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### Master-planned Communities Market Lifestyles (Jobs Included)

By Jennifer S. Cowley and Steve Spillette

Few real estate development projects are as large, time-spanning and challenging as a master-planned community. One community may contain thousands of acres and tens of thousands of residents, take decades to complete and require huge sums of up-front capital.

This makes full-fledged master-planned communities relatively rare on the U.S. development landscape. Texas has the distinction of being home to many of the nation's largest and most influential master-planned communities built since the 1970s. In fact, a survey by Robert Charles Lesser & Company reveals that five of the nation's ten largest master-planned communities (by acreage) are located in the Houston area. While many of the state's older master-planned communities are essentially completed, a new generation of these projects is setting the trends for the future.

In the past, many master-planned communities offered limited residential products. Developers tended to focus on neighborhoods of single-family, detached homes for upper-middle income or more affluent two-parent families with children. Neighborhoods within a community were often differentiated by income level.

Ron Mills, vice president of Hunt Valley Development, the developer of Sharyland Plantation in Mission, believes that master-planned community developers have become more aware of what consumers want and can afford. Today's housing market is highly fragmented, and consumers are demanding more variety in housing products.

Master-planned communities are responding by including housing for a variety of ages, incomes and lifestyles. The Woodlands, a development that pioneered housing diversity, has always mixed housing types and incomes, even within neighborhoods. The community's developer has identified 26 housing market segments to which the community caters, including first-time buyers, singles and empty nesters.

It also offers active adult neighborhoods for older residents desiring an age-restricted environment. In addition to single-family detached homes, The Woodlands incorporates entry-level single-family patio homes, townhomes, condominiums and gated luxury enclaves.

Newer master-planned communities exemplify the trend toward housing diversity. At Sienna Plantation in Fort Bend County near Houston, Johnson Development targets single women by including low-maintenance housing, such as patio homes and townhouses. The company also plans housing appealing to multigenerational families, such as homes with dual master bedrooms. Developers of projects like Sienna and The Woodlands intend for community residents to be able to live there throughout their lives, not just in their prime earning and family-raising years.

Other projects have targeted niches considered nontraditional for master-planned communities, including active seniors. Sun City Georgetown, patterned after other such developments in the southwestern United States, is an age-restricted community offering a variety of housing sizes and styles. Sharyland focuses on affordable housing for the workers of the community's industrial employers. Plans even call for the inclusion of manufactured housing. Legacy, in Plano, targets young professionals, who prefer a higher-density, less family-oriented environment, by providing upscale garden apartments and urban-style housing in its Town Center area.

## Commercial Uses

Several newer master-planned communities have created identities focusing on their roles as employment centers as opposed to residential neighborhoods. In fact, some of these projects treat their residential components as amenities within commercial environments. Sharyland, with an anticipated commercial buildout of 38 million square feet, is aimed at international commerce and high-tech manufacturing firms benefiting from the North American Free Trade Agreement and plans for an international bridge.

In fact, it is the sister project of a development across the Rio Grande in Reynosa. Hunt Valley Development has planned the residential component to optimize Sharyland's attractiveness to businesses. Its affordable and attractive

housing is intended to provide a stable residential base from which employers can obtain workers.

EDS, the developer of Legacy, also focuses on commercial components. Initial projects have taken the form of expansive office campuses for corporate headquarters, including those of EDS, Frito-Lay and JCPenney.

At Circle T Ranch, a project by Hillwood Development in Westlake, near Fort Worth, the first major building is the regional campus for Fidelity Investments. Plans call for more than 600 additional acres of office and industrial uses, plus intensive retail development such as a regional mall and other shopping centers.

The Woodlands, long known primarily as a bedroom community, has begun to intensively develop its Town Center section, which will include a 30-story headquarters for Anadarko Petroleum. The Woodlands Operating Company ultimately anticipates 41 million square feet of commercial and industrial development.

## Educational-Social-Recreational Facilities and Programming

Master-planned communities have long provided educational, social and recreational amenities for residents. The Del Webb Corporation was a pioneer in this regard. Sun City Georgetown has a Village Center with physical fitness facilities, meeting rooms, a ballroom and other social areas offering a variety of special-interest programming. Other Texas developers are borrowing the concept and taking amenities to new levels.

Developers have often provided sites for primary and secondary schools within their projects, and now higher education also has a place. The Woodlands created the University Center, a complex of facilities for extensions of four-year colleges such as Texas A&M University and a campus of Montgomery College, part of the local community college system. It also includes the John Cooper School, a private school attracting children of highly educated parents working in the community's research park.

Southern Methodist University has located an extension campus at Legacy to serve the local business community with undergraduate and graduate courses in business, engineering and liberal arts. EDS officials are considering the development of a Center for Global Leadership, designed to assist companies in learning how to conduct business globally. Marilyn Kasko, marketing director for Legacy, believes higher education facilities conveniently located within the community help boost employer productivity and attract employees who are seeking more integrated lifestyles.

Social and recreational facilities within master-planned communities have historically consisted of golf courses, community pools, greenbelts and walking trails and community centers. Over time, however, developers have added more impressive amenities. The Woodlands blazed the trail with the Cynthia Woods Mitchell Pavilion, a concert amphitheater that is the summer home of the Houston Symphony. Today, other master-planned communities feature prominent regional cultural and sports facilities.

Sienna Plantation's anticipated 70,000 residents will be able to cool off at Club



**THE CYNTHIA WOODS MITCHELL** pavilion in the Woodlands is a popular venue for concerts and other cultural events.

Sienna, a 12-acre water-themed recreation park. The park will include large pools, a water tower with 200 feet of slides, synchronized fountains and a 100,000-square-foot amphitheater extending out over the water. The community association runs the club.

Susie Mahoney of Johnson Development, the project's developers, considered it important to open the club early in Sienna's development to show residents the company keeps its promises. Developers also are enhancing the community's appeal and long-run vitality by ensuring that residents of all ages have recreational and social opportunities. "The Den," a recreational facility designed for teenagers, was created to provide such opportunities for this often-neglected age group.

At Sharyland, developers are building Plantation Grove, a massive complex featuring the Mission Sports Center, a 50-acre sports park including softball and baseball fields, sand and hard volleyball courts, an in-line hockey arena and soccer fields. Other planned facilities include a marketing center and bank, office pavilions, restaurants, an amphitheater, apartments and a hotel. The complex will specialize in high-level training for young athletes from all over the Rio Grande Valley, and will provide a unique recreational amenity for Sharyland families.

Even commercially oriented master-planned communities have begun to offer "soft" programming. Community-based organizations spearheaded by EDS in its Legacy community include the Legacy Sports League, traffic education programs and the Legacy Community Partners, a volunteer organization that performs community service.

The Legacy Community Association publishes a newsletter highlighting these groups' activities. Developers believe this kind of programming stimulates the energy and involvement of the people living and working in the community and builds on what each of its corporate residents can contribute. Legacy's new Town Center development is expected to provide even more opportunities for civic-oriented programming.

## New Urbanism and Town Centers

Principles of *new urbanism* have begun to appear in the designs of Texas' newer master-planned communities, perhaps most noticeably through the inclusion of "town centers." The Woodlands, Legacy, Circle T Ranch and Sharyland all feature town centers. (See *New Urbanism in Texas' Master-planned Communities*, p. 5.)

Future master-planned communities may be based entirely on new urbanist principles. An example is La Paz, a planned 700-acre community east of San Antonio, which is reportedly in the permitting process. Many significant urban infill projects, such as Hillwood's Victory project in central Dallas, are

guided by new urbanist principles and resemble small-scale master-planned communities.

## Interim Income: Keeping The Money Flowing

Financially, master-planned communities are complex projects. Much non-income-generating infrastructure is required up front each time development begins on a new component of the community. Many master-planned communities have undergone several changes of ownership because of financial considerations. However, some developers have devised effective strategies for keeping projects financially strong throughout the development timeline.

The Woodlands Operating Company maintains cash flow not only through land sales to home builders and utility district reimbursements but also through lease revenues from commercial development, in which the company generally retains at least a partial interest. This revenue is directed to community improvements. Despite the effectiveness of this strategy, Steve McPhetridge, commercial vice president at The Woodlands Operating Company, states that early carrying costs would still make it almost impossible to implement a project the size of The Woodlands today.

Hunt Valley Development has found a means to generate interim income from Sharyland. The project's property is a productive farming area, so the company has continued farming operations and is able to fund its Sharyland activities from this cash flow, necessitating little or no financing.

**Public-private partnerships.** The size of master-planned communities gives developers some leverage with public agencies, including local and county governments, state transportation offices and economic development offices. Developers have learned to forge relationships and partnerships that yield lasting advantages to their projects.

The Woodlands developer works directly with the Texas Department of Transportation (TxDOT) on road and highway improvements and has even provided "local match" for TxDOT projects, such as the donation of right-of-way for road expansions. The Woodlands developer formed the Town Center Improvement District, a public agency funded from community generated sales tax revenues.

The improvement district is another way of working with public agencies while performing other value-added functions to the community, such as marketing and civic improvements. The district will remain in place after the community is built to completion and the developer's role ends.

At Sharyland, developers worked closely with local public agencies to achieve major improvements and incentives for the



**JCPENNEY'S CORPORATE** headquarters at Legacy is one of several expansive commercial campuses in the development.



**THE VENTURE TECH BUILDINGS** in The Woodlands house biotechnology and other research firms.

benefit of both Sharyland and the surrounding urban area. These partnerships have resulted in a presidential permit for the future Anzalduas International Bridge between Sharyland and its planned Mexican sister community, designation of the Sharyland Business Park as a foreign trade zone, designation of the area as an enterprise zone and development of job training programs to benefit both local workers and Sharyland employers.

The Legacy development benefits from working with local economic development agencies, which conduct national searches for businesses that might potentially relocate to the Dallas area. The agencies can offer Legacy as a possible corporate location, and Legacy is able to indirectly compete at the national level for new corporate residents.

## Real Estate Agents' Roles

Master-planned community developers place great value on the contributions of local residential and commercial real estate agents. The Woodlands creates partnerships with area commercial real estate firms to market its commercial properties. On the residential side, agents are treated like "family," according to Paul Lazzaro, vice president of marketing and

public affairs for The Woodlands Operating Company. He reports that 80 percent of The Woodlands' home sales come through real estate licensees.

The Woodlands' Homefinder Center, the central facility that provides information to potential Woodlands homebuyers, has dedicated two offices for outside real estate professionals. The developer employs a full-time liaison between the company and the real estate community.

The Woodlands holds appreciation events for and gives awards to real estate professionals. When new neighborhoods open, the company takes agents on special preview tours. In return, The Woodlands receives quality market research, using agents in focus groups for new residential products. "Their success is our success," states Lazzaro.

Licensees interested in doing business in The Woodlands start at the Homefinder Center where a real estate liaison maintains a list of all properties

for sale. This information can also be accessed online at <http://www.thewoodlands.com>. The liaison puts licensees in touch with builders in the community.

Sienna places a similar value on residential agents. Eighty percent of out-of-town homebuyers use an agent, and the need for agents increases with the distance of relocation. Sienna officials believe that agents must "buy into the community" for a master-planned community to be successful. Sienna has accordingly identified agents as a target market and relies on them for market information through focus groups and other vehicles.

Commercial agents are key to Legacy's success as well. Kasko finds them to be "lifelines" to the commercial market outside Plano. By networking with agents through professional organizations, she is able to raise Legacy's profile in Texas and around the country. She describes her relationship with commercial agents as "an informal but coordinated marketing effort that yields excellent benefits." ♦

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# Defining Master-planned Communities

**S**eparating master-planned communities and other types of development is not easy. While some projects, such as The Woodlands, are clearly within the master-planned community category, other projects fall into a gray area between master-planned communities and large-scale subdivision development.

Thresholds based solely on size or population do not capture the essence of a master-planned community. Even the Urban Land Institute does not have an exact definition of a master-planned community. However, some characteristics are generally more common to master-planned communities than to other projects.

**Location.** Because of their extensive acreage requirements, master-planned communities usually are in greenfield locations on the edge of metropolitan areas. As they evolve, however, some projects are surrounded by suburbs or even annexed into major cities. Kingwood and Clear Lake City in Houston are examples of this trend. With a growing focus on infill development, some urban projects can have the characteristics of master-planned communities as well, though usually on a much smaller scale.

**Single developer.** Master-planned communities are, at their basic level, single projects of single developers. The “master”

developer is responsible for acquiring the land, most public infrastructure and selling individual properties.

**A plan.** Though it may not show each street and parcel, master-planned communities indicate the planned use and major infrastructure of each area within the project, including areas that may not be developed for many years. Builders and developers may be subject to restrictive covenants or design guidelines associated with particular portions of the project.

**Mixed use.** Because the term *community* generally signifies more than a collection of residential properties, master-planned communities include a mix of residential and commercial uses. Some begin as commercial centers and develop residential components later. Communities generally contain civic and educational infrastructure, and most projects develop or provide sites for public spaces and schools or other educational institutions.

**Phasing and advanced infrastructure.** Projects develop in phases, often broken down in terms of community function or form, such as “villages,” “neighborhoods” or “town centers.” Infrastructure components key to overall community identity, such as golf courses, civic plazas or water features, may be developed in advance of other phases of surrounding planned development.

**Minimum area, population, employment.** Projects vary in size from less than 1,000 to tens of thousands of acres. Population varies with residential mix and density, although these communities usually house at least a few thousand residents on completion. A similar situation exists for the employment base in these projects: some projects include high-density office space, while others include only community-level retail uses.

**Social-recreational facilities and programming.** Master-planned communities provide at least some social and recreational infrastructure beyond neighborhood pools, from golf courses to parks to entertainment venues such as amphitheaters. Developers often initiate ongoing programming to take full advantage of available facilities.

**Cohesiveness, identity.** A true master-planned community reflects an identity throughout all components and phases of development. There should be a definable boundary to the project that goes beyond lines on a parcel map. The *master* in master-planned indicates the ability of the master developer to control common areas and design elements. The project’s planning and design features, in both private and public components, should reflect a commonality throughout the community. ♣



## New Urbanism in Texas' Master-planned Communities

**N**ew urbanism, a movement that has been catching on in communities across the nation, is based on a return to traditional pre-World War II town designs. The concept recognizes the problem of suburban sprawl and the breakdown of sense of community and addresses these issues by incorporating convenience, walkability, aesthetics, livability and open space into modern developments.

The Woodlands Waterway is a recent example of new urbanist principles being used in master-planned communities. The Woodlands Operating Company is building this \$24 million,

quarter-mile scenic transportation corridor that will link residents to shops, offices and entertainment. People will be able to walk, ride a trolley or take a water taxi to reach destinations along the waterway, including the Anadarko Petroleum headquarters building and the Cynthia Woods Mitchell Pavilion.

Legacy Town Center was designed by Andres Duany, a world-renowned new urbanist architect. The 150-acre development brings together apartments, shops, hotels and offices within the same buildings. Streets are oriented for pedestrian access. When complete, the project will include a 400-room Doubletree Hotel, 2,700 luxury apartments, retail space on the ground floors of buildings with second and third floor offices, and recreation and park facilities.

At Circle T Ranch, a new urbanist municipal square, Texas Town, is planned for the middle of the ranch. Texas Town will mix businesses and residences. The center of the town square, located adjacent to Lake Turner, will include civic uses and will be surrounded by retail, office and residential property. Texas Town’s design guidelines require the buildings to look unique, with trees along streets and sidewalks.

Victory, in downtown Dallas, will incorporate four million square feet of office space, 1,000 residences, the American Airlines Arena and retail space. The project will be located on a rail line, allowing people to live, work and find entertainment within walking distance. ♣

**THE WOODLANDS WATERWAY** will feature a new mode of transportation — water taxis.



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