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SUBJECT: Market-Driven Requirements for Mixed-Use Development

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PROJECT: Flower Mound Ranch Mixed Use Development 3rd Party Review Services

The project team received a request regarding market driven requirements for multifamily within mixed use development.

The Question of Market-Driven Programming of Multifamily and Mixed-Use Acreage by Ratio

The question involves whether typical programming by ratio exists for multifamily per 50 acres of mixed-use development. Applicant correspondence indicates a ratio of 500 multifamily units per 50 acres of mixed-use development as a site selection metric for corporate campus relocations.

Finding

While our experience indicates ratios are not typically stated explicitly in this manner, it is consistent with our observations of typical mixed-use projects in suburban locations not served by rail-based transit. A more typical use of ratios is units of housing as a ratio to retail/commercial square footage, tied to assumptions about household spending and employment characteristics. In those circumstances, such analysis is typically not tied to the project boundary but instead to a market area. Likewise, other factors are considered like walkability and reliance on personal automobiles, unmet needs overall within the market area, etc.

Further Discussion

We can make some assumptions about the project, with a key assumption being that the question primarily pertains to a core mixed-use area comprised of multistory buildings in an urban style, with and without vertical mixed-use. We would anticipate some vertical mixed-use buildings to feature retail/commercial on the bottom floor with office uses above, or residential uses above. Likewise, we would anticipate some buildings comprised of entirely residential units in urban multifamily and townhouse configurations, particularly on secondary frontages within the mixed-use area. With this assumption considered, 500 units-to-50 acres of mixed-use core seems slightly low.

We have not encountered use of an explicit ratio like this in corporate campus discussions, though such selection factors often describe desired mixed-use conditions and form along with a desire for a variety of housing types within a preferred proximity. There are many other factors that influence selection,

thought sense of place and activity rank highly (and correlate to higher-density mixed-use). Likewise, the question is often whether presumed employees of a corporate campus having sufficient options to live in preferred environments near work without relying on personal automobiles.

Assessment of the Reasonableness of a 500 unit-to-50 acre Ratio Using Other Approaches

It seems the question is not necessarily regarding this ratio, but instead whether metrics exist that might be deployed to determine a basis for market alignment. This tends to take the form of floor area ratios (FAR), which we can then apply at an acreage level to assess whether the ratio described by the applicant is consistent with market conditions. Taken in this manner, we can provide some analysis.

Assumptions:

- The subject property is not served by transit.
- A portion of the 50 acres will be consumed by ROW as well as dedicated public open spaces/parks. For our purposes, we will presume approximately 20-25 percent.
- Lodging is not being treated as part of the residential market.
- The driver of retail is per household expenditures to achieve sales volume and target sales per square foot, rather than a land use ratio.
- Nonresidential components will generally vary around a 0.35 to 0.40 floor area ratio. Some perform higher, like lodging, while others will perform lower, like restaurants. This is driven by parking, the mix of uses and reliance on market beyond the project boundary. Flower Mound Ranch, based on market analysis by the applicant reviewed previously by Freese and Nichols, has significant market capture beyond its boundaries. As a result, significant parking will be expected by end-user tenants.
- Residential components, where present, will take the form of residential above ground floor nonresidential use within a core, and may transition to some ground-level units and urban townhomes at the edge of the core.

For assumption purposes within the 50 acres, about 500,000 s.f. of building floor area would be nonresidential. We anticipate this square footage to consume about 35 acres using a conservative 0.33 FAR to account for unique site conditions/topography or other amenities. In this circumstance, it is reasonable to expect a residential unit count of about 450-600 in an urban mixed-use project in a suburban location like Flower Mound without a transit component. This breaks down as about 13-17 du/ac within the 35-acre developed area (less the ROW/open space), and 9-12 du/ac across all 50 acres.

Future Inquiry

Analysis should rely upon market-specific data rather than hypothetical standard models, as this better accounts for local conditions. Likewise, analysis would benefit from specifically identifying whether this exclusively involves core mixed-use areas, or an entire development anchored by a mixed-use core. Flower Mound Ranch is unusual given its size—allowing it to represent the entire spectrum of the rural-to-urban transect.

We recommend future reviews involve specific proposals with true square footage of nonresidential broken down into retail, office, restaurant/entertainment and lodging uses, open space/ROW acreage, and the residential component broken down by type. This would allow direct comparison to market data and other projects, accounting for programming differences, to assess whether what they propose is reasonable.