Part Three: The Plan Elements

Section Seven: The Housing Plan

INTRODUCTION

It is noted in the Economic Development Plan to follow that broadening housing choices and neighborhood amenities would make Westlake a more attractive location for the nation's top employers, which will, in turn, drive demand for high-quality, high-value housing options. With total non-residential entitlements in place approaching 25 million square feet, it is critical that Westlake position itself as a premier destination for employers to ensure a sustainable future and preserve the value that exists in the area. Solana is a picture of what happens in a community that attracts corporate locations. Those corporate locations move on leaving behind specialized building plates that are difficult to adapt to a speculative market. Therefore, Westlake must make sure that it is on top of its game in terms of retention and lifestyle offerings or the changing landscape, as a result of abundant entitlement, will leave corporate centers wanting for the environmental assets they saw at the outset. Among the key Plans (including the Economic Development Plan, Land Use Plan, Thoroughfare Plan, and Open Space Plan) to attracting and retaining the region's top employers is the Housing Plan.

Current Westlake Housing Offerings

Currently, Westlake generally offers one type of housing product: large lot or acreage home sites in communities that generally attract affluent mature professional households, which are drawn to Westlake's pastoral setting, high-quality schools, and amenities. With a significant amount of commercial space planned for the area, along with strong access to existing employment centers, market forces will enhance Westlake's appeal to a more diverse set of households, leading to market opportunities for a wider variety of housing options. It is not that Westlake must offer a residential product for every budget and household type (lower priced product and rental products can be offered in communities that have transportation connections to Westlake), but a wider spectrum of high-quality housing types will broaden the appeal of Westlake for executive decision-makers as well as the talent they seek, many of whom command high compensation but have varying housing needs and purchase motivations. If the Town is unable to offer products besides those currently available, surrounding areas could secure the highest quality employers, and with them, more affluent households.

It can be said that the "quasi-rural estate" house type that prevails in Westlake speaks to its position as a quiet Township on the edge of the urban outreach of Dallas and Fort Worth. However, with continued rapid growth of the SH 114 corridor and the magnitude of non-residential entitlement currently held within the Planned Developments, Westlake's current "edge" condition will transform to one that is more centrally located. Therefore, the question is whether the Town can maintain the benefits of its edge character in the midst of inevitable growth. Key to this is to protect the current residential portions of Westlake by proper transition to the non-residential portions through higher priced housing options that preserve the sub-market that Westlake possesses and attract higher value non-residential development (also important to the preservation of residential value). This Housing Plan seeks to accomplish value preservation through coherent sub-market definition and land use transition.

Figure 151 illustrates the distribution of residential entitlement and zoning within the Town of Westlake as of August 2014. Note that there is a diversity of housing product permitted by current entitlement/zoning with no specification of price point. Further, the pattern of distribution is fairly random, raising the potential for land use conflict between residential and non-residential development. Such land use conflicts (in situations where the residential use is not apart of a "mixed-use" designation) weakens both the value of the non-residential development and the residential development as well as the desirability of Westlake as a location for higher end residential product. It is likely that residential use close to the freeway (such as the 6,000 sf lots in PD-3) will not be able to command the price that PD 3-1 (Vaquero Estates) commands. This begins a potential trend of broad price diversification. The current random distribution of product type and price point must be encouraged to redefine itself as coherent pattern of sub-market communities that transition toward the non-residential uses, which is the intent of this Housing Plan.

Metroplex Executive Housing Corridors

In the past 30 years, executive housing

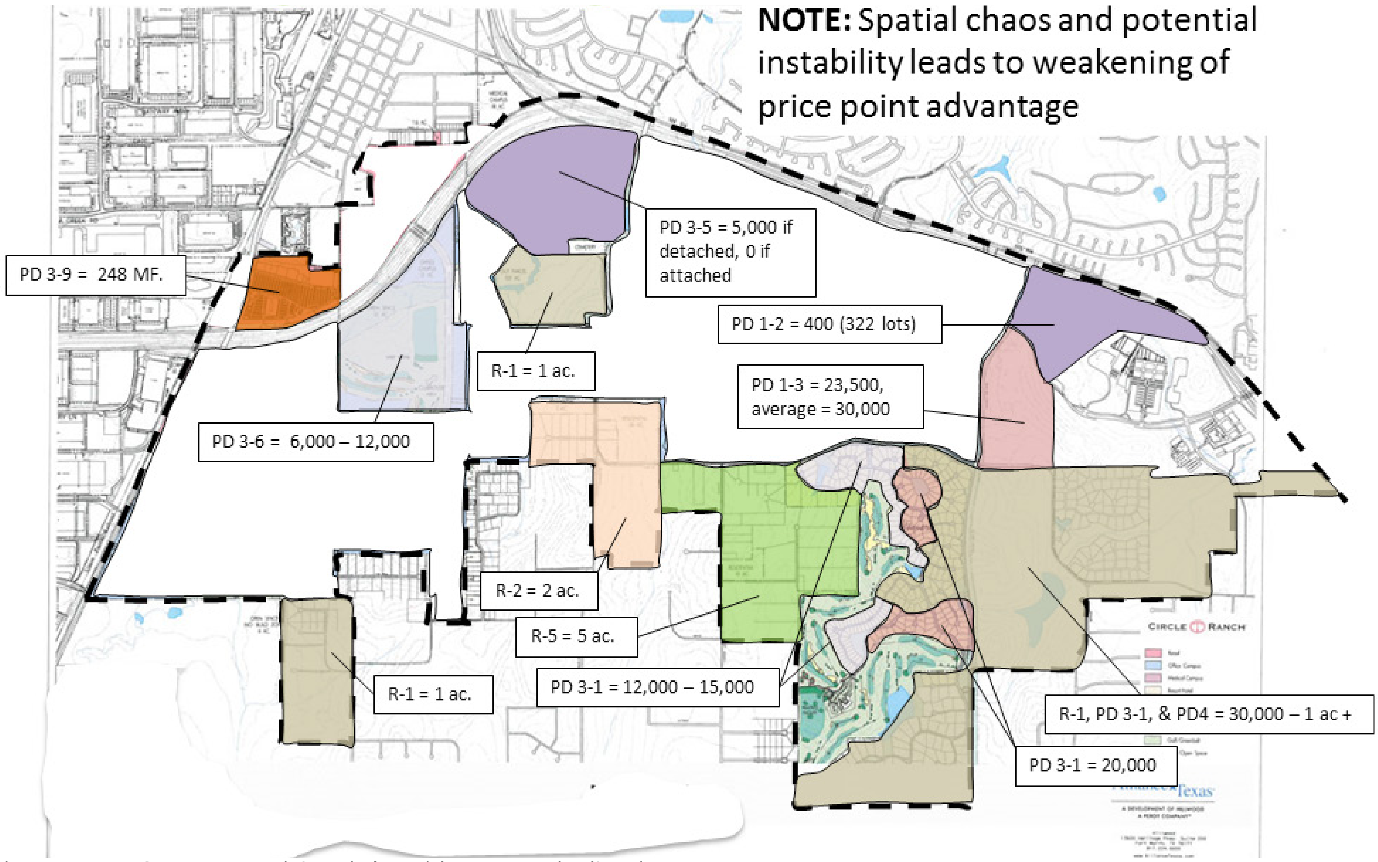


Figure 151: Current Residential Entitlement Distribution

corridors have emerged outside of Loop 635. The area north of Loop 635 along the Dallas North Tollway represents the most robust growth corridor, garnering a large share of executive household growth over the last three decades. The SH 114 corridor northwest of DFW airport including Southlake, Trophy Club, and Westlake, represents another strong executive housing concentration. The area's strong schools and access to employment located along SH 114 will continue to draw affluent households to the area. Likewise, additional employers will likely be drawn to the area as the concentration of executive households continues to grow and as housing options that appeal to a variety of household types and lifestyles, critical to attracting the best employers, evolve.

Currently, Westlake attracts executive households largely between the ages of 35 and 64, accounting for 87% of households earning over $200,000 within a 15-minute drive of Westlake Town Hall. About 3% of these affluent households are between the ages of 25 and 34, and 10% are over the age of 65. Other executive housing corridors throughout the Metroplex feature affluent households across a wider range of ages. For instance, 6% of Plano's affluent households, and 10% of Las Colinas' affluent households are between the ages of 25 and 34, many of whom may aspire for the large home on a large lot but may currently require a home more accommodating to their life stage and lifestyle. These are future "move-up" buyers in Westlake that the area currently does not attract.

In addition to younger households, other executive housing corridors also feature a larger share of affluent retirees with 21% of affluent Las Colinas households and

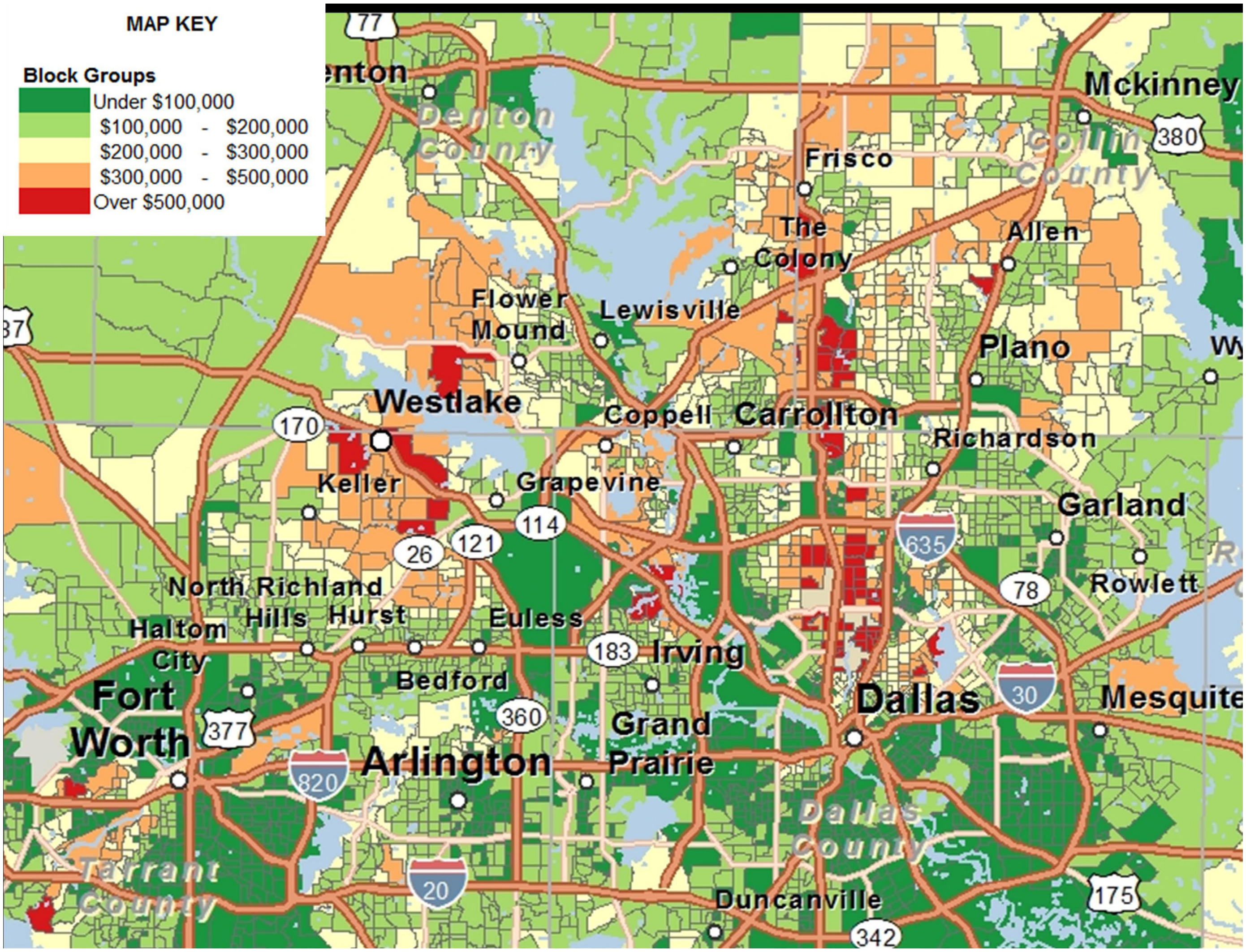


Figure 152: Median Home Value by Block Group: Dallas-Fort Worth Metroplex Source: ESRI

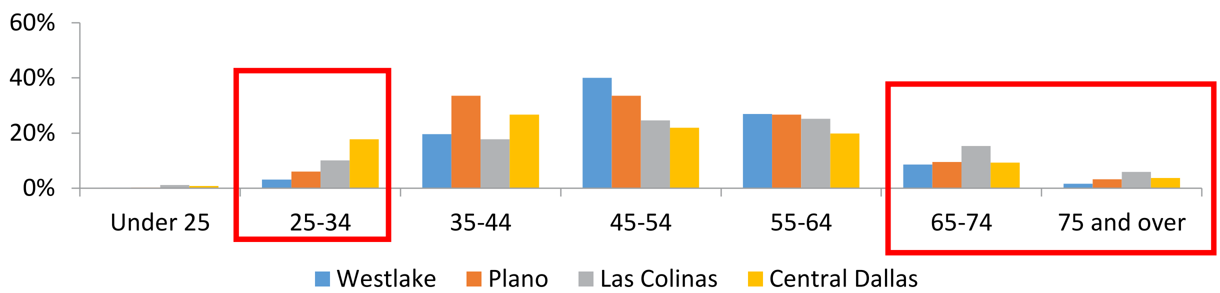


Figure 153: Households Earning Over $200K by Age: Dallas Executive Housing Corridors Source ESRI

13% of Plano households over the age of 65. Westlake currently contains only about 17 of these households according to 2013 data from ESRI Business Analyst. The introduction of product types appealing to older households will allow Westlake's current mature professionals and empty-nesters to remain in the community and downsize to a more suitable product; perhaps a product that is lower maintenance but not lower quality.

	LAS COLINAS	CENTRAL DALLAS	PLANO	WESTLAKE / SOUTHLAKE
Core Type	Mixed-Use	Urban	Suburban	Suburban
Office Space in Job Center	19,785,061	35,252,624	14,061,579	2,546,644
Office Space within 20-Minute Drive	52,073,148	120,581,282	64,558,330	8,750,865
Office Space per HH within 20-Minute Drive	481	498	260	158
Product Types Over $500K				
Acreage SFD		X	X	X
Small-Lot SFD	X	X	X	X
Townhomes	X	X		X
Condominiums	X	X		
Home Size Range (SF)	2,373 – 7,478	1,133 – 29,196	3,130 – 14,500	1,574 – 15,458
Average Home Size (SF)	4,609	4,979	5,381	5,285
Average Price per Square Foot	$190	$359	$178	$204

Figure 154: Office Space and Housing Correlation in North Texas Cities

Overall, Westlake's quality of life will appeal to a variety of affluent market segments currently not present in the area. The Town's strong access to SH 114, appealing site aesthetics, and open space are already major draws. The addition of employment and supporting retail uses will help attract affluent young professional and retiree households seeking a more mixed-use environment. The level and quality of these offerings will determine what share of high-earning households Westlake will capture (or lose to communities offering more mixed-use settings).

New Home Demand Summary

The majority of Northeast Tarrant County's new housing demand is concentrated at prices below $750,000. While this area contains almost 14,000 households earning over $200,000, Westlake is capturing a small portion of this demand because it offers predominantly large-lot products that appeal only to a certain type of buyer. The inclusion of more product types will allow Westlake to capture more of these affluent households, and, thus, higher-quality employers. Employee housing priced under $750,000 (or higher) can be accommodated in areas outside of Westlake.

In particular, Westlake's quality of life will appeal to affluent households without children encompassing 57% of total demand for homes over $500,000 north of Southlake Boulevard. These households will be more motivated by Westlake's strong access, site aesthetics, and access to employment and retail when compared to households with children, who are largely motivated by the presence of Westlake Academy.

Young professionals and young families, classified as households age 25 to 34, will generate annual demand for more than 15 new homes priced over $1 million in the area north of Southlake Boulevard. According to the U.S. Census, Westlake currently contains just three affluent households between the ages of 25 and 34. Retirees will be another large source

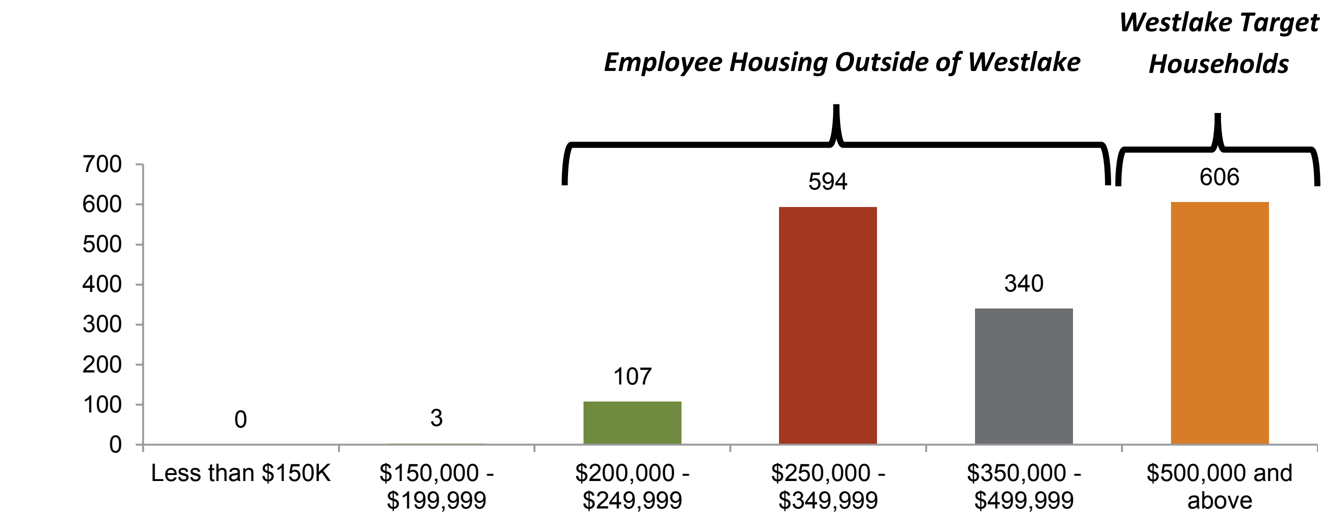


Figure 155: Annual New Home Demand Northeast Fort Worth Sub-markets: 2015 – 2030
Source: ESRI, Metro Study, RCLCO

	HOUSEHOLDS WITH CHILDREN				HOUSEHOLDS WITHOUT CHILDREN			
	YOUNG FAMILIES	MATURE PROFESSIONALS	EMPTY NESTERS	RETIREES	YOUNG FAMILIES	MATURE PROFESSIONALS	EMPTY NESTERS	RETIREES
% of Total Market over $500K	16%	24%	2%	1%	9%	15%	14%	19%
Achievable Sales								
$500K-$750K	53	78	6	2	30	49	45	61
$750K-$1M	19	28	2	1	11	18	16	22
$1M+	18	27	2	1	11	17	16	21
TOTAL: NE Fort Worth Submarket	90	134	10	4	52	84	78	105
NORTH OF SOUTHLAKE BLVD TOTAL	45	67	5	2	26	42	39	52
Purchase Motivations								
Access to 114	X	X	X	X	X	X	X	X
Appealing site aesthetics	X	X	X	X	X	X	X	X
Proximity to retail and entertainment			X	X	X	X	X	X
Mixed-use environment, urban feel					X	X	X	
Westlake Academy	X	X						
Open space	X	X	X	X		X	X	X

Figure 156: Annual New Home Demand Summary, Northeast Fort Worth Sub-market, Homes Priced Over $500K Source: US Census, RCLCO

with demand for more than 11 homes per year over $1 million. With just 17 current affluent retiree households in Westlake, the area is likely to see a strong increase in households over age 65 as commercial uses are added and mature professional households age in place.

The market trends noted above establish that emerging market conditions in Westlake will include demand for more diversified housing options, and the inclusion of a variety of housing types will allow Westlake to preserve the Town's value, attract younger buyers, meet the future housing needs of an aging population, and mitigate value encroachment. Current entitlements allow for more than 2,000 single-family residential units and 330 multi-family residences, which establish that zoning is in place to allow more diversified housing options. Although

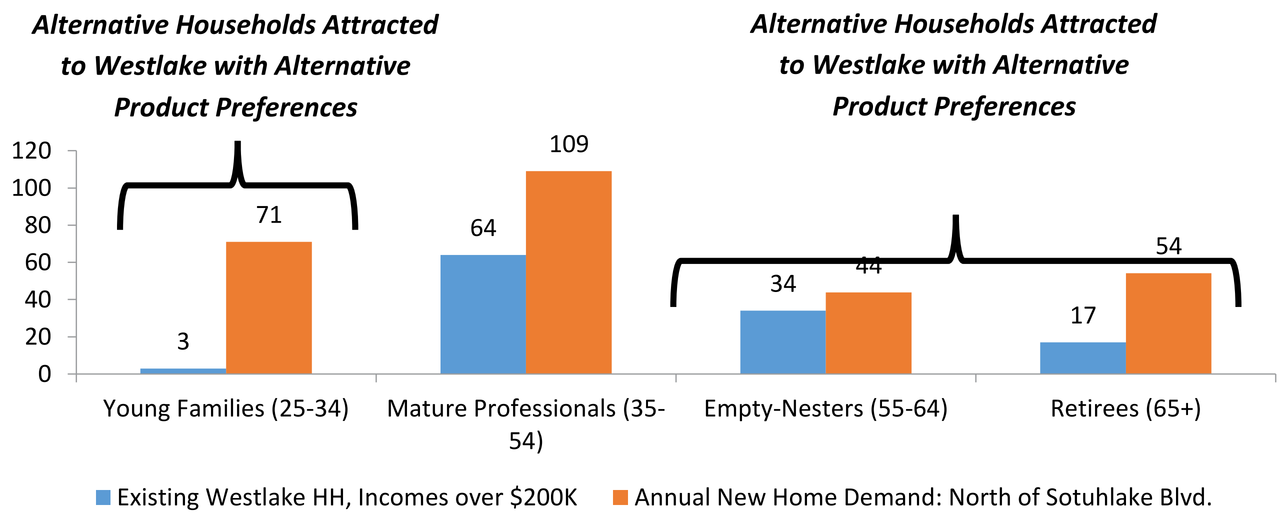


Figure 157: Existing Westlake Households and Annual New Home Demand: Incomes Over $200K, Homes Priced Over $500K Source: ESRI, Metro Study, RCLCO

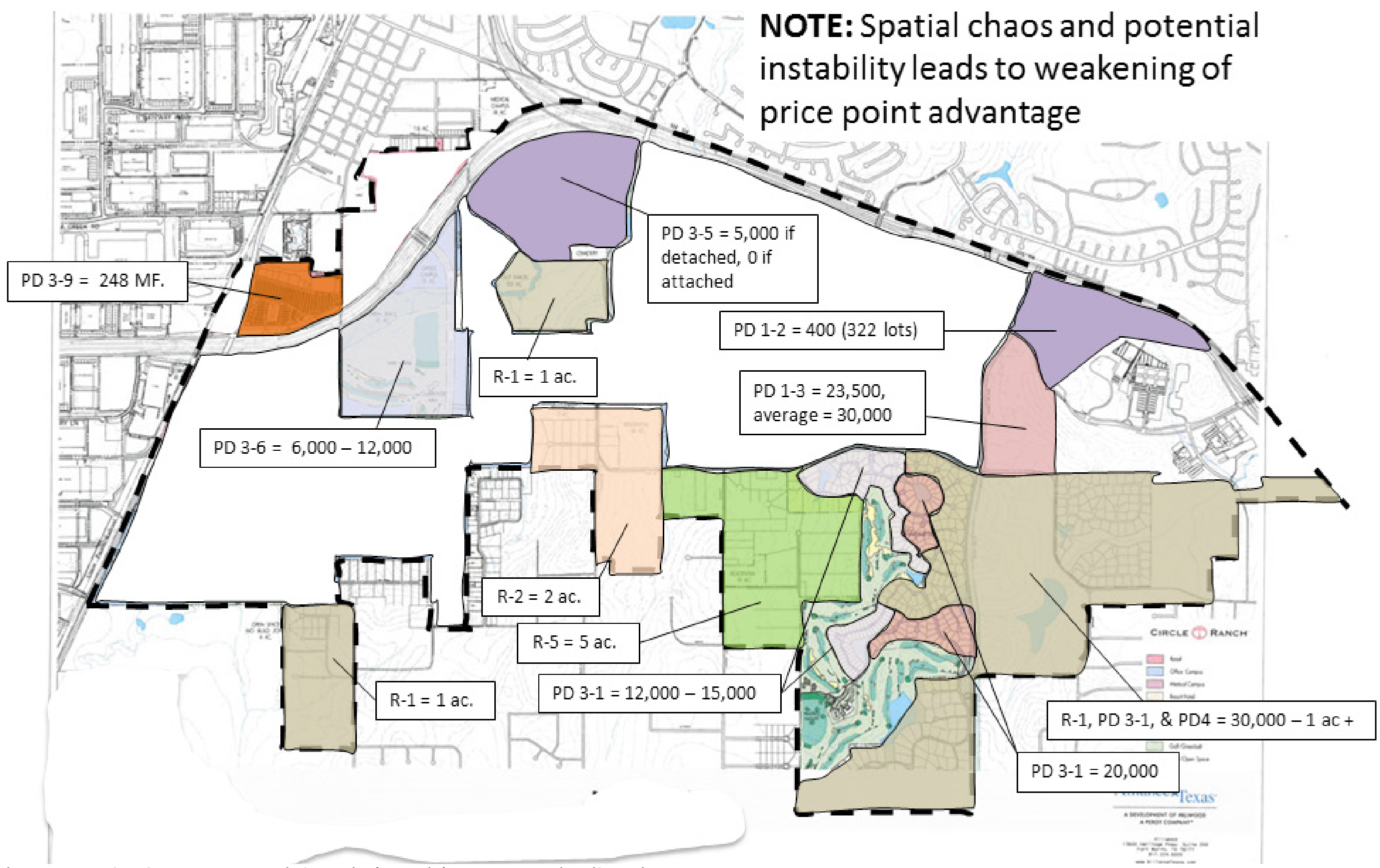


Figure 158: Current Residential Entitlement Distribution

it is not constitutionally permissible to decline the approval of housing projects that conform to zoning, which could include housing projects at relatively low price points, the Comprehensive Plan can protect price point through constitutionally appropriate means.

Without a plan, unplanned emergence of market diversification could weaken sub-markets that already exist, leading to value erosion. As shown in Figure 158, the current entitlements promote spatial chaos, and potential instability could lead to weakening of Westlake's price point advantages.

Sub-Market Attractors	Sub-Markets			
	Value-Protection: Current Sub-Market	Younger High-End Sub-Market	Older, Life Cycle Change Sub-Market	Value Transition Sub-Market
Visual Amenities/ Project Identity	X			
Low Traffic/ No Congestion	X			
Project Separation	X		X	X
Strong Public Domain/ Community Identity		X		
Land Use Continuity/ Stability	X	X		
Location Value Identity/ Market Continuity	X	X		
Access Quality/ Specialized Services/ Retail/ Entertainment	X	X		
Higher Density/ Greater Community over Greater Speparation			X	
High Security		X	X	
Low Maintenance			X	
Commodious Interior Space for Acquisitions			X	
Parks and Communal Activities		X	X	
Schools		X		
Spatial Definitions and Experiential Definition of Location	X	X		X
Commercial Separation	X	X		

Figure 159: Sub-Markets and Sub-Market Attractors

There are four housing objectives for the Town of Westlake that can be met by the Housing Plan:

1. Preserve value in a changing context. What is necessary to assure that Westlake continues to capture the higher-end market?
2. Diversify the higher-income market to attract younger buyers. What can Westlake do to get more of these buyers in Town?
3. Meet future housing needs of an aging population. How does Westlake provide high-quality products to accommodate life stage changes? Must they leave the community?
4. Mitigate value encroachment. As Westlake grows toward SH 170 and Keller, how does Westlake keep this from eroding value overall by generating lesser comps?

Existing housing entitlements do not accomplish the above objectives. Various products and price points are incoherently distributed across the Town, and several land use conflicts exist, both of which can lead to instability and degradation of value and price point advantage. The recommended strategy to accomplish the above objectives involves the establishment of distinct sub-markets within the Town to create an orderly distribution of varying uses within a single, multi-faceted community. The purpose of the sub-markets is to provide commercial separations, accommodate traffic, and overcome any associations with external markets encroaching upon Westlake. Sub-markets will have a spatial definition relative to market attractors rather than competition and will be separated and connected by thoughtfully distributed amenities, trails, and open spaces. Each sub-market has specific attractors, some of which will be shared among sub-markets.

Preserving value in a changing context: Of paramount concern to citizen participants in the Public Planning Workshops is the maintenance of education and amenities, and the fact that context associations are essential to preservation of value. Amenities, protections from commercial encroachment, elimination of traffic inundation, and preservation of access to quality services and shopping are key elements to value protection and even enhancement. The configuration of sub-markets along Dove Road without spatial definition will likely only corrupt each other. With a logical array about a Town Common that sequences from larger lot/ higher price point to smaller lot/ higher price point, the sub-markets can co-exist, and overall value is preserved through clear spatial definition. In terms of commercial uses, corporate centers located within Westlake enhance the Town's desirability for executive housing and more generally preserves the contextual assets that support higher residential value and quality of life.

Diversify the higher-income market to attract younger buyers: Younger, affluent buyers are purchasing product nearby, or even in more distant nodes, but not in Westlake as evidenced by the lack of product diversity. The locational advantages of Westlake appeal to many of the purchase motivations of young, affluent consumers including access to SH 114, appealing site aesthetics, and good schools (if pre-family buyers). Missing from Westlake are dynamic mixed-use projects that can satisfy the desire for urbanity while also respecting the natural environment of Westlake. With the sub-market plan, urbanity and open space can co-exist to deliver an environment unlike any other in the Metroplex. Young buyers are seeking quality in product, sense of place, and convenience but not necessarily large lots, and most importantly, convenience. Given their purchase motivations and product desires, the sub-market designed to target these individuals is located closer to the school, close to the park, with convenient access via trails to all desired destinations. Product types could be priced over $800,000 or $1 million, but would come in lower maintenance forms such as villas and small-lot detached homes designed for busy lifestyles and convenience, without sacrificing quality.

Meet future housing needs of an aging population: Another market audience largely missing in Westlake is 65+ households seeking simpler, lower maintenance, high-quality product. Product types appealing to this buyer include higher density (townhomes, villas, and garden residences), higher security, and lower maintenance typologies with housing interiors capable of handling art and furnishings of the wealthy older folks. The ideal size of these projects is approximately 15 to 35 acres, making them ideal for small parcels north of Dove Rd., as transitional between lower-density, single-family development and commercial development.

Mitigate value encroachment: The purpose of this sub-market is to accommodate market encroachment from lower price point borders without corrupting the strong sub-market pricing and values Westlake enjoys. The primary planning premise for this sub-market is to provide spatial separation of the different price point sub-market in a way that is not experientially connected to the other sub-markets in the Town. This will happen along the common border with Keller for properties accessing the widened Dove Rd., west of Davis Blvd.. Much of this property is currently zoned commercial, but the Town can incentivize the owner to return the property to residential use through a commercial development square foot transfer mechanism described in the Land Use Plan.

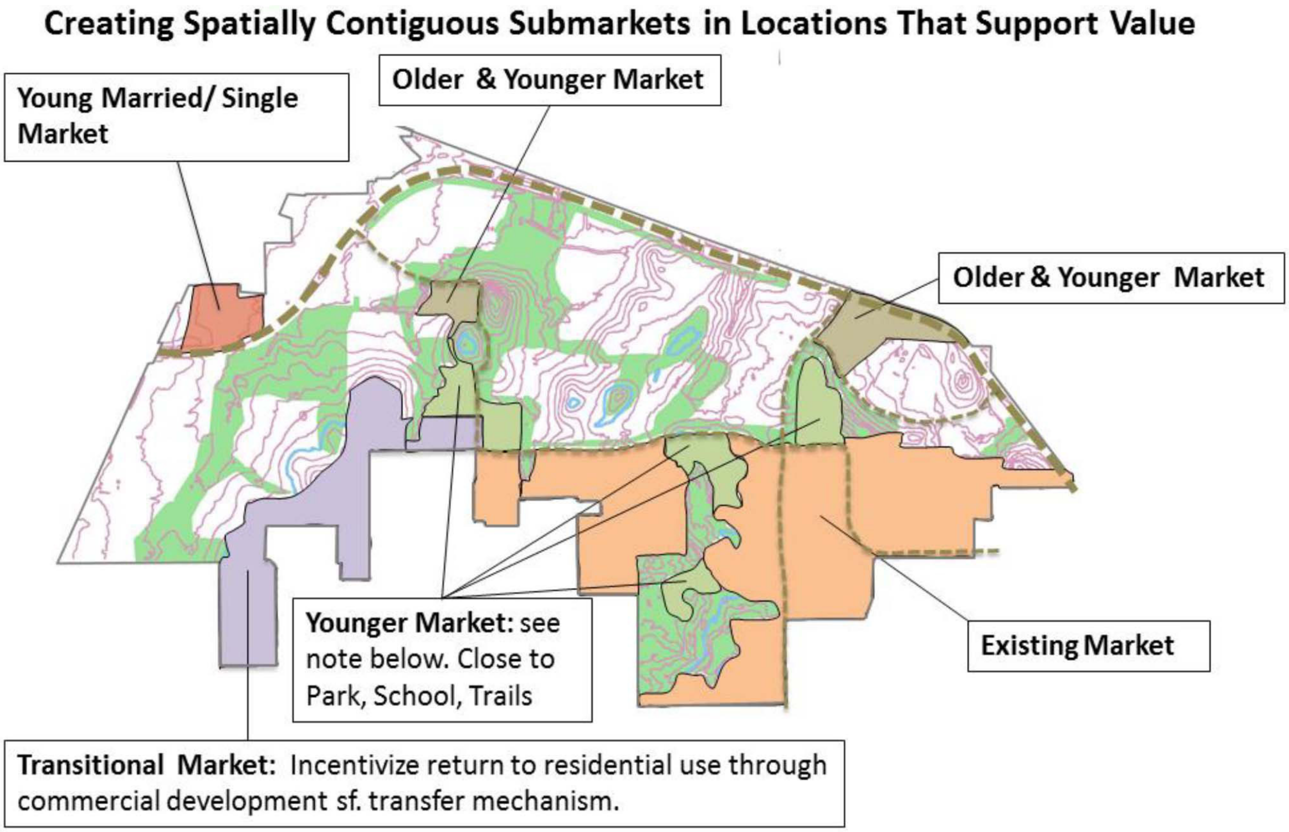


Figure 160: The Housing Plan

Submarket	Likely Price Range	Density (Units per Acre)	Supportable Units (Next 15-20 Years)	Product Types
Preservation of Value	$1M - $4M+	1 – 2	100 – 300	Large-lot detached homes, similar to existing development in Vaquero
Diversification of High-End Market	$700K - $1M	4 – 6	800 – 900	Low-maintenance, high-end offerings: villas, small-lot detached,
High-End Senior Living	$600K - $900K	5 – 7	500 – 600	Townhomes, Villas, Garden Residences
Mitigation of Value Encroachment	$500K - $800K	6 – 9	400 – 600	Small-lot detached, Townhomes, Garden Residences

Figure 161: Potential Housing Market by Sub-Market

Figure 161 projects the potential market activity by sub-market if value preservation measures and spatial definition can be accomplished.

Representative product types that could be accommodated in the above sub-markets could include the following:

Alternative Housing Product 1

Caruth Homeplace, Park Cities, Texas: Older Low Maintenance/ High Security Buyer.

Product

- Two to three story common wall Town Homes
- Street facing carriage garage and entry courts
- Prices range from $800,000 - $1.3+

Market Audience

- 70% empty-nesters and retirees, 30% young single professionals and couples
- Main purchase motivations include proximity to Highland Park Community, and reduced maintenance

Alternative Housing Product 2

Tuscan Village Age-Restricted Community: Lakeway, Texas

Product

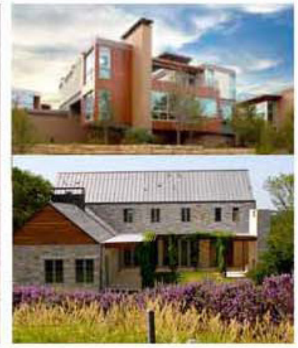
- Townhomes, 1-2 story Villas
- Townhomes have rear-loaded garage; Villa products contain front- and rear-loaded garages
- Prices range from $270,000 - $600,000

Amenities

- Clubhouse, central park, library
- Access to yacht club and marina in Rough Hollow, a nearby master-planned community

Alternative Housing Product 3

Montgomery Farm, Allen, Texas: Younger High End Buyer



Product

- Townhomes, 1-2 story Villas
- Strong environmental ethic in home design and land planning. 40% community open space.
- Prices range from $600,000 - $1M+

Amenities

- Specialty shopping, office employment, open space, trails, public art.
- Access to operating farm, tree farm, art activities, land conservancy.

Alternative Housing Product 4

East Shore, The Woodlands, Texas: Mixed Market

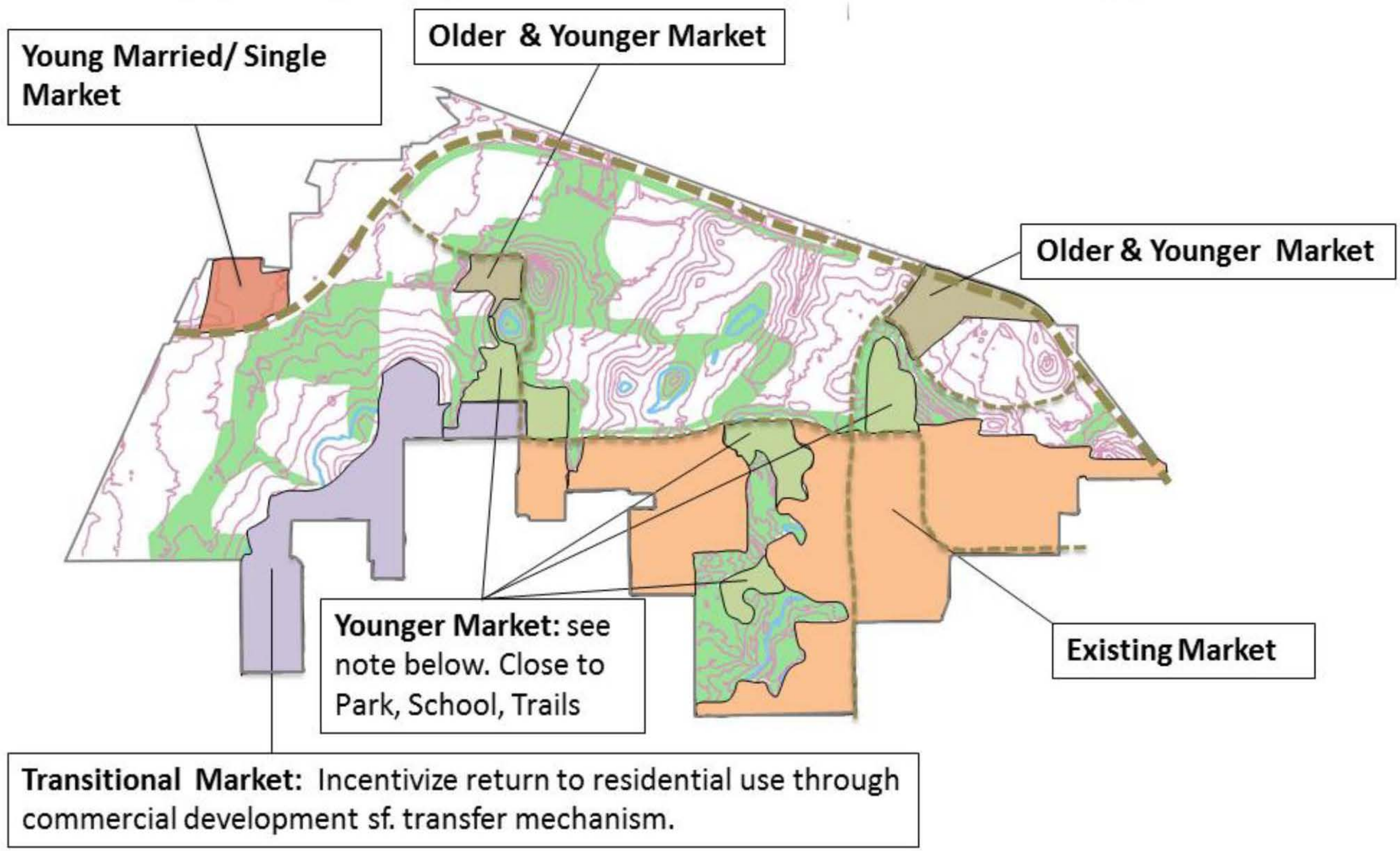
Product

- Estate Homes: $1.8M - $4M+
- Condo: $400,000 - $600,000+
- Row Homes: $500,000 - $700,000

Concept

- 169-acre enclave on the eastern edge of Lake Woodlands, located near The Woodlands Town Center
- Close proximity to employment core and town center, offering a variety of housing types
- Serves as a transitional district between mostly residential sections of the community and employment concentration

The Housing Plan



DISCLAIMER: The Housing submarket configuration and lot size recommendation for such configuration, in no way modifies any approved PD Plan, PD Ordinance, or zoning nor does it give any area currently entitled additional residential entitlement. The transition of existing non-residential areas to a residential use or the amendment of the permitted lot size/ unit density of any Planned Development Ordinance or zoning which permits a residential use; shall be determined through a cooperative Town/ property owner process which takes place as site plans , requests for amendment of any existing Planned Development Ordinance, and/or requests to transfer commercial square footage from one land use district to another are submitted for Council approval (when the legal mechanism for such transfer has been adopted by the Town of Westlake). See Section G of the Implementation Plan policy related information.