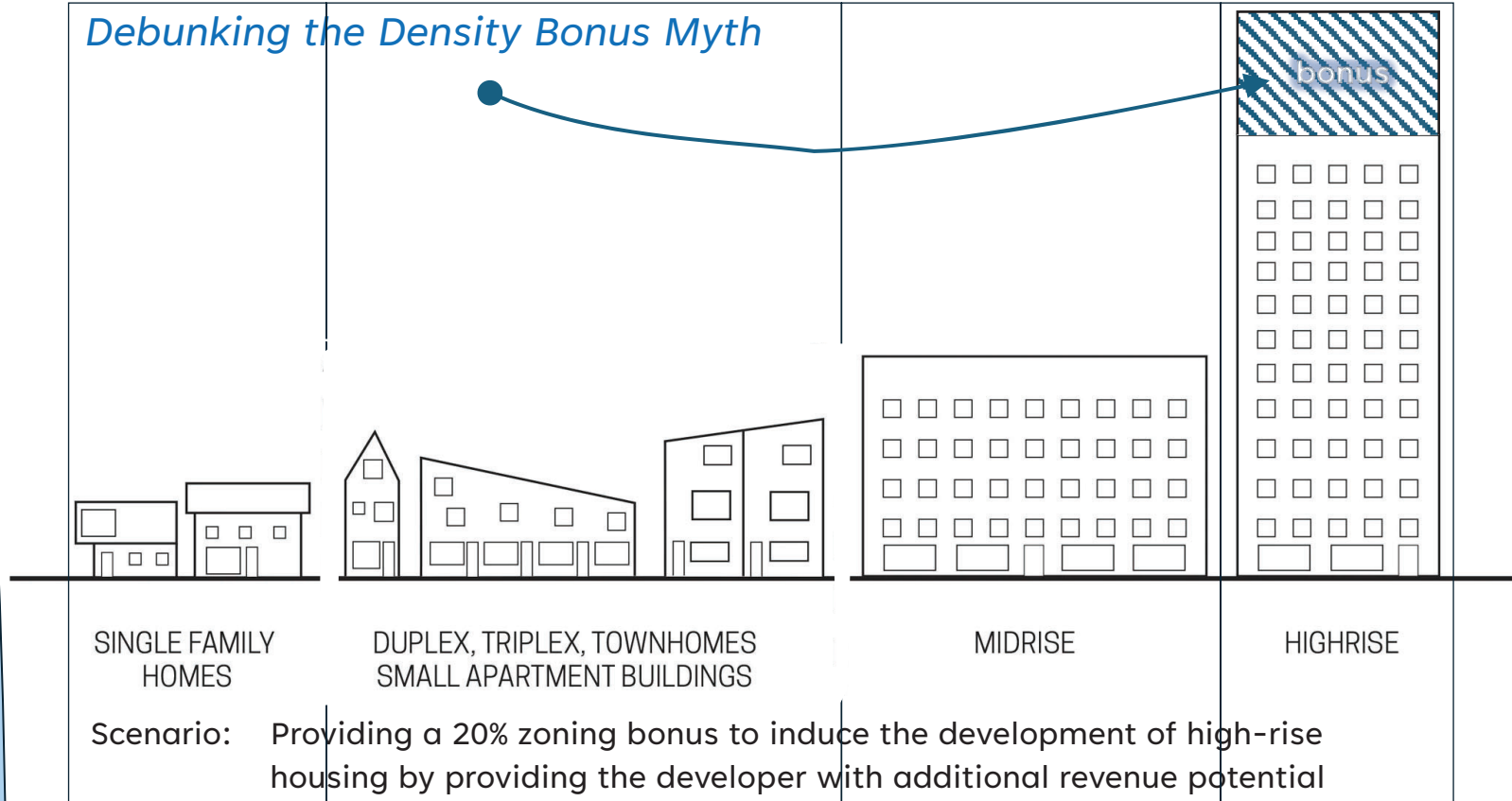
Selene (Uptown): \$3,345(1)-\$6,300(2)-\$24k(3)

#### **Takeaways:**

Current market rates are at least 50% below what is needed to advance high-rise construction

- Less expensive housing types will be the driver because incentives would be too high
- Simultaneously, a strategy is needed to attract higher income households

## Debunking the Density Bonus Myth



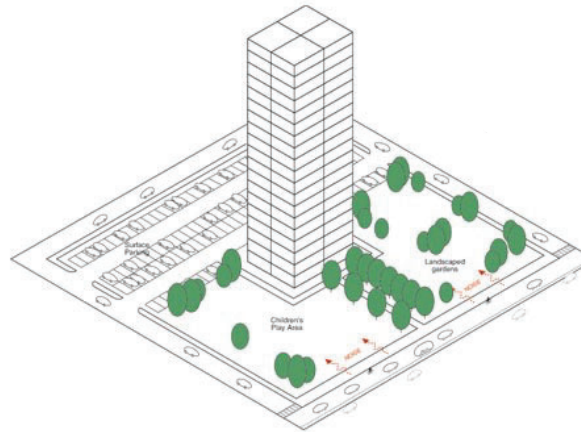
Clarifying the misunderstandings behind this Scenario:

- Unless there is a market for the sales (or lease) pricing needed to justify the development, additional units are irrelevant
- Due to the inherent risk of condominium tower development, programming is generally kept to a smaller unit count than for-lease buildings. Therefore, added density is often irrelevant

## Re-Considering Density

### High-rise

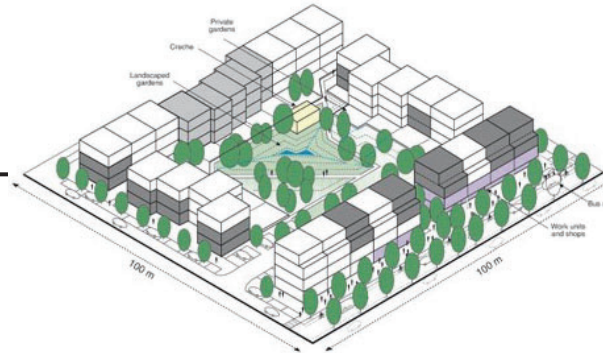
- Most visible/impactful
- Lowest lot coverage
- Highest open area (can risk security issues)
- Least engaging at street
- Commercial land rates



75 units  
2.47 acres  
30 du/acre

### Mid-rise

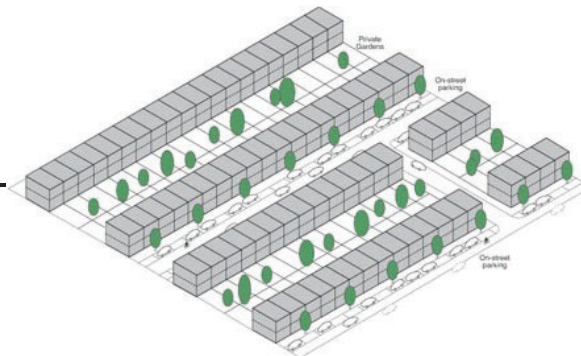
- Medium lot coverage with defined open space
- Interesting street massing and streetscape
- Most “urban” at street
- Commercial land rates



75 units  
2.47 acres  
30 du/acre

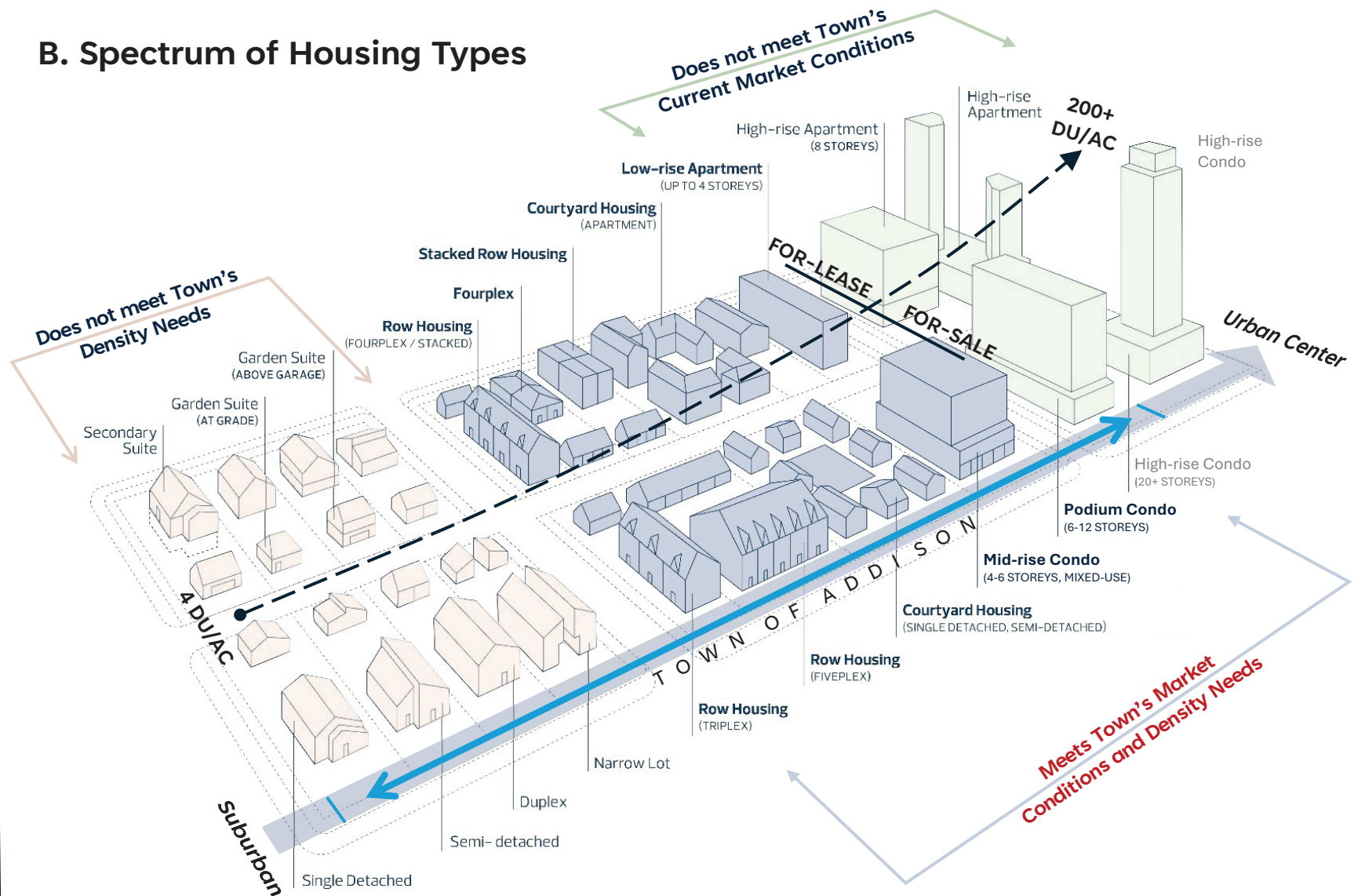
### Low-rise

- Highest lot coverage
- Least greenery, needs parks
- Risks monotony, smaller development better
- Commercial land rates



75 units  
2.47 acres  
30 du/acre

## B. Spectrum of Housing Types



## C. Housing Type Comparison

### Takeaways:

- These housing types are viable but not being built in North Texas
- The Town can explore these to competitively position its presence as a key urban node

| Detached SF     | Lots               | Density      | Nuances           |
|-----------------|--------------------|--------------|-------------------|
| Accessory (ADU) | Smallest <600 sf   | Doubles SF   | Granny Flat       |
| Tiny Home       | Smallest < 1000 sf | 20-50 du/ac  | Avoid groupings   |
| Zero Lot Line * | 20-35' frontage    | 12-16 du/ac  | Need alleys       |
| Pocket Cottage  | Internal lots      | 10-12 du/ac  | Remote parking    |
| Small Lot *     | 35'-60' frontage   | 4-8 du/ac    | Need alleys       |
| Medium Lot *    | 60'-80' lots       | 3-4 du/ac    | Standard          |
| Large Lot *     | 80'-120' lots      | 2-3 du/ac    | Move-Up           |
| Estate          | ½ Acre +           | 1-2 du/ac    | Luxury            |
| Attached SF     | Lots / Sizing      | Density      | Nuances           |
| Duplex (SFA) *  | 24'+ width         | 9-12 du/ac   | Like 2 TH's       |
| Triplex         | 24'+ width         | 10-14 du/ac  | Duplex & ADU      |
| Quadplex        | 24'+ width         | 12-24 du/ac  | Like 2 Duplexes   |
| Townhome *      | 1000-3000 sf       | 12-22 du/ac  | Need alleys       |
| Rowhouse        | 1000-3000 sf       | 12-22 du/ac  | Rear yards        |
| Live-Work       | 1000-3000 sf       | 12-20 du/ac  | Code requirements |
| Mansion House   | 1000-2400 sf       | 15-30 du/ac  | Remote parking    |
| Motor Court     | 1000-2400 sf       | 20 du/ac     | Parking plaza     |
| Bungalow Court  | 800-1500 sf        | 22 du/ac     | Remote parking    |
| Courtyard Homes | 800-1500 sf        | 25-40 du/ac  | Needs alleys      |
| Condo Flat *    | 800-2200 sf        | 30-100 du/ac | Apt conversions   |
| Condo Tower     | 800-2200 sf        | 200 + du/ac  | Parking garage    |

\* Present in Addison

■ Typical in the North Texas market

*Densities that achieve the 28% (without converting more than 50% commercial to residential), and types that carry commercial land values (\$40-60/land sf)*

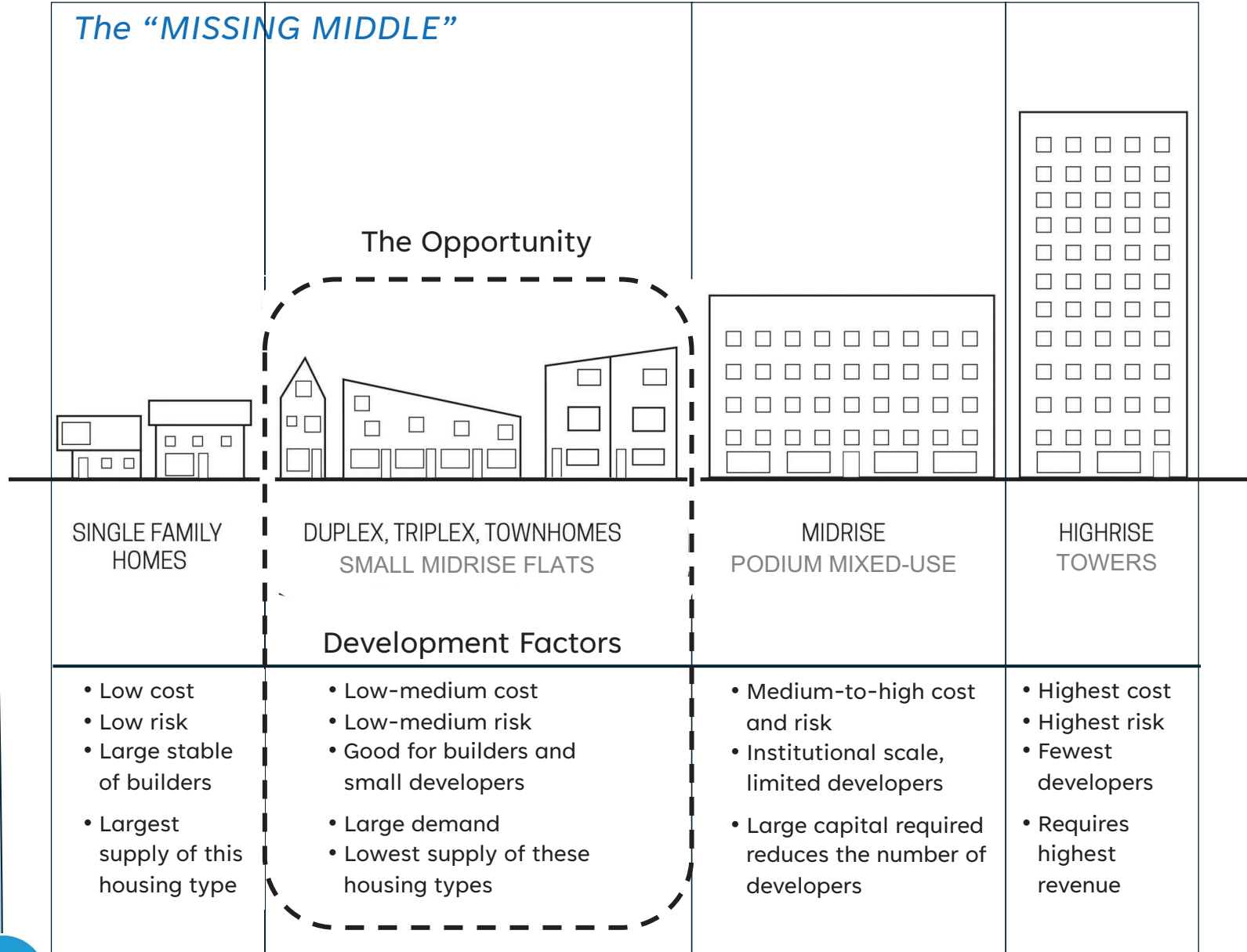
## D. Land Economics (Current Asking vs. Assessed Land Values)

|                                                |                                                                  |
|------------------------------------------------|------------------------------------------------------------------|
| Current Commercial Average Land Value          | \$53.53/sf (current improved)<br>\$19.00/sf (current unimproved) |
| Current Avg. Townhome Assessed Land Value      | \$51.00/sf (15 du/ac)                                            |
| Current Avg. Condo Midrise Assessed Land Value | \$19.50/sf (65 du/ac)                                            |
| Current Avg. Single Family Assessed Land Value | \$17.82/sf ( 3 du/ac)                                            |
| Current Avg. Apartment Assessed Land Value     | \$20.00/sf (70 du/ac)                                            |

### **Takeaways:**

- (i) Densities in the 15-20 du/ac that can be fee simple ownership are within the range needed to pay the price of commercial land in Addison
- (ii) The typical 3-story fee simple townhome does not meet the need of the full market spectrum; other types should be brought into the Town

## The “MISSING MIDDLE”



## Midrise “Urban Flats”



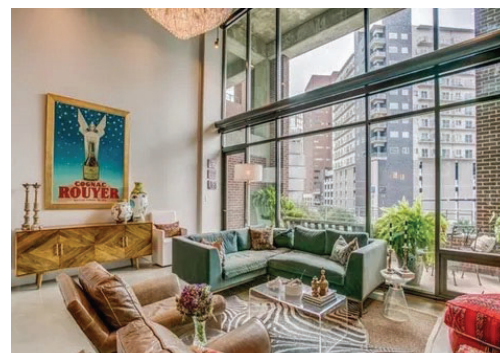
Citations: Aventura Condominiums, realtor.com

### Community Statistics:

#### Midrise 8 level

- Architecturally significant
- Condominium ownership
- Integrated parking structure
- Urban amenities/views
- 60-70 du/ac
- 75' max to top floor
- 2<sup>nd</sup>-tier cost structure

## Midrise “Stacked Townhomes”



Citations: 2011 Cedar Springs Lofts, Xuan-Loc Nguyen, realtor.com

### Community Statistics:

#### 14 level Mini-Tower

- Architecturally significant
- Condominium ownership
- Integrated parking structure
- 2-story units and volume
- 35-45 du/ac
- 75' max to top floor
- 2<sup>nd</sup> tier cost structure

## Townhome/Rowhouse/Zero Lot Lines



### Community Statistics:

#### Townhome 3 level

- Architecturally significant
- Fee simple ownership
- In-line garages
- Alley-fed
- 15-20 du/ac
- Standard product



#### Rowhouse 2 level

- Urban block form
- Fee simple ownership
- Attached garages
- Alley-fed parking
- Backyard options
- 12-18 du/ac



Citations: Opticos Design, Grenadier Homes

#### Zero Lot Townhome

- Urban block form
- Fee simple ownership
- Attached garages
- Private patios
- Alley-fed garages
- Side yard street access
- 10-16 du/ac

## Courtyard, Mansion and Live/Work Homes



### Community Statistics:

#### Courtyard Homes

- Stacked Condos
- 10-25 units, 1-2 bedroom
- 800 to 1100 sf
- 25-40 du/acre



#### "Mansion" House

- Stacked Condos
- 6-12 units, 1-3 bedroom
- 800 to 1300 sf
- 15-30 du/acre



#### Live/Work Building

- Fee-Simple (like TH's)
- 3-4 bed attached homes
- 2200 to 3200 sf
- 12-20 du/acre

Citation: Opticos Design

## Bungalow Court



### Community Statistics:

- Horizontal condominium on 0.4 ac
- Common horizontal amenities
- 1 & 2-bedroom detached homes
- 840 sf to 1160sf homes
- Parking is not attached to every home
- 22 du/acre
- Have stood the test of time over 100 years

Citation: Opticos, Switchgrass Capital

## Pocket Cottage Community



### Community Statistics:

- Horizontal condominium on 2.3 ac
- Common horizontal amenities
- 1, 2 & 3-bedroom detached homes
- 750 sf to 1760 sf homes
- Parking is not attached to homes
- 10-12 du/acre
- Achieving 40% premium over market

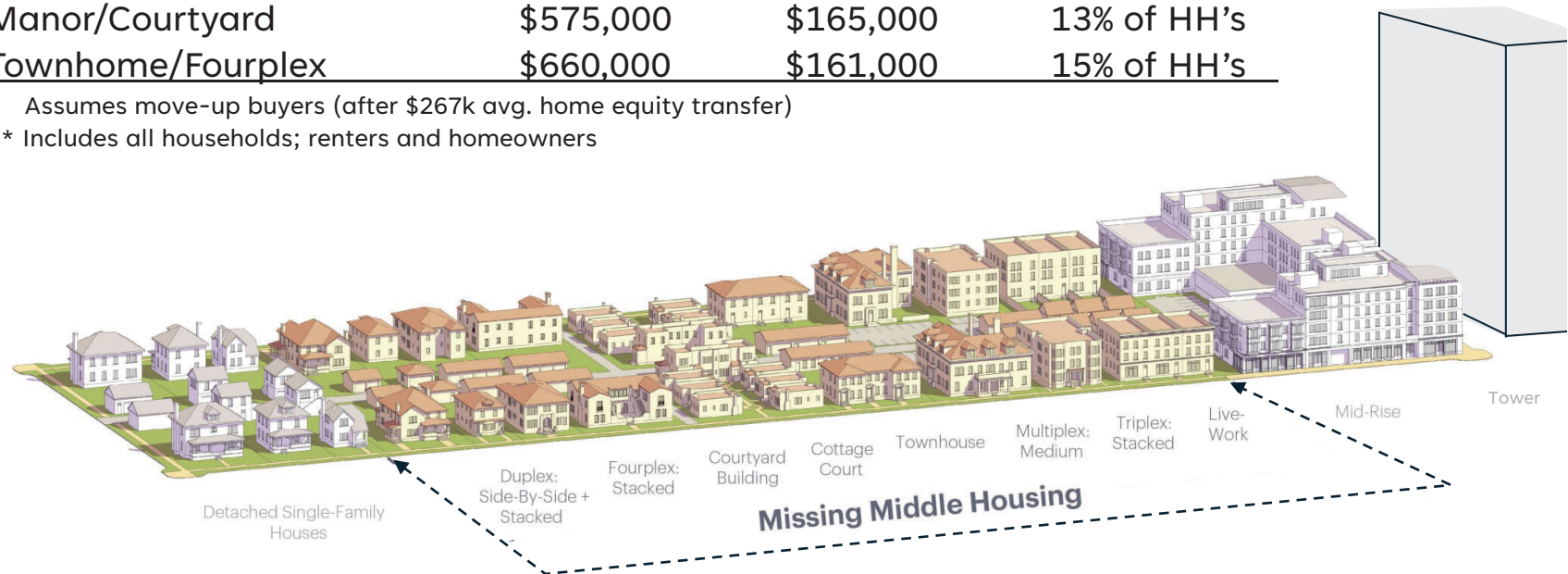


## E. Comparison to Addison's Households

| Housing Type           | Avg. Price | Qualifying Income * | Addison HH's ** |
|------------------------|------------|---------------------|-----------------|
| Condo Midrise          | \$930,000  | \$260,000           | 5% of HH's      |
| Cottage/Bungalow Court | \$883,000  | \$246,000           | 7% of HH's      |
| Duplex/Zero            | \$650,000  | \$177,000           | 12% of HH's     |
| Manor/Courtyard        | \$575,000  | \$165,000           | 13% of HH's     |
| Townhome/Fourplex      | \$660,000  | \$161,000           | 15% of HH's     |

\* Assumes move-up buyers (after \$267k avg. home equity transfer)

\*\* Includes all households; renters and homeowners



### Takeaways:

- (a) These housing types are less expensive to build and have the largest market demand pool, thus carrying less risk for developer to implement
- (b) These factors create more implementing agents (*i.e., builders and developers*)

## 7. Implementation Action Plan

### 1. Prepare Tailored Strategy for Viable Housing Types

Analysis of forecasted growth demographics indicates the Town is positioned for up to **450-500 units over 5-year increments** of new construction tailored to owner-occupied households.

The Town should identify sites for each type including details on assessed value \$/sf land, ownership, and existing use to determine which parcels can be acquired at market rates. Housing types would include:

|                                         |                                                |
|-----------------------------------------|------------------------------------------------|
| • Zero Lot Line and Small Lot homes     | 20-30 units +/- per phase                      |
| • Pocket Cottage Communities            | 20-30 units +/- per phase                      |
| • Duplex (SFA), Triplex and Quads       | 20-30 units +/- per phase                      |
| • Townhomes and Rowhouses               | 30-50 units +/- per phase                      |
| • Mansion House and Live-Work Buildings | 30-50 units +/- per phase                      |
| • Motor and Bungalow Courts             | 30-50 units +/- per phase                      |
| • Courtyard Homes and Condominium Flats | 90-120 units +/- per phase (incentives likely) |
| • Condo Towers                          | 90-120 units +/- per phase (incentives likely) |

### 2. Identify Incentive Tool Kit (if needed) to Induce Key Initial Projects

Given this reflects a change to market paradigm, there will likely be incentives required to “prime” the developer marketplace. This includes fee waivers, infrastructure participation, zoning flexibility, and potential economic development grants.

### 3. Developer Identification and Discussion

The Town would meet with additional developers that have implemented or could implement these housing types and determine those that share the Town’s vision. Once these partners are identified, the Town would work with selected developers to put deals together (in a similar manner that was used in the implementation of both Addison Circle and Vitruvian Park).

# ***Appendix***



## A. Developer Context & Risk Factors by Housing Type

| Owner-Occupied Housing Types -- Development Context |                                                                                                           |  |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------|--|
| Detached Single Family                              |                                                                                                           |  |
| <b>Accessory (ADU)</b>                              |                                                                                                           |  |
| Meets Goal                                          | Minimally, though does double SF lot density                                                              |  |
| Location                                            | Only appropriate as secondary infill                                                                      |  |
| Developers                                          | Typically managed by the existing home owner, so could be a Town incentive policy                         |  |
| Capital                                             | Low risk due to small amounts involved                                                                    |  |
| Legal                                               | Low risk due to small amount of capital and small number of occupants and/or fee simple ownership         |  |
| <b>Tiny Home</b>                                    |                                                                                                           |  |
| Meets Goal                                          | Minimally, though if used on existing lots would double SF lot density                                    |  |
| Location                                            | Only appropriate as secondary infill                                                                      |  |
| Developers                                          | On existing lots would be small builders within large pool, otherwise managed through existing owner      |  |
| Capital                                             | Low risk due to small amounts involved                                                                    |  |
| Legal                                               | Low risk due to small amount of capital and small number of occupants and/or fee simple ownership         |  |
| <b>Zero Lot</b>                                     |                                                                                                           |  |
| Meets Goal                                          | Somewhat meets policy goal if developed in larger format                                                  |  |
| Location                                            | Could be a good replacement for outdated commercial/industrial uses; alleys required                      |  |
| Developers                                          | Home developers / builders within larger pool to select from                                              |  |
| Capital                                             | Low risk due to smaller amounts involved                                                                  |  |
| Legal                                               | If executed on fee simple, low risk. If done as horizontal condominium, moderate risk due to #'s involved |  |
| <b>Small Lot</b>                                    |                                                                                                           |  |
| Meets Goal                                          | Somewhat meets policy goal if developed in larger format                                                  |  |
| Location                                            | Could be a good replacement for outdated commercial/industrial uses; alleys required                      |  |
| Developers                                          | Home developers / builders within larger pool to select from                                              |  |
| Capital                                             | Low risk due to smaller amounts involved                                                                  |  |
| Legal                                               | As these are fee simple ownership, low risk                                                               |  |
| <b>Medium Lot</b>                                   |                                                                                                           |  |
| Meets Goal                                          | Does not meet policy goals due to low density                                                             |  |
| Location                                            | These would likely involve replacement/upgrade to existing homes                                          |  |
| Developers                                          | Home developers / builders within larger pool to select from                                              |  |
| Capital                                             | Low risk due to smaller amounts involved                                                                  |  |
| Legal                                               | As these are fee simple ownership, low risk                                                               |  |
| <b>Large Lot</b>                                    |                                                                                                           |  |
| Meets Goal                                          | Does not meet policy goals due to low density                                                             |  |
| Location                                            | These would likely involve replacement/upgrade to existing homes                                          |  |
| Developers                                          | Home developers / builders within larger pool to select from                                              |  |
| Capital                                             | Low risk due to smaller amounts involved                                                                  |  |
| Legal                                               | As these are fee simple ownership, low risk                                                               |  |
| <b>Estate Lot</b>                                   |                                                                                                           |  |
| Meets Goal                                          | Does not meet policy goals due to low density                                                             |  |
| Location                                            | These would likely involve replacement and lot assembly of existing homes                                 |  |
| Developers                                          | Higher quality expectations would reduce the developer / builder pool                                     |  |
| Capital                                             | Lower risk due to medium amounts involved                                                                 |  |
| Legal                                               | As these are fee simple ownership, low risk                                                               |  |

| Owner-Occupied Housing Types -- Development Context |                                                                                                   |  |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------|--|
| Attached Single Family                              |                                                                                                   |  |
| <b>Duplex / SFA</b>                                 |                                                                                                   |  |
| Meets Goal                                          | Somewhat meets policy goal if developed in larger format                                          |  |
| Location                                            | Provides opportunity in smaller infill zones                                                      |  |
| Developers                                          | Home developers / builders within larger pool to select from                                      |  |
| Capital                                             | Low risk due to small amounts involved                                                            |  |
| Legal                                               | If executed on fee simple basis, low risk                                                         |  |
| <b>Triplex &amp; Quads</b>                          |                                                                                                   |  |
| Meets Goal                                          | Meets goals due to medium density                                                                 |  |
| Location                                            | Provides opportunity combined with other types to replace outdated commercial/industrial          |  |
| Developers                                          | As these are not typical products in our market, would need to market to townhome/SFA builders    |  |
| Capital                                             | Low risk due to small amounts involved                                                            |  |
| Legal                                               | If vertically integrated, higher risk due to condominium/HOA structure                            |  |
| <b>Townhomes, Rowhouses &amp; Live/Work Flats</b>   |                                                                                                   |  |
| Meets Goal                                          | Meets goals due to medium density                                                                 |  |
| Location                                            | Could be a good replacement for outdated commercial/industrial uses; alleys required              |  |
| Developers                                          | Opportunity to market to larger home builder market; smaller pool of institutional developers     |  |
| Capital                                             | Medium to high risk for smaller builders                                                          |  |
| Legal                                               | If executed on fee simple basis, low risk. If done as horizontal condo, higher risk               |  |
| <b>Live-Work</b>                                    |                                                                                                   |  |
| Meets Goal                                          | Meets goals due to medium density                                                                 |  |
| Location                                            | Could be a good replacement for outdated commercial/industrial uses; alleys required              |  |
| Developers                                          | Opportunity to market to larger home builder market; smaller pool of institutional developers     |  |
| Capital                                             | Medium to high risk for smaller builders                                                          |  |
| Legal                                               | If executed on fee simple basis, low risk. If done as horizontal condo, higher risk               |  |
| <b>Mansion House, Motor and Bungalow Court</b>      |                                                                                                   |  |
| Meets Goal                                          | Meets goals due to medium density                                                                 |  |
| Location                                            | Could be a good replacement for outdated commercial/industrial uses; alleys required              |  |
| Developers                                          | Being non-typical products in our market, would need to market to smaller apartment developers    |  |
| Capital                                             | Medium risk for institutional developers                                                          |  |
| Legal                                               | Higher risk due to condominium format. Need umbrella wrap policy.                                 |  |
| <b>Courtyard and Condo Flats</b>                    |                                                                                                   |  |
| Meets Goal                                          | Meets goals due to higher density                                                                 |  |
| Location                                            | Needs to be in walkable, amenitized mixed-use zone near employment                                |  |
| Developers                                          | Being non-typical products in our market, would need to build interest in product with developers |  |
| Capital                                             | Medium risk for institutional developers                                                          |  |
| Legal                                               | Higher risk due to condominium format. Need umbrella wrap policy.                                 |  |
| <b>Condo Tower</b>                                  |                                                                                                   |  |
| Meets Goal                                          | Meets goals due to high density                                                                   |  |
| Location                                            | Needs to be in walkable, amenitized mixed-use zone near employment                                |  |
| Developers                                          | Few developers sized to handle these projects                                                     |  |
| Capital                                             | High risk due to high cost                                                                        |  |
| Legal                                               | High risk due to condo format.                                                                    |  |

## *B. Developer Risk Factors*

### **1. Tort Risk**

Previously, a condominium regime risked on-going liability to the developer. State legislature amended the Texas Property Code in 2015 and greatly reduced this risk.

- **Texas Property Code Section 82.119** requires a condominium association with eight or more units to conduct a licensed professional engineer's inspection and obtain a report on construction or design defects before filing a lawsuit or arbitration, along with requiring notice to potential parties, and seeking owner approval for the claim. The implications are increased upfront costs, a longer process for associations to pursue claims, and reduced legal risk for developers by making it harder for associations to sue for construction issues.
- **Texas Property Code Section 82.120** allows a condominium declaration to require binding arbitration for certain construction or design defect claims. The primary implication is that it can prevent expensive and time-consuming litigation by forcing disputes into the arbitration process. This affects the rights of condominium associations, unit owners, and developers.

With these sections in place, condominium construction defects are now generally governed by the Statute of Repose for a 10-year period. As this is the case for other residential development types, this is an industry-wide condition.

➤ **How the Town may assist** – This is not needed due to the State's legislative action.

Source: Jeanne Katz, shareholder and co-chair of the planned community, mixed-use and condominium practice group for the Winstead law firm in Dallas, Texas

## *B. Developer Risk Factors*

### **2. Market Risk**

Texas home ownership culture has believed owning a home and its land to be preferable to owning a residence within a building. This has changed, and condo towers are being built in key locations, but they continue to be a very small segment of the market.

The developer must put a compelling project together that overcomes these tendencies through the following:

- Market research -- Define what type of design, unit layout and sizing is market viable
  - Manageable scale – Limit number of units (<200) to avoid a protracted pre-sales process
  - Experienced design team – Only work with condo-experienced architects and engineers
  - Desirable site – Locate near urban amenities and civic resources
  - Well-conceived condo docs – Ensure proper maintenance and procedures for ongoing regime
- **How the Town may assist** – Most of these items are within the normal purview of the developer. However, the Town can proactively identify good sites that meet the criteria mentioned, orchestrate other redevelopment that strengthens these sites, and provide access to amenities (fitness center for instance), etc.

Source: Jeanne Katz, shareholder and co-chair of the planned community, mixed-use and condominium practice group for the Winstead law firm in Dallas, Texas

## *B. Developer Risk Factors*

### **3. Development Risk**

The successful investment return of a condominium tower is when all units are sold with profit. Risks to this outcome include the following concepts with related mitigation measures.

- **Schedule delays** – When the development schedule is delayed the developer incurs cost and greater risk. Mitigation: Make sure public improvements do not delay the project
- **Faulty construction**– This leads to time delays, problems with initial sales, and on-going brand challenges. To mitigate this, the developer must engage a qualified general contractor and ensure the key subcontracting trade partners are equally well qualified.
- **Bonding and insurance** -- The developer should ensure there is a payment and performance for the contractor. The developer should ensure there is a CSIP insurance policy (Contractor Controlled Insurance Program (CCIP) in place to provide wrap-up insurance where the contractor sponsors and manages a single insurance policy for a construction project, bundling workers' compensation, general liability, and other coverages for all participating parties.
- **Buyer commitment** – The developer should have a stout deposit program whereby the resident puts down a minimum of 20% of the cost of the unit. This helps ensure the residents maintain their commitment when it is time to turn over their unit.
- **Cost mitigation** – Cost is one of the largest risk factors the developer faces due to the sales price of units being set. Therefore, it is important the developer puts a well-researched and vetted budget together and looks for ways to save cost along the way.

Source: Jeanne Katz, shareholder and co-chair of the planned community, mixed-use and condominium practice group for the Winstead law firm in Dallas, Texas

## *C. Developer Risk Mitigation Measures*

- **How the Town may assist** – The Town can reduce development risk through cost reductions in multiple ways:
  - Land -- If the Town owns property in positive locations for condo tower development, it can sell the land at lower-than-market pricing as an inducement
  - Tax abatement and incentives – While this does not help the developer, it does reduce the condominium association cost thereby making it more competitive in the condo marketplace. This can apply to the property tax as well as taxes on professional services associated with the ongoing maintenance of the property.
  - Fast-track entitlement and permitting – This helps speed up the development schedule and reduces related cost beyond current ordinance
  - Fee abatement – This reduces the development cost and can be used as part of an inducement package
  - Economic development grants – The Town could form a public/private partnership with a developer to help bring development cost down on specific development in locations that would make the greatest market impact.

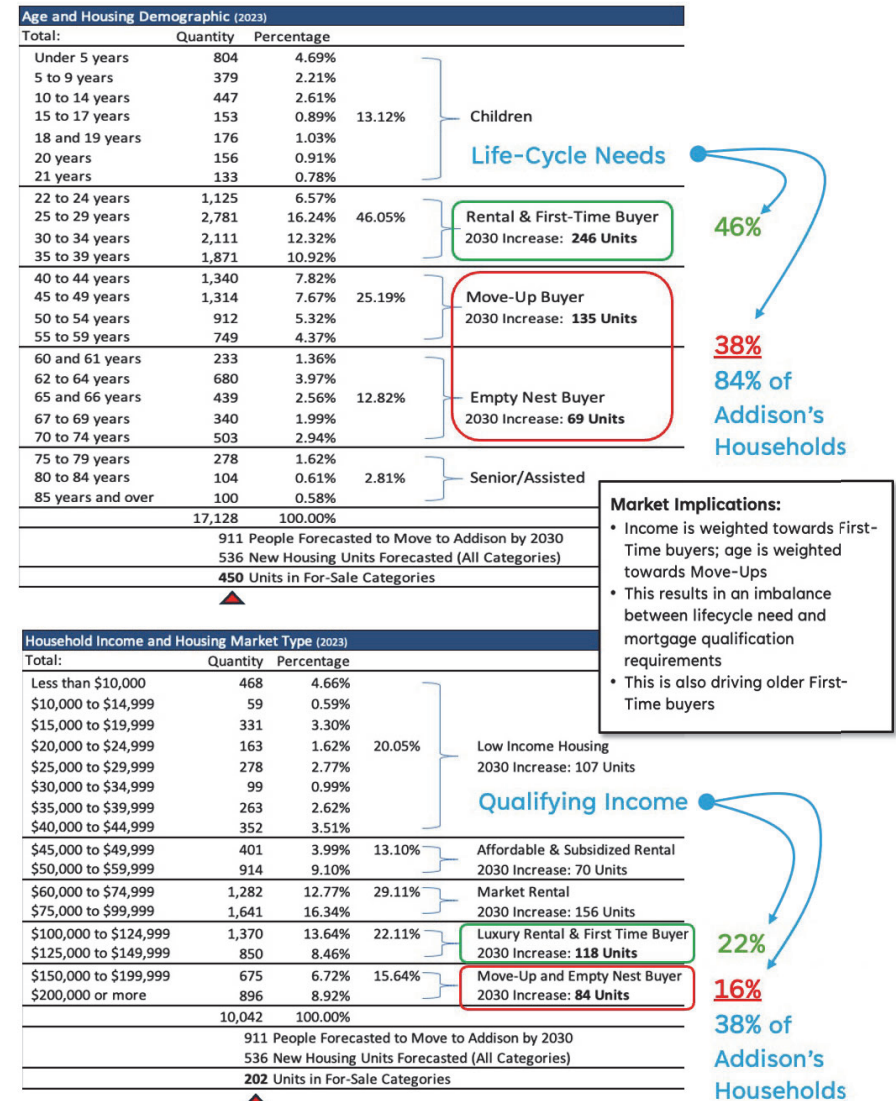
Source: Jeanne Katz, shareholder and co-chair of the planned community, mixed-use and condominium practice group for the Winstead law firm in Dallas, Texas

## D. Programming Forecast

- Despite the market imbalance for condominium towers, there is market demand to increase for-sale households within the Town
- It is forecasted there will be **+/-200 new households** that can *qualify* for the purchase of new residences in Addison through 2030
- Total need is forecasted to be 450 new for-sale residences over this time regardless of income qualification

**Takeaway:** The Town can undertake a proactive economic development strategy to target the development of missing housing types in the broader area that will induce market interest and expand its economic demographic segments.

## Age vs. Income – Comparison of Qualifying Types



Citation: U.S. Census Bureau (2023). American Community Survey 5-year estimates

## E. Family Household Marketplace: *Analysis of Nearby K-12 Schools (10 min drive)*

### Public Schools:

- ❖ DISD – (**#50** in DFW)
  - Accountability Rating B / Average SAT 1080
  - Average teacher salary: \$58.8k, 9.9 yrs experience
- Carrollton/Farmers Branch – (**#36** in DFW)
  - Accountability Rating B / Average SAT 972
  - Average teacher salary: \$61.4k, 9.2 yrs experience
- *The Town's public school ratings are lower than those of its nearby competition:*
- Frisco ISD – (**#8** in DFW)
  - Accountability Rating A / Average SAT 1156
  - Avg. teacher salary: \$62.7k, 10.5 yrs experience
- Highland Park ISD – (**#10** in DFW)
  - Accountability Rating A / Average SAT 1300
  - Average teacher salary: \$66k, 13.6 yrs experience
- Plano ISD – (**#15** in DFW)
  - Accountability Rating B / Average SAT 1290
  - Average teacher salary: \$61k, 10.9 yrs experience
- Richardson ISD – (**#23** in DFW)
  - Accountability Rating B / Average SAT 1167
  - Average teacher salary: \$58.6k, 9.8 yrs experience

### Private Schools:

- ❖ Greenhill School -- (**#2** in DFW)
  - (K-12, 16:1) 1322 students / Avg SAT 1410
  - Acceptance rate (25%), Cost \$41k
  - Using capture of 25%, +/- 38 students could be admitted annually from Addison
- Westwood School -- (**#5** in DFW)
  - (K-12, 7:1) 293 students / Avg SAT 1290
  - Acceptance (25%), cost \$25k
  - Using capture of 25%, +/- 15 students could be admitted annually from Addison
- Trinity Christian -- (**#6** in DFW)
  - (K-12, 20:1) 1401 students / Avg SAT 1350
  - Acceptance rate (50%), cost \$28k
  - Using capture of 25%, +/- 36 students could be admitted annually from Addison
- Prince of Peace -- (**#18** in DFW)
  - (K-12, 12:1) 760 students / Avg SAT 1210
  - Acceptance rate (85%), cost \$21k
  - Using capture of 25%, +/- 12 students could be admitted annually from Addison
- *101 students annually = 52 HHs / 36 white collar jobs / 12k sf office space*