

DEVELOPERS' PERCEPTIONS OF OPPORTUNITIES  
& OBSTACLES TO BUILDING NEW URBANIST  
COMMUNITIES IN DFW

By

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## ABSTRACT

# DEVELOPERS' PERCEPTION OF OPPORTUNITIES & OBSTACLES TO BUILDING NEW URBANIST COMMUNITIES IN DALLAS-FORT WORTH

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The recent housing crash has done great damage to the American economy and has affected millions of households. Pre-crash, New Urbanist Communities became more popular to build, yet sprawl development remains the norm. I seek to find out why New Urbanist Communities are being built at their current rates in Dallas-Fort Worth, so to discover whether or not a market failure has occurred regarding this real estate product. This study analyzes supply-side factors affecting the development New Urbanist Communities (i.e. the factors affecting the developers in the Metroplex) through interviews with individuals representing each residential development company. The factors affecting the abilities of developers to build New Urbanist Communities could range from their perception of demand, to anti New Urbanist municipal zoning rules, to the ease of developing low-density subdivisions. The area of this study will not exceed Dallas-Fort Worth's limits.

The suggested implications of this study are that certain factors are causing a market failure regarding New Urbanist communities.

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# CHAPTER 1

## BACKGROUND

### 1.1 Introduction and Objective

#### *1.1.1 Introduction*

The New Urbanist Community is not a new concept. Until the post-World War II suburban boom, walkable neighborhoods featuring a mix of uses were the norm in America. In recent years, New Urbanist Communities have become more popular to build, but sprawl development remains the norm. It may be the case that New Urbanist Communities as options for consumers are undersupplied in the Dallas-Fort Worth area, resulting in a market failure within the slumping real estate sector. More consequences of a lack of New Urbanist Communities are that less Metroplex residents will live in neighborhoods that are conducive to more physical activity and social interaction between neighbors.

A possible shortage of New Urbanist Communities may exist. And while demand from Metroplex residents should be examined in future studies; the equally important issue of the supply-side perceptions will be examined here. Perception of demand by developers is equally important as actual demand itself, since those developing New Urbanist Communities will not build them without perceived profits and encouragement. A gamut of possibilities hindering development exist, including: a generally poor housing market, building regulations biased

against dense New Urbanist Communities, the public's possible lack of demand for these communities, or developers potential favor of traditional developments such as the subdivisions dominant in Arlington, TX and Mansfield, TX.



Victory Park in Dallas from [www.apartmentwiz.com](http://www.apartmentwiz.com)

I hypothesize that developers do recognize that demand exists to build more New Urbanist Communities, but that they do not build more because of the poor housing market, and due to the local building regulations which discourage these communities. This hypothesis is based upon weak real estate sales numbers (Realtors, 2011) and historically unfriendly zoning regulations (Levine, 2006).

### *1.1.2 Importance of Research*

The real estate sector is a large factor in Dallas-Fort Worth's fiscal health, so discovering why developers are not building New Urbanist Communities during this current housing crisis is



important because any increase in sales would help Dallas-Fort Worth counter the current housing sales slump. Single-Family home sales numbers dropped according to the National Association of Realtors 14.5% between February 2010 and February 2011. (Realtors, 2011, pp.1)

New Urbanist Communities check against the ills of sprawl (particularly social isolation and the encouragement of sedentary lifestyles) - this is another reason as to why these communities are important. One example of a New Urbanist Community placing residents in more social and active environments comes from Builder Magazine Writer, Teresa Burney (2009). She reported the results of a five-year study conducted by Sociology Professor Bruce Podobnik of Lewis and Clark College regarding the benefits of New Urbanism conventional versus sprawl developments. Podobnik surveyed the residents of the New Urbanist Orenco Station alongside three other Portland neighborhoods. Two neighborhoods were urban, one was poor and mostly of old construction; while the other was middle-class and also of older construction, but it was hilly and lacked sidewalks. The third neighborhood studied was a typical suburban middle-class development with cul-de-sacs. Last was Orenco Station. "Residents surveyed in the new urbanist community Orenco Station in Hillsboro, Ore., said their community is friendlier and offers more of a sense of community than other places they have lived, that they walk more often to the store, and occasionally use public transportation." (Podobnik 2009 via Burney 2009, pp. 1) Orenco Station's responses had shown a stronger sense of community and more physical activity in comparison to its traditional counterparts. This indicates that a possible link between New Urbanist design and a higher quality of life may exist, and, therefore; more research is justified.

### *2.1 Numbers of New Urbanist Communities in Dallas-Fort Worth in each Texas M.S.A*

“Currently, twelve New Urbanist Communities exist in Dallas-Fort Worth. This is compared against four in Greater Austin, four in Greater Houston, and two in Greater San Antonio.” (The Town Paper, 2011, pp.1)

The Metroplex’s population is currently 6.4 million as of 2008, Greater Austin’s is 1.7 million as of 2009, Houston’s is 5.87 million in 2009, and San Antonio’s is 2.14 million for 2009. The ratios of population-to-New Urbanist Communities are as follows: Dallas-Fort Worth had thirteen New Urbanist Communities within its 6.4 million population; Greater Austin had four New Urbanist Communities within its 1.7 million population; Greater Houston had four New Urbanist Communities within its 5.87 population; and Greater San Antonio had two New Urbanist Communities within its 2.14 million population.



West Village, Dallas from [www.dealsnear.me](http://www.dealsnear.me)

The Metroplex has one New Urbanist Community for every 492,307 people.\* Greater Austin has one New Urbanist Community for every 425,000 people. Greater Houston has one New Urbanist Community for every 1,467,500 residents. Lastly, San Antonio has one New

Urbanist Community for every 1,000,070 people. Austin edges out Dallas for having the most of these communities per million residents, while San Antonio finishes third ahead of Houston.

This shows a higher rate of supply for New Urbanist Communities in Dallas-Fort Worth compared to other Texas Major Statistical Areas since the Metroplex has the most of them, and, more encouraging, the Metroplex has the second highest ratio of New Urbanist Communities in Texas behind Austin. This data points out that the demand for these developments in Dallas is statistically higher than the rest of the state by comparison, save for Austin. Although few New Urbanist Communities in Dallas-Fort Worth exist compared to conventional developments, which does not equate to a lack of demand, and, should my hypothesis prove correct, then existing demand for more New Urbanist Communities will prove unmet due to a market failure.

#### *1.1.4 Objective*

My objective is to find out why developers are building New Urbanist Communities at their current rate in DFW. Perceptions of demand will be measured alongside any other reasons which developers say that keep them from not building these communities (or why they build at their current rate for those whom are already building them).

Beyond Dallas-Fort Worth, New Urbanist Communities are greatly underbuilt in comparison to conventional developments. And in a relatively strong real estate market such as the Metroplex, the possibility of discovering potential undersupply of these communities exists because more building per capita is occurring in Dallas-Fort Worth than in other national markets such as greater Miami or greater Denver. A market failure in the Metroplex could indicate similar failures across the state or possibly the country.

Dallas-Fort Worth is an optimal place to conduct this study because of its relatively strong real estate economy. Additionally, the fact that the greatest number of New Urbanist Communities existing here means that more developers could possibly have greater understanding of these developments. Keeping my research within one greater statistical area allows for a controlled study that would otherwise require controls for multiple market conditions, consumer tastes, etc.



Addison Circle from [www.newurbannetwork.com](http://www.newurbannetwork.com)

## CHAPTER 2

### LITERATURE REVIEW

[1] Burchell, R; Downs, A.; McCann, B.; Mukherji, S. (2005) *Sprawl Costs: Economic Impacts of Unchecked Development*. Island Press.

This book examines the true cost of sprawl by highlighting its consequences (e.g. traffic, pollution, etc). Later, the book acknowledges the benefits of sprawl, such as the greater choice for real estate consumers, in the same manner by looking into how it has benefitted Americans. The Authors end this book with their antidote to sprawl – more compact development.

*Sprawl* fits into my research because it shows the consequences of sprawl and later gives the alternative of compact developments; thus, highlighting the importance of available New Urbanist and Mixed Use Communities. The author's belief that more compact development as a solution to sprawl's ills directly feeds into my supply-side research because if the ills of sprawl are as strong as the author believes, then a population demanding new urbanist communities' compact style of development should exist.

[2] Zaninetti, J. (2008) *Sustainable Development in the USA*. ISTE & John Wiley and Sons.

This book chronicles the post-World War Two model of American land development and concludes in that this current habit is reaching its tipping point. *Sustainable* examines the geography and culture behind sprawl's expansion across the American landscape. Long term sustainability is called into question through this research as sprawl is indicted as a direct roadblock to a sustainable urban America.

GIS is used in this research, which adds a geographical element to my research. A history of sprawl is examined, so this also gives further historical light on sprawl in addition to other literature included. This book sheds light on the “where” aspect of New Urbanist Communities. Conventional developments were named hindrances to a sustainable built environment; so therefore, the portion of Dallas-Fort Worth’s population that prefers a sustainable area to live in will seek developments such as New Urbanist Communities.

[3] Leinberger, C. (2007) *The Option of Urbanism*. Island Press

*The Option of Urbanism* explains why a demand for New Urbanist Communities exists. Leinberger asserts that the market does not meet the desire, but that the market is, and will continue to “catch up” to American demand for New Urbanist Communities. Trends and countertrends are examined nationwide in search of demand for New Urbanist Communities. This book directly feeds into the hypothesis of my research regarding New Urbanist Communities. My research is to test for supply, and one of the possible answers is that New Urbanist Communities are not built due to lack of demand. If that is the case, then this book’s central theme would be refuted.

[4] Florida, R. (2010) *The Great Reset*. Harper: 1<sup>st</sup> Edition

*The Great Reset* explains that American society is experiencing a restructuring of its economy and way of life, which includes a built environment shift away from the automobile and towards New Urbanist Communities. Florida delves into historical data regarding the American built environment and ultimately formulates as to why Urbanism will become the new American spatial norm.

This book addresses the supply-side of New Urbanist Communities along with demand.

Florida's research is at a national level, but relates into the demand for these communities, which directly relates to my work since demand may be the reason New Urbanist Communities are not being built more.

[5] Levine, J. (2006) *Zoned Out*. RFF Press

*Zoned Out* illustrates zoning policies' opposition towards New Urbanist Communities. It addresses the market's relationship with New Urbanist Communities as well as the government's relationship with New Urbanist Communities via zoning regulations.

This book feeds into the heart of my research since it examines New Urbanist Communities regarding regulations involved which could factor into why more New Urbanist Communities are not being built. Also, *Zoned* addresses supply and demand, which is central to my research. My research is aimed to test for supply-side opinion of whether or not government regulations are stifling the creation of New Urbanist Communities in Dallas-Fort Worth, so this book helped shape that section of my hypothesis.

[6] Duany, A., Plater-Zyberk, E., Speck, J. (2001) "Suburban Nation," North Point Press; 1<sup>st</sup> Ed.

Duany argues that modern design has decimated the traditional idea of the neighborhood through unsustainable practices which isolate people from each other. He further asserts the drawbacks of modern design through health and living data which highlights the ills of sprawl. Later, Duany introduces his counter to these practices by espousing a return to more traditional Urbanist Design.

This book gives foundation to the importance of my research regarding New Urbanist Communities' advantages of increasing physical and social activity. Duany delves into the two factors of Sprawl discussed in my justification (i.e. social isolation and the lack of physical activity encouraged). Duany is a designer of New Urbanist Communities, so his expertise is well grounded. Again, if a population desiring more physically and socially engaging living space exists in Dallas-Fort Worth, then their demand is either being met, or a market failure exists.

[7] Calthorpe, P., Fulton, W. (2001) "The Regional City," Island Press; 1<sup>st</sup> Edition.

*The Regional City* explains that community and regional level cooperation is crucial to creating New Urbanist Communities. Ultimately, the authors provide a framework for planning in New Urbanist Communities. The reasoning and processes behind their processes are enlightening to those new or critical to New Urbanist Communities.

This book relates to my research in that the processes of planning a New Urbanist Communities are heavily explored. Multi-level cooperation and government regulations are discussed here, so the second part of my hypothesis involving possible government regulations inhibiting the creation of New Urbanist Communities is scrutinized. Said processes could shed light on why or why not a supply shortage may exist on the developers' parts in DFW.

[8] Steutville, R. "The New Urbanism: an alternative to modern automobile-oriented planning and development." New Urban News, Steutville, R. and Langdon, P. 06/28/2000. New Urban Network. 02/25/2011 from

<http://scholar.google.com/scholar?hl=en&q=new+urban+news+R.+Steutville+%22The+New+Urbanism:+an+alternative+to+modern+automobile+planning+and+development&&bav=on.1,or.&um=1&ie=UTF-8&sa=N&tab=ws>



This reading gives a general overview of New Urbanism. Steutville examines the positive aspects of New Urbanist Communities historically, and then applies this as an antidote to modern sprawl.

This article fits into my research because of the broad understanding of New Urbanist Communities it provides. It also adds depth to the importance section of my research in that it explores the market-side advantages of New Urbanist Communities with its example of Seaside, Florida, where units built in the early 1980's at \$15,000 per unit were worth (on average) over \$200,000 each by the mid-1990's. The Seaside example forms a basis that the supplier of New Urbanist Communities have profited from the development of New Urbanist Communities. The same applies for Dallas-Fort Worth.

[9] Audirac, I. 1999. *Journal of Planning Education and Research. Stated Preference for Pedestrian Proximity: An Assessment of New Urbanist Sense of Community*. Volume 19:53. 53-66 from <http://jpe.sagepub.com/content/19/1/53>

Dr. Audirac's journal surveyed Floridians regarding the hypothetical trade-off between large-lot homes found in suburbia for a pedestrian-friendly New Urbanist Communities unit. The results are explored after the numbers from the survey are given. The article ends with results favoring both suburban design and New Urbanist Communities.

This article sheds light on preference in its relation to New Urbanist Communities. This feeds into the demand -side of my thesis in that a lack of demand would mean developers are prudent in not building more of these communities.

[10] Burney, T. 2009. *Survey: New Urbanist Community Results in more walking, interaction.* Builder Magazine Online. From <http://www.builderonline.com/land-planning/study-new-urbanist-community-results-in-more-walking-interaction.aspx>

Teresa Burney's article presented study results from five years of surveys conducted by sociology professor Bruce Podobnik of Lewis and Clark College in Portland, Ore. "Overall, this study lends support to the assertion that new urbanist communities can foster more socially cohesive and healthier lifestyles within urban environments," Podobnik said in introducing his study, *Assessing the Social and Environmental Achievements of New Urbanism: Evidence from Portland, Ore.* Residents surveyed in the new urbanist community Orenco Station in Hillsboro, Ore., said their community is friendlier and offers more of a sense of community than other places they have lived, that they walk more often to the store, and occasionally use public transportation." (Burney, 2009, pp.1)

The pedestrian-oriented nature of these communities is shown here as effective to encourage walking and a sense of community, albeit through only one New Urbanist Community against three traditional communities. Regardless, the five-year span of this study adds depth to the argument that New Urbanist Communities combat sprawl's drawbacks. This research fits into my supply-side investigation in regards to consumer taste. If buyers similar to those in Orenco Station exist, then they will search for similar properties that are contrast to the single-use communities typically seen in Dallas-Fort Worth.

[11] Podobnik, B. 2009. *American Sociological Association. Assessing the Social and Environmental Achievements of New Urbanism: Evidence from Portland, OR.* 1-29 from [http://media.oregonlive.com/news\\_impact/other/podobnik\\_asa09.pdf](http://media.oregonlive.com/news_impact/other/podobnik_asa09.pdf)

Sociology Professor Bruce Podobnik of Lewis and Clark College tested for possible benefits of New Urbanism against Sprawl. Podobnik surveyed the residents of Orenco Station (a New Urbanist Community) alongside three other Portland-area neighborhoods. The surveys over this five-year study showed that social isolation was less in Orenco Station than its three counterparts, and physical activity was more common in Orenco Station (mostly in the form of daily trips to shops).

This article supports the importance of New Urbanist Communities because they combat sprawl through design. The pedestrian-oriented nature of these communities is shown here as effective to encourage walking and a sense of community. The five-year span of this study adds temporal depth to the argument that New Urbanist Communities combat sprawl's sedentary-encouraging design and its socially isolating effects. This second study of Orenco Station in Portland adds a greater understanding regarding the consumer-taste aspect of purchasing a New Urbanist home. Ultimately, the supply-side cannot be understood without studying the demand-side as well.

[12] Sobel L., Anderson, W. and Shipman, J. 2011. *Environmental Protection Agency. Market Acceptance of Smart Growth*. 8-12 from [http://newurbannetwork.com/sites/default/files/market\\_acceptance\\_0.pdf](http://newurbannetwork.com/sites/default/files/market_acceptance_0.pdf)

This article examined the markets relationship (and openness) to New Urbanist-style developments.

This article supports my assertion that New Urbanist-style communities can play a part in real estate's comeback from its current slump since the supply-side shows interest in developing them.

[13] Dill, Jennifer. 2006. "Evaluating a New Urbanist Neighborhood," *Berkley Planning Journal*, Vol. 19, pp. 59-78. From <http://www.ced.berkeley.edu/pubs/bpj/pdf/19-4-Dill.pdf>

This study examined the physical activity and social/community aspects of new urbanist Fairview Village in Portland, OR versus two other suburban areas in the area. Surveys were conducted to find if physical activity and neighborliness increased. The findings were mixed because although physical activity and neighborliness increased; it was possibly due to the fact that New Urbanist Neighborhoods tend to attract buyers who are more likely to walk and be neighborly.

This supports the importance factor of regarding that physical activity and neighborliness are encouraged in New Urbanist Communities. It is also useful because it offers the possibility that New Urbanism could have an indirect effect of attracting those already wishing to live in such neighborhoods, which could undermine the importance asserted by proponents of these communities. The possibility of these communities attracting this attention would be of interest to developers whom would potentially supply them, but need to know if these investments were worth the risk.

[14] Ellis, Cliff. 2002. "The New Urbanism: Critiques and Rebuttals," *Journals of Urban Design*, Vol.7 (3), pp. 261-291.

This study highlighted various arguments against New Urbanism. It then counters the various criticisms ranging from the idealistic and aesthetic critiques.

This study is useful for my overall knowledge of New Urbanism. This is important because my thesis must be supported by my own understanding of New Urbanism's purported advantaged

and disadvantages. The supply-side of New Urbanism cannot be understood without also studying the greater subject, so literature such as this is useful to that end.

[15] Lund, Hollie. 2003. "Testing the Claims of New Urbanism: Local Access, Pedestrian Travel, and Neighboring Behaviors," *Journal of the American Planning Association*, Vol. 69(4), pp.414-429 from

<http://www.informaworld.com/smpp/content~db=all~content=a787382943~frm=abslink>

This study sought to find whether or not New Urbanist claims that increased pedestrian travel will increase social interaction amongst neighbors. Surveys conducted in four inner city neighborhoods against four suburban neighborhoods found mixed results stating that neighborliness increases in New Urbanist areas which locate retail and parks near homes. However, the study concluded that those more likely to value community are already more likely to move into New Urbanist neighborhoods like this one.

This gives both support and criticism to my justification that New Urbanist neighborhoods will benefit Dallas-Fort Worth because while it shows an increase in community in these neighborhoods. It concludes with the caveat that perhaps those already attracted to New Urbanism will live in such neighborhoods, and not that nearly anyone moving there will automatically become less isolated.

[16] Rodriguez, Daniel, Asad Khattak, and Kelly Evenson. 2006. "Can New Urbanism Encourage Physical Activity?" *Journal of the American Planning Association*, Vol. 72(1), pp.43-54.

This study examined whether or not if New Urbanism could encourage physical activity (through its design elements). Conventional urban neighborhoods in the Chapel Hill-Carrboro were

matched against a new urbanist neighborhood in the area. They compared different physical activities while controlling for salient characteristics. Their findings were that although the pedestrian and bicycle friendly amenities of the new urbanist neighborhood led to no noticeable increase in physical activity; there was, however, a noticeable increase of physical activity for new urbanist residents in walking for utilitarian reasons (e.g. walking to shops).

This study supports my justification that New Urbanism is important because it shows the increase in physical activity in another New Urbanist Community over its traditional counterpart. Those looking to walk to amenities will then prefer developments suited to this, therefore making New Urbanist Communities a product they would consider if supply exists.

[17] National Association of Realtors. 2011. “February Metro Area Existing Single-Family Home Sales and Prices.”

This statistic shows that there has been a -14.5% drop in single-family home sales between February 2010 and February 2011.

This statistic enforces my justification that the real estate slump in Dallas-Fort Worth’s economy is real. Increased sales of New Urbanist homes would offset the -14.5% sales decrease seen between February 2010 and February 2011. Therefore, an increase of home sales in New Urbanist Communities will help Dallas-Fort Worth’s overall sagging real estate sales.

[18] Skasburskis, Andrejs. 2006. “New Urbanism and Sprawl: A Toronto Case Study.” Journal of Planning Education and Research, Vol. 25, pp.233-248. From <http://jpe.sagepub.com/content/25/3/233.refs>

This article examined the heart of New Urbanism by surveying to see whether residents of such communities planned to stay in high-density units (e.g. to see if families of 3 would stay in a condo located in a New Urbanist Developments, etc.). Their surveys found that most residents planned to move into detached housing in the future. Skaburskis concludes that New Urbanists should focus on detached New Urbanism as opposed to only condominium styles.

This article gives healthy criticism to higher-density New Urbanism needed for my research. A possible outcome of my research could be similar in that buyers may prefer detached housing, which would then discourage from developers from making higher-density New Urbanist Communities.

[19] Joongsub, Kim and Kaplan, Rachel. 2004. "Physical and Psychological Factors in Sense of Community: New Urbanist Kentlands and Nearby Orchard Village." Vol. 36, pp. 313-340 from <http://eab.sagepub.com/content/36/3/313.full.pdf+html>

This study compared and contrasted Maryland's New Urbanist Kentlands against Orchard Village to see if a stronger sense of community existed in the New Urbanist Kentlands. Researchers found that residents of the Kentlands had a greater sense of community than Orchard Village. They conclude that the varieties of open space and natural features were two great design factors that fostered community in the Kentlands.

This study supports the social aspect of my justification that New Urbanist Communities are important on a social level because they put people in less isolating communities than sprawl development does. Those preferring less socially isolating dwellings should naturally gravitate to New Urbanist Communities or similar developments. But potential buyers cannot purchase what is possibly undersupplied.

[20] Brain, David. 2005. "From Good Neighborhoods to Sustainable Cities: Social Science and the Social Agenda of the New Urbanism," *International Regional Science Review*, Vol. 28(2), pp. 217-238 from <http://irx.sagepub.com/content/28/2/217.full.pdf+html>

This article took a sociological slant on New Urbanist Communities' effects on those living there. Presence and loss of community were discussed heavily.

This article scrutinized my "social" justification that New Urbanist Communities benefit residents through shared access to features like open space and pedestrian-oriented design because these design features replace the isolating style of low-density sprawl. Again, those preferring less socially isolating dwellings should naturally gravitate to New Urbanist Communities or similar developments. But, as previously stated, potential buyers cannot purchase what is possibly undersupplied.

[21] Anam, Aseem; Jonathan Levine and Richard Werbel. 2002. *Developer-Planner Interaction in Transportation and Land Use Sustainability*. San Jose, CA: Mineta Transportation Institute, College of Business, San Jose State University. MTI Report 01-21. From [www.transweb.sjsu.edu/publications/01-21.pdf](http://www.transweb.sjsu.edu/publications/01-21.pdf)

This study was transportation oriented, but research led them to municipal regulations that (they found to) discourage higher density developments typical of New Urbanist Communities and instead encourage single-purpose and low-density land use. They surveyed for developers interests in relation to alternative development, and their findings stated that high levels of interest of developers existed. Their perceived reasons for the unmet demand developers believed existed being were "neighborhood oppositions" and "local/municipal regulations."



This research highlights the actors involved in the development process. They are identified as: 1) entrepreneurs/developers 2) consultants 3) public officials 4) city staff/planners 5) community members. They continue to say that the relationships between said actors are crucial in planning for *any* development. Their national survey of 693 developers showed significant in alternative development (over 75% of developers). This directly addresses my supply-side analysis of DFW developers and their relationship towards New Urbanist developments.

[22] Blanchard, Christopher. 2005. "The New Urbanism and the Environment: Green Solutions to Urban Sprawl." Boise State University & The Boise Cascade Corporation

This study examined the possible benefits of New Urbanist Design to see if Boise had the green effects that New Urbanists espouse. Two Boise neighborhoods were compared using the Idaho Smart Growth Neighborhood Development Scorecard to rate for New Urbanism/Smart Growth guidelines. The scorecard used 25 different design criterion included in its ratings. The study concluded that the New Urbanist neighborhood of Cobblestone was greener than the traditional Creekwood neighborhood mainly due to its designed walking proximity of residences-to-shops. Note that Blanchard ended with the assertion that New Urbanist tenets should be faithfully adopted in order to maximize its green effects.

Blanchard's research supports the importance of these communities because his conclusion found evidence showing that New Urbanist design countered the drawbacks of sprawl (e.g. longer time in cars). The walking proximity to shops and amenities was found as the key design element making Cobblestone greener than Creekwood. Ultimately, this is a small study only covering two neighborhoods in Boise, so the results cannot be instantly generalized to Dallas-Fort Worth, but the findings encourage a belief that New Urbanist design counters sprawl's

effects. Lastly, the photographic evidence was helpful by showing the contrasts of New Urbanism versus traditional development. As mentioned in previous studies; access to amenities is a cornerstone of New Urbanist Communities, so potential buyers of those developments would look for those features in a Dallas-Fort Worth market dominated by conventional developments.

[23] Urban Land Institute. “Smart Growth, Smart Companies, Smart Workers: ULI Conference Looks at the Impact of the New Economy.” From <http://www.uli.org/News/PressReleases/Archives/2000/2000PressReleases/Smart%20Growth%20Smart%20Companies%20Smart%20Workers%20ULI%20Conference%20Looks%20at%20Impact%20of%20the%20New%20Economy.aspx>

This article examined the market’s acceptance of Smart Growth as a viable real estate sub sector to invest in. Obstacles to pursuing this sector highlighted include inflexible regulations and public perception that some wish to “force” them into New Urbanist Communities.

This article supports my justification regarding the importance that potential growth in the real estate sector could be spurred by New Urbanist Communities. Here, the study asserts that regulations are hampering developers from creating these communities due to bias in favor of traditional developments. However, if enough demand exists to catch the attention of rule makers, then regulations could possibly ease so to supply more New Urbanist Communities.

[24] The Town Paper. “TND Neighborhoods by State and Country.” From <http://www.tndtownpaper.com/neighborhoods.htm>

This page gave the count of all New Urbanist Neighborhoods in the United States. They then were broken down by State.

This was useful since I needed a perspective of popularity of New Urbanist Neighborhoods. I also was able to see a snapshot of how well certain areas are supplied with these developments. Dallas-Fort Worth was available, which aided my understanding of the current supply in this area.

[25] Urban Land Institute. “Place Making: Creating Connected, Cohesive Communities.” From <http://www.uli.org/News/PressReleases/Archives/2000/2000PressReleases/Place%20Making%20Creating%20Connected%20Cohesive%20Communities.aspx>

This article discussed the concept of place making through the developer’s perspectives regarding consumer demand for New Urbanist Environments. Multiple aspects of New Urbanism were discussed through the developers’ eyes, including: demand of certain age cohorts, how to create community, and weaknesses of New Urbanist Communities. The single most recognized problem by developers regarding New Urbanist Communities was that of retail. In particular, it was the problem of not having enough people to support the retail in these communities.

This article supports the theory that developers may see that potential lack of retail-support in New Urbanist Neighborhoods as a reason why not to build them. If residents are not supporting the businesses that invest heavily to be part of New Urbanist Communities, then partner-businesses and developers would be hesitant to build these communities. This is a possible outcome of my research and should be considered plausible.

[26] New Urban Network. “NU Makes Progress in Canada.” 1999. From <http://newurbannetwork.com/article/nu-makes-progress-canada>

This article highlights the growing popularity of New Urbanist Developments in Canada. Market factors affecting the rate of construction of these communities are examined as well.

This article aids my hypothesis because it deals directly with the market and its relationship with developers. The article explains that Canadian developers slowed New Urbanist developments once the housing market began slowing down. My hypothesis cites the weak housing market as one of two reasons for the current rate of development of these communities, so this literature provides a good case study to compare my results to.

[27] PlaceShakers and NewsMakers. “New Urban Development: Too risky, too costly. Not.” Sobel, Lee. From <http://placeshakers.wordpress.com/2011/03/01/new-urban-development-too-risky-too-costly-not/>

This article explains that New Urbanist Communities are not inherently risky, but that developers who have built them and failed simply did not understand the market. He continues to say that all developments carry risk, but that such risk can be minimized through better market research. Sobel states that developers must do better in researching the market before they create New Urbanist Communities.

This article gives my research another angle regarding developers’ responsibilities. It is a possibility that New Urbanist Communities in The Metroplex fail due to poor developers’ research practices. After all, suppliers cannot create what they do not understand. A lack of product understanding is plausibility as to why Dallas-Fort Worth has so few New Urbanist Communities.

[28] Centers for Disease Control and Prevention. “U.S. Obesity Trends: trends by state 1985-2009.” from <http://www.cdc.gov/obesity/data/trends.html> and

[http://apps.nccd.cdc.gov/DDT\\_STRS2/CountyPrevalenceData.aspx?stateId=48&Mode=OBS](http://apps.nccd.cdc.gov/DDT_STRS2/CountyPrevalenceData.aspx?stateId=48&Mode=OBS)

This statistic shows that Texas had a 2009 obesity rate of 28.7%. This is up from under 14% in 1987.

This doubling of the Texas obesity rate support my justification concerning the importance of the ‘physical activity’ aspect of New Urbanism and why it could benefit more Dallas-Fort Worth residents to live in these communities because of their emphasis on walking and/or biking. Potential buyers looking to live in physically stimulating areas should naturally be looking for homes in New Urbanist Communities. However, if an undersupply exists, then said prospects are experiencing a market failure.

The percentage of Metroplex adults that are obese as of 2008 were as follows: Collin County – 23.1%; Dallas County- 27.9%; Delta County – 28.3%; Denton County – 27.9%; Ellis County – 29.2%; Hunt County – 29.8%; Johnson County – 29.3%; Kaufman County – 29.9%; Parker County; 27.1%; Rockwall – 26.9%; Tarrant County 26.5%; Wise County – 29.6%. [29]

Washington Monthly. “The Next Real Estate Boom. How housing (yes, housing) can turn the economy around” Leinberger, C. & Dougherty, P. from

<http://www.washingtonmonthly.com/features/2010/1011.doherty-leinberger.html>

This article argues that half the US population (baby boomers and their children without kids of their own) tend to favor denser, new urbanist-like developments. The authors contend that a market failure exists due to a lack of said developments to meet demand. They further claim that this underserved sector of real estate can help speed America’s ailing economy if developers

could reverse this failure. The authors believe that typical sprawl development is slowly becoming a thing of the past, and therefore, prudent developers should look to correct said market failure. Their research is supported by their findings of over 75% of Generation Y's youths whom plan to live in or near urban cores. They also found that Baby Boomers (whom are the nation's largest age demographic group) are beginning to abandon their "empty nests" in the suburbs in favor of areas with greater accessibility to medical care, public areas, and general activities not found in suburbs.

If Leinberger's and Dougherty's research is correct, then the demand in DFW for new urbanist communities is unmet, thus reaffirming the authors' assertion that a market failure exists. Baby Boomers and Generation Y are abundant in DFW, so their logic would apply here if proven correct.

[30] The Brookings Institution "Financing Progressive Development." Leinberger, C. From [http://www.brookings.edu/articles/2001/05metropolitanpolicy\\_leinberger.aspx](http://www.brookings.edu/articles/2001/05metropolitanpolicy_leinberger.aspx)

This article asserts that New Urbanist Developments are constantly faced with difficult financing due to a lack of successful projects to ease lenders minds, and this is despite the fact that some of the highest sale and re-sale values in some areas come from these developments. Also, conventional financing does not function the same with progressive developments as with conventional developments, further exacerbating the difficulty of finance. Another behavior of lenders' affecting progressive development is the shorter term profitability of the developments. Meaning, conventional developments are cheaper and faster to build, so the profits incurred from lending to these developments zenith in seven years on average, as opposed to progressive developments that are more expensive to build and take longer to pay out. Leinberger then lays

out the 19 “accepted” types of developments, and points out that the progressive development is not included.

This is a possibility of why New Urbanist Communities are not being developed in greater numbers in DFW. The interviews should shed light on the truthiness of this assertion. Biased finance policies are a plausibility as to why more New Urbanist Communities are not being developed in Dallas-Fort Worth.

[31] The New Republic “Boosting jobs with the right kind of housing and transportation efforts.” Leinberger, C. From <http://www.tnr.com/blog/the-avenue/79051/boosting-jobs-the-right-kind-housing-and-transportation-efforts>

Leinberger asserts that the market is demanding different transportation improvements and housing than we have been building for the past two generations, highway-based single family housing on the ever expanding fringe of our metro areas. The author continues his piece by pointing out that type of housing was the epicenter of the housing and mortgage crash.

Leinberger insists that what is needed is “alternative” transportation (rail transit, bike, and walking infrastructure) along with the real estate industry re-tooling to build what the market now wants, walkable development, whether in the central cities or the suburbs.

This possibility could add an interesting transit element to the new urbanist equation. Here, Leinberger asserts that alternative transit such as light rail and busing would help the market satiate the demand for new urbanist communities. If this is true, then the DFW market would be at a strong disadvantage to building more New Urbanist Communities due to the lack of alternative transit. Poor connection to transit is a plausibility as to why more New Urbanist Communities are not being developed in Dallas-Fort Worth.

[32] The Brookings Institution. "Dallas should walk this way." Leinberger, C. From [http://www.brookings.edu/opinions/2008/0215\\_walkable\\_leinberger.aspx](http://www.brookings.edu/opinions/2008/0215_walkable_leinberger.aspx)

Leinberger writes that late-marrying young adults and empty-nester baby boomers are looking for the excitement and options that living and working in a walkable urban place can bring.

Furthermore, current demographic trends were said to have promised continued demand. One claimed benefit of walkable urban development is that it keeps and attracts young adults to the metro area, many of whom willingly trade crushing car commutes for walkable places to live and work. According to the author, walkable urban places seem to attract the well-educated, the so-called "creative class." Even the nascent revival in downtown Detroit has seen 83% of new residents arriving with a college education, compared to 26% of the national population.

If Leinberger is correct, then DFW's demand for New Urbanist Communities is undersupplied, which then confirms a market failure.

[33] Environmental Protection Agency. "Market acceptance of growth." Sobel, L. From [http://www.epa.gov/smartgrowth/market\\_acceptance.htm](http://www.epa.gov/smartgrowth/market_acceptance.htm)

Sobel writes here that smart growth master-planned developments are growing in popularity, with tens of thousands of new housing units built in the 20-plus years since the creation of the earliest examples. The author's extensive body of evidence presents an opportunity to evaluate the financial performance of smart growth housing compared to its conventional counterpart.

The article concludes with the caveat that while home buyers, developers, builders, and municipal leaders probably understand the environmental benefits; they may still need information about the investment potential of smart growth projects.



Sobel's assertion here is that of a market misunderstanding. The author claims that while most positive aspects of smart growth properties are known, that the financial benefits are not accounted-for, which could spell for a local market failure if DFW developers fall within this assertion.

[34] MIT Transportation Institute & San Jose State University College of Business. "Developer-Planner interaction in Transportation and Land Use Sustainability." Inam, A., Levine, J., & Werbel, R. From [http://transweb.sjsu.edu/MTIportal/research/publications/documents/developer\\_planner/DevPlan.htm](http://transweb.sjsu.edu/MTIportal/research/publications/documents/developer_planner/DevPlan.htm)

The authors surveyed for developers' interests in relation to alternative development, and their findings stated that high levels of interest of developers existed. The developer's most cited reasons for the unmet demand were "neighborhood oppositions" and "local/municipal regulations."

If the authors' findings mirror my own, then half of my hypothesis concerning why DFW has a low amount of New Urbanist Communities is confirmed. Initially, I stated that local and municipal regulations are half of the reason that developers are likely not developing as many new urbanist developments in DFW, and it is possible that my own findings will confirm this, although that is not a certainty.

[35] Urban Land Institute. "Smart Growth, Smart Companies, Smart Workers: ULI conference looks at the impact of the new economy." Press Release. From <http://www.uli.org/News/PressReleases/Archives/2000/2000PressReleases/Smart%20Growth%2>

[0Smart%20Companies%20Smart%20Workers%20ULI%20Conference%20Looks%20at%20Impact%20of%20the%20New%20Economy.aspx](http://www.uli.org/Smart%20Companies%20Smart%20Workers%20ULI%20Conference%20Looks%20at%20Impact%20of%20the%20New%20Economy.aspx)

This press release covered a ULI conference regarding the market's acceptance of Smart Growth as a viable real estate sub sector to invest in. Obstacles to pursuing this sector highlighted include inflexible regulations and public perception that some wish to "force" them into New Urbanist Communities. As in the Inam, Levine, and Werbel article, building/government regulations and public opposition groups are cited as the main obstacles to building New Urbanist Communities.

If this article is correct, then, once again, half of my hypothesis regarding government regulations being in favor of single-use developments will be confirmed. Also, this article provides more insight into the supply-side's viewpoint into why they are creating alternative developments (e.g. New Urbanist Communities) at their current rates in DFW.

[36] Urban Land Institute. "Place Making: Creating Connected and Cohesive Communities." Press Release. From <http://www.uli.org/News/PressReleases/Archives/2000/2000PressReleases/Place%20Making%20Creating%20Connected%20Cohesive%20Communities.aspx>

This press release discussed the concept of place making through the developer's perspectives regarding consumer demand for New Urbanist eEnvironments. The single most recognized problem by developers regarding New Urbanist Communities was that of retail. Balancing retail properly into New Urbanist Communities was by far the most difficult of tasks for developers according to this piece.

A New Urbanist Community is a more complicated creation than its simpler counterpart, the Euclidian development. Retail is developed directly into these New Urbanist Communities, and therefore take more thought regarding their conception. This is a viable possibility regarding as to why New Urbanist communities are not made at higher rates.

[37] Better Cities & Towns. “NU makes progress in Canada.” Halloran, S. From <http://bettercities.net/article/nu-makes-progress-canada>

Halloran’s article highlights the growing popularity of New Urbanist Developments in Canada. Market factors affecting the rate of construction of these communities are examined as well. The article explains that Canadian developers slowed New Urbanist Developments once the housing market began slowing down. This shows the possibility that NUCs are not immune to a real estate slowdown similar to their conventional counterparts.

This article could possibly affirm one of the two parts of my hypothesis that states that New Urbanist Communities in DFW have slowed by developers due to the post-crash slowdown in real estate. Canadian markets were hit similarly to the American real estate market, so there is little to control for regarding differences. Canadian suppliers could be more or less in favor of New Urbanist Communities in comparison to Dallas-Fort Worth, and this piece gives me a wider scope of supply-side understanding at the least.

[38] PlaceShakers and NewsMakers. “New Urban Development: Too risky, too costly. Not.” Sobel, L. From <http://placeshakers.wordpress.com/2011/03/01/new-urban-development-too-risky-too-costly-not/>

This article explains that New Urbanist Communities are not inherently risky, but that developers who have built them and failed simply did not understand the market. Sobel continues to say

that all developments carry risk, but that such risk can be minimized through better market research before creation of a New Urbanist Community.

Here, the developers themselves are urged to show caution before developing a New Urbanist Community, to better take advantage of the market. If Sobel is correct, then the Metroplex would need better educated developers to properly create New Urbanist Developments. An undereducated supply-side could translate to market failure otherwise. Lack of understanding of New Urbanist Communities in Dallas-Fort Worth is a plausibility as to why a potential market failure exists.

[39] The New York Times. “Specialty REITs, Exploiting Niche Categories, Outperform the Mainstream Players.” Gregor, A. December 21<sup>st</sup>, 2011.

This article asserts that non-traditional developments are outperforming the classic, big-box developments in the post-crash market. Included, are entertainment complexes such as multiplex theatres and mixed-use developments. REITs and other high net investors had begun to take notice as of 2010, so alternative real estate investments such as data centers are being looked at as viable assets.

New urbanist communities fit the mold as alternative investments. So if this article accurately portrays the current market, then New Urbanist Communities should appeal to real estate investors due to their non-traditional makeup. The 2012 residential sector of real estate has not shown strong signs of recovery as hoped by industry experts and government officials, so if this trend continues; then New Urbanist Communities could increase in popularity to REITS and high worth investors during 2012 and possibly beyond.



Southlake Town Square from [www.dallasrealestateblog.com](http://www.dallasrealestateblog.com)

## CHAPTER 3

### METHODOLOGY

#### *3.1 Goals*

The goal here is to see why developers operating in Dallas-Fort Worth are building New Urbanist Communities at their current rate. I hypothesize that developers perceive that demand exists to build more New Urbanist Communities, but that they do not build more because of the poor housing market, and due to the local building regulations which discourage these communities. Ultimately, I am investigating to discover whether or not a market failure exists in relation to New Urbanist Communities in Dallas-Fort Worth. Additionally, this research aims to gauge what the supply-side views demand for New Urbanist Communities in the Metroplex for further clarification into the possibility of a market failure.

#### *3.2 Research Strategy & Design*

The research question is to ask why New Urbanist Communities are being built at their current rate. This research will not exceed the limits of Dallas-Fort Worth as defined by the US Census. I will conduct my research by interviewing all willing residential real estate developers whom choose to participate. These interviews will be conducted via phone or email. All answers will be tabulated for later analysis. The goal is to have the developers' answers analyzed and presented by the conclusion of the Spring semester of 2012.

#### *3.3 Definitions*

**Physical Activity** or **Activity** will refer to the walking, bicycling, and general physical activity associated with living in a New Urbanist Community (e.g. walking to a grocery store instead of driving, or bicycling to closer open space instead of driving).

**Neighborliness** will refer to social interaction between those living in the same neighborhoods (e.g. small-talk, friendships developed, etc.). This term will encapsulate the social aspect of the importance tied to New Urbanist Communities.

**Developer** will refer to any real estate development company that is currently actively building (to any degree) in the Dallas-Fort Worth area. The developer will not have to be *based* out of the Metroplex, so long as said developer builds here.

**Dallas-Fort Worth** or **The Metroplex** will be defined along the U.S. Census definition as the 12 counties within the U.S. state of Texas, which include (in alphabetical order): Collin, Dallas, Delta, Denton, Ellis, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise.

### *3.4 Unit of Analysis or Physical Parameters of Study*

The **Unit-of-Observation** and **Unit-of-Analysis** examined here will be defined as each development company equating to a single unit . This means that each Developer will be surveyed to answer only for its own company's perceptions and opinions with no need to speak for their competitors. Please note that there is no difference between the Unit-of-Observation and Unit-of-Analysis in this study. 3)

### *3.5 Process*

The process was simple towards the goal of answering the three questions presented. First, I used the Home Builders Association for both greater Dallas and greater Fort Worth as my two search engines, so that all Metroplex counties were accounted for. \*reference the HBAs here\* This decision was made after multiple conversations with developers whom asserted that the Home Builders Associations (HBA) of both Greater Dallas and Greater Fort Worth were the best places to search for developers to interview.. Developers of New Urbanist Communities

were asked the same questions as traditional residential developers to ensure the integrity of this research. Commercial developers were not included in this study because commercial developers do not venture into residential development. I then decided to both tabulate the results for easier understanding in comparison to my hypothesis.\*reference charts and tabulations\* Additionally, the raw interviews will be listed in the index as well.

Despite the simplicity of the process, the search itself was cumbersome. Because the Dallas Home Builders Association did not have developers distinguished from home builders, I sifted through 361 potential developers via phone and/or email so to separate developers from those whom were only builders. Predictably, the majority of my Dallas search yielded many unreachable potential interviewees. Fortunately, the Fort Worth Home Builders Association had a specific developer search option, which expedited the search for that area. Each potential developer was contacted twice via phone and/or emailed once. The interviewees who responded had their interviews written down, or, as in most cases, they were pasted directly from their emails and into my notes.

Email was preferred by the interviewees over phone calls due to poor connections, and many developers felt that they could give an accurate (and less rushed) response to the questions. Answer lengths and breadths varied greatly from single-sentences, to long paragraphs. Responses found in the index were not altered except for gross spelling errors (for the sake of the reader(s)). Developers were allowed to cite as many reasons for their answers as they saw applicable. For example, if one developer felt that financing was the deciding factor to their company not pursuing New Urbanist Developments, then that would suffice. However, if that same company believed that financing, a weak real estate market, and government regulations



could have all blocked their pursuit of these developments on their own, then they all would be recorded equally as answers.

Although all willing respondents' answers will be recorded, I must remind the reader that the size of a developer is a characteristic that must be taken into account. The aim remains to contact all Dallas-Fort Worth developers if possible, but it is unlikely that all *will* respond to my requests. Therefore, the reader should keep in mind that smaller developers will be more likely to be focused on one type of development and less likely to understand more complicated developments such as New Urbanist Communities.

### *3.6 Questions' formatting*

Every interviewee was either asked verbally or via email the exact same questions. They are as follows:

(Screen question) Are you a real estate development company?

(1) Do you or do you not develop New Urbanist communities?

(2) **(IF NO)** Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of New Urbanist communities? What is your company's view regarding demand for these communities in DFW's market?

(3) **(IF YES)** Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of New Urbanist Communities? What is your company's view regarding demand for these communities in DFW's market?

### *3.7 Non Responses*

Several calls into the Dallas HBA list of builders were not responded to. Those non respondents were omitted from the list of confirmed developers. Unfortunately, no single

organization existed that listed all current Dallas area developers, so the exact number of potential interviewees was unknown. My screening question was asked to an agent of each company contacted, and an affirmative response then led me to either ask or email the interview questions.

### *3.8 Respondents*

The total number of potential developers through my Dallas HBA (361 potential) and Fort Worth HBA search (21) was 382. Seventy-eight were confirmed as developers. Twenty-two developers responded to my request for interviews.

### *3.9 Tabulation of Results*

After all developers have been surveyed (or have been attempted to be surveyed), I will then tabulate the results into a table containing responses to the questions listed. The response with the most developers affirming it will then become the possible answer to my hypothesis.

All results will be coded for ease of understanding.



Frisco Square from [www.newsblog.com](http://www.newsblog.com)

### *3.1.1 Timeline of Research*

By May of 2011, I found a source and began contacting Metroplex-area developers. This source was the TND Town Newspaper\*CITE\* I was further directed to use the Home Builders Association as a source to contact both Dallas and Fort Worth based developers. I continued this research until the Spring of 2012, and subsequently finalized my discoveries.



Austin Ranch in The Colony from [www.yourrentwesplit.com](http://www.yourrentwesplit.com)

## CHAPTER 4

### **Pre Analysis & Responses Explained**

#### *4.1 Pre Analysis*

The first question was meant only to identify developers with direct experience with New Urbanist Communities from the developers with no experience with those developments. There were a variety of responses for my second question, but the prevailing answer was that the lack

developer understanding of how to create New Urbanist Communities made these developments less attractive for Dallas-Fort Worth developers. (Sobel, 2011) The sub issue of difficulty balancing residents' access to amenities was another popular reason as to why developers felt they lacked the knowledge to create New Urbanist Developments. (ULI, 2000) The third question was difficult to quantify because developers' general opinions regarding demand differed greatly and nearly half did not give an opinion about demand perception for New Urbanist Communities. Seven of the respondents to question three believed that demand was not strong enough to justify ventures into New Urbanist Communities while five felt that demand had justified more of these developments. My hypothesis that government regulations and an overall weak economy as the twin factors creating a market failure towards the creation of more New Urbanist Communities seemed rebuffed on its face. (Levine, 2006 & Realtors, 2011) The answer categories are listed in the *Question Two* and *Question Three* figures.

#### *4.2 Responses Explained*

##### Developer 1: Cambridge Homes

Cambridge felt that they built the Hometown (New Urbanist) development in North Richland Hills to great success. Cambridge wanted to promote the social aspect of the homes built close together, with front porches where neighbors could see each other and visit accordingly. Additionally, the walkable aspect of Hometown was seen as both a convenient and

socially attractive to potential buyers. Access to retail and essentials was indicated as crucial to the Hometown development. Hometown was purposely built with a series of accessible schools (e.g. elementary, a Jr. High, etc.), so that residents could enjoy the concept of access as a reason to buy into Cambridge's development.

#### Developer 2: Urban Partners

This company created the West Village New Urbanist development because they wanted to develop something in contrast to the typical North Texas product that they felt would be profitable and be high-profile by design. They believed that sufficient demand does exist for new urbanist communities. However, they were consistent in their opinion that the correct balance of retail with the residential portion of West Village was a crucial element of Hometown and was a deciding factor of its success.

#### Developer 3: Artex Development

ArTex Development did not develop these communities for the simple reason that they did not have the product knowledge to do so. They asserted that "suburban kids" want to move to New Urbanist Communities, but that the majority of potential home buyers did not, therefore Artex believed that demand for New Urbanist Communities was low in comparison to traditional development.

#### Developer 4: Art House Homes

Art House Homes experienced difficulty finding the appropriate land for a suitable project when they were interested in developing a potential New Urbanist Community. Zoning and financing were the deciding factors as to why they did not pursue this development. Their opinion was that larger developers were the only actors with the means to create New Urbanist Communities in Dallas-Fort Worth because of the ease of access to capital and knowledgeable participants with the skills needed to create a New Urbanist Community. They viewed the need for access to major roads, poor developer communication with municipal representatives, and the lack of understanding of how to create New Urbanist Communities on the development side as a problem as well. He believed that “limited” demand existed for New Urbanist Communities, but did not elaborate.

Developer 5: Atrium fine homes

Atrium developed traditional homes only. My call was dropped and I was unable to reconnect to finish the interview.

Developer 6: Bentley Premier Homes

This developer did not create New Urbanist Communities. They claimed that access to major roads as the critical element to high residential and retail occupancy. Ensuring successful retail was a prohibitive factor to creating New Urbanist Communities. He believed that demand for these communities existed to justify building more of them, but that he could not measure to what degree due to product unfamiliarity.

Developer 7: Caprock Construction Homes

Caprock did not develop New Urbanist Communities, and were not sure as to what they were. Although they felt that New Urbanist Communities existed, he did not elaborate on those feelings due to his lack of knowledge on the subject.

Developer 8:

Conine Developers did not develop New Urbanist Communities. They believed that if there were a market failure, then demand itself would correct it in the form of the demand-side clamoring for more New Urbanist Communities. They cited that population in Texas had increased; so therefore, demand for these communities should have increased somewhat, even in spite of the market slowdown. And because it had not, then no market failure likely existed.

Conine believed that demand for New Urbanist Communities was not a fraction as great in comparison to traditional residential developments. Conine believed that demand for New Urbanist Communities was not a fraction as great in comparison to traditional residential developments.

Developer 9: Deguire Homes

DeGuire Homes developed the Argyle Home Village New Urbanist Community. This company's deciding factor for creating Argyle Home Village was due to their balance of accessible highways, good schools, and proximity to the rest of Dallas-Fort Worth. Although DeGuire Homes saw that New Urbanist Communities were in demand in a slowly recovering market, they also felt that they required more work than traditional developments, and that most companies lack the knowhow to accomplish. This included the "partnering" with city planners during the development phase that several developers were described as unknowledgeable within a new urbanist context.



Developer 10: Everest Developments

Everest did not develop New Urbanist Communities because they did not perceive them as profitable investments. And although they believed that demand for New Urbanist Communities was “strong,” they pointed out that New Urbanist Developments are more difficult and expensive to create than traditional developments.

Developer 11: Goodman Land Advisors

Goodman Land Advisors did not develop New Urbanist Communities because they had little understanding of them. Additionally, they gave no opinion on whether or not demand for New Urbanist Communities was weak or strong due to this lack of understanding.

Developer 12: Green Hill

Green Hill had been involved in the creation of New Urbanist Communities in the past, but ultimately forsook further endeavors due to the difficulty of obtaining favorable financing, as well as the prohibitive risk of retail balancing. No opinion was given regarding demand.

Developer 13: Jason Carter Custom Homes

Jason Carter did not enjoy the “less involved” process he faced as an actor involved in New Urbanist Communities, and therefore, had never participated in their development. In their opinion, only traditional developments give developers greater control over their creations. He had no direct answer as to whether strong or weak demand for New Urbanist Communities in Dallas-Fort Worth existed or not.

Developer 14: Kent’s Custom Homes

Kent's Custom Homes had been involved in development of New Urbanist Communities in the past. This company's stance was that government regulations stifled developments of New Urbanist Communities. Kent also believed that there was a large, pent up demand for New Urbanist Communities.

Developer 15: Land Plan Communities

Land Plan did not develop new urbanist communities. Their explanation for not pursuing new urbanist communities was that government regulations and financing prohibited them. They concluded that said reasons ultimately precluded many developers from potential new urbanist ventures.

Developer 16: Newcastle Homes

Newcastle had not developed New Urbanist Communities. The company made the decision to strictly build after the real estate meltdown. Their belief regarding demand for New Urbanist Communities was that this was a "wealthy" product, and therefore would be more seen in north Dallas-Fort Worth than anywhere else in the area.

Developer 17: Noble Classic Homes

Noble had very limited rural experience in development. They were not sure as to what New Urbanist Communities were and declined to give answers regarding demand based on that fact.

Developer 18: Sustainable Structures of Texas

Sustainable Structures explained that they had light experience in the development process of New Urbanist Communities. They believed that higher densities along with proper location for development dictated a successful development (of any type, include New Urbanist Communities). They felt that New Urbanist Communities appealed more to younger buyers in their 20's and 30's than otherwise, which therefore limited their marketability.

Developer 19: Sheffield Development

Sheffield had never taken part in New Urbanist Developments due to the high cost of locations and their perceived lack of demand. Ten percent of potential homebuyer market was the highest that Sheffield believed was interested in New Urbanist Communities in Dallas-Fort Worth, and they felt that was too low to risk pursuing a higher risk development at higher cost.

Developer 20: James Harris Inc.

James Harris Inc. had never developed a New Urbanist Community at the time of this interview. Their reasons for not pursuing these developments were financing issues and the difficulty of situating potential developments to attractive amenities like highways, schools, and entertainment. James Harris perceived New Urbanist Communities as niche products in a market with demand still heavily geared towards traditional developments.

Developer 21: Falconwood Estates

Falconwood Estates did not develop New Urbanist Communities due to difficult financing in comparison to traditional developments. However, they pointed out that their understanding of New Urbanist Communities was limited, so that this lack of product knowledge further prohibited them from pursuing non-traditional developments.

## Developer 22: Wilbow Corporation

The Wilbow Corporation had invested in a Duany-Platys-Zybeck New Urbanist Community in North Carolina, although they had not done similar in Texas. This company was well-educated regarding new urbanism and its place in the real estate market. Even their traditional products have some new urbanist aspects of walkability and access included. However, they believed that the real estate meltdown's ensuing recession has affected the demand for New Urbanist Communities as it has for traditional developments. Furthermore, financing for both the development and purchase of New Urbanist Residences was named by Wilbow as a reason for less occupancy in these communities.

## **Chapter 5**

### Final Analysis

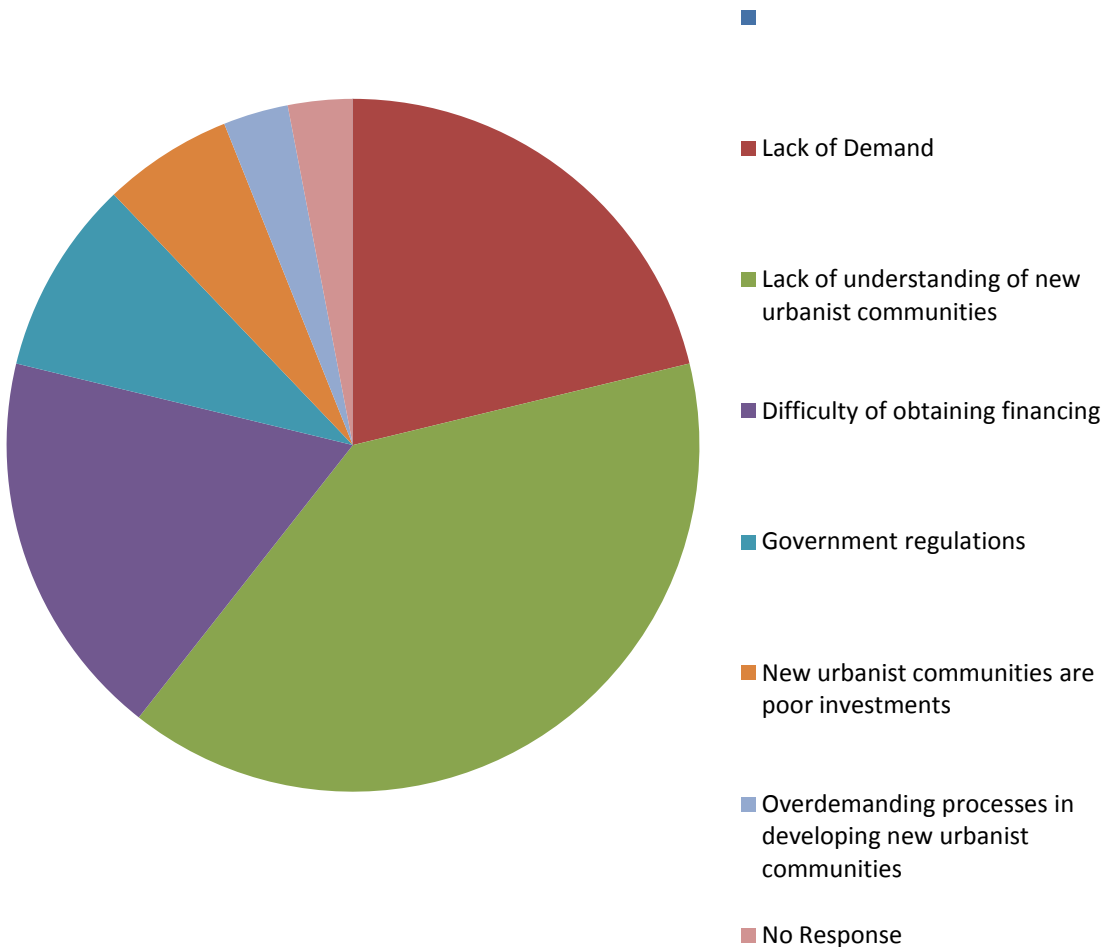
### QUESTIONS ANALYZED & CONCLUSION

#### *5.1 Question Two*

There was a total of 32 responses from the 22 developers interviewed regarding question two. First, a lack of understanding of New Urbanist Communities was the most cited reason as to why developers felt they would not venture into these developments. Next, a tie for second occurred between developers asserting that a lack of demand existed and/or that financing was too difficult and expensive to obtain. (Leinberger 2001 & the ULI 2000).

The interview results rebuffed my hypothesis that asserted that prohibitive zoning policies along with a weak estate market are suppressing the pent up demand for New Urbanist Communities in Dallas-Fort Worth. (Leinberger, 2006; Leinberger 2008; Realtors, 2011; & ULI, 2011). Instead, most respondents claimed that lack of understanding of New Urbanist Communities as the culprit for their abstaining from these developments. (Sobel, 2011& ULI 2000). Should a lack of product understanding be the greatest reason for a lack of supply of these communities, then the supply-side would be to blame for this possible market failure instead of a lack of supply due to the government's regulations and a generally weak real estate market. That is an interesting possibility within the context of the local political climate where government meddling in the free market is more frequently being assailed as the root cause of a weak economy.

## Total Responses for Question Two



The results showed that only two of the twenty-two respondents asserted the first prong of my hypothesis based on Leinberger's *Zoned Out*, so this data contradicts the regulations portion of my hypothesis. Although it's possible that this could simply be due to a small and unrepresentative portion of respondents, but that is debatable since the twenty-two respondents were nearly one-third of the confirmed developers in Dallas-Fort Worth, of which I believe is a

representative sample of the Dallas-Fort Worth developers whom did not participate because of the diversity of the developers (whom ranged from small developers with limited experience to larger developers who had developed New Urbanist Communities).

The results also showed that the weak real estate market in Dallas-Fort Worth was not the driving factor as to why New Urbanist Communities could be unsupplied as I initially believed. More developers believed that demand for New Urbanist Communities was strong than otherwise. Only one respondent believed that the overall weak real estate sector was to blame as the overarching factor for why few developers create New Urbanist Communities. These responses surprised me when viewed against the low post-crash real estate sales in Dallas-Fort Worth.

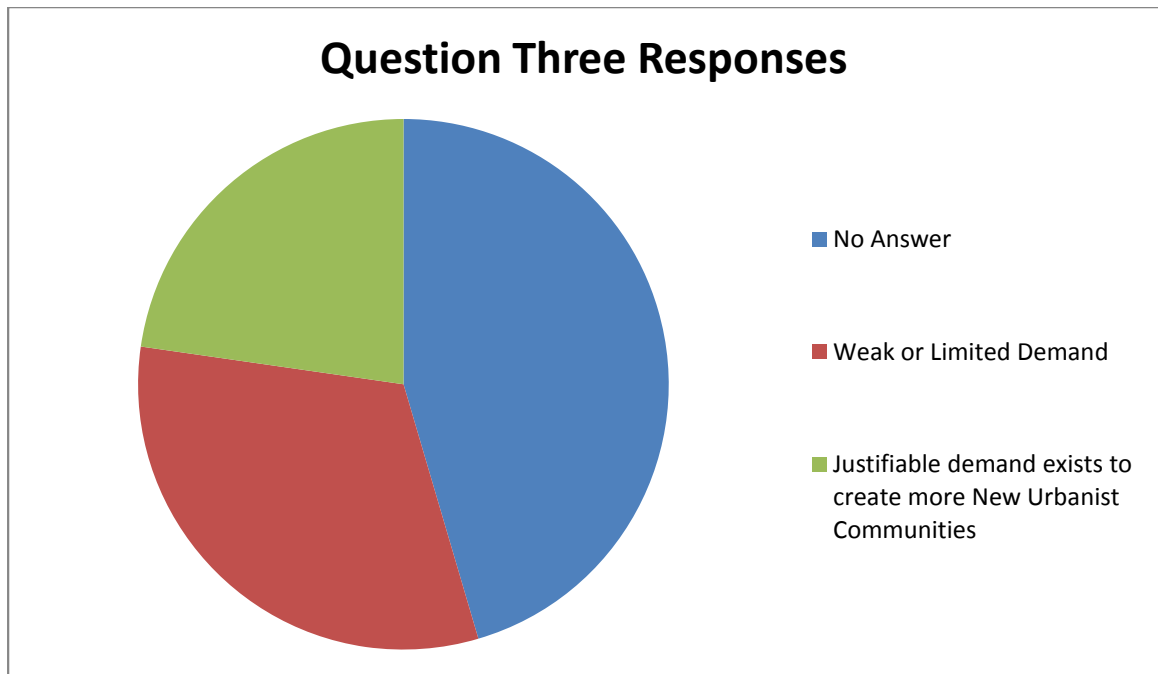
The plurality of developers whom responded had cited their lack of understanding of developing New Urbanist Communities as the reason as to why they did not participate in their creations. This is supported by literature from Sobel & the ULI. Furthermore, the sub issue of balancing retail within New Urbanist Communities was a highly cited reason as to why potential New Urbanist developers did not act on their desires to create these communities. Several would-be urbanist developers noted that weak occupancy rates within these developments deterred them from following through on possibly developing New Urbanist Communities.

## 5.2 *Question Three*

Several companies did not directly respond to the third question, and those that did offered muddled answers. The main reason was that many interviewees did not give answers to this third question was because of their lack of understanding of New Urbanist Communities. (Sobel, 2011) This further emphasizes the gap found between developers and creation of New Urbanist Communities due to the fact that respondents did not feel confident enough to answer such a basic question. It is important to note that several had no opinion due to their professed lack of understanding of New Urbanist Communities.

Ten respondents declined to answer because of a lack of understanding of the subject matter. Seven respondents believed that demand wasn't strong enough to justify developers to venture into New Urbanist developments. The last five respondents did believe that existing demand for New Urbanist Communities beckoned more of these developments. Unlike Question Two, which had a gamut of reasons; Question Three was distinctly characterized by the majority of developers whom did not choose to answer. This indicates that Sobel's assertion that industry unfamiliarity with New Urbanist Communities is true. This also indicates that not all non-traditional developments are created equal. (Gregor, 2011) These developers are admittedly used to conventional development, and therefore have found difficulty in the transition to the more complicated New Urbanist Community development. (Calthorpe, 2006)





### *5.3 Conclusion*

The developers' unfamiliarity with how to create New Urbanist Communities stood above other reasons as the reason as to why Dallas-Fort Worth developers do not seek out to develop them according to my collected data. Secondly, demand was perceived to exist for more New Urbanist Communities in Dallas-Fort Worth by a minority of respondents whom chose to answer. And although a larger sample of the Metroplex developer community would have been ideal, it remains difficult to ignore the consistency of unfamiliarity that so many interviewees exhibited.

It remains important to note that most of the developers whom responded were not large companies, and they (admittedly) developed within their scope of work and therefore did not venture out into developments such as New Urbanist Communities. This is an important aspect to mention here, that smaller developers were often excluded from the process due to their lack

of ability to pursue the more complicated New Urbanist developments. This then begs the question; does the fate of New Urbanist Communities rest in the hands of a select number of Dallas-Fort Worth developers. And if so, exactly how many development companies *do* have the ability to pursue these developments versus those whom do not?

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## **APPENDIX**

### Cambridge Homes

(1) Do you or do you not develop new urbanist communities? Why or why not? **Yes.**

**We had a very successful experience in the first such community built in DFW:**

**HOME TOWN in North Richland Hills.**

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or

did pursue) the development of new urbanist communities? **Cambridge Homes**

**brought back the “front porch” in our first community built in Plano in 1993. It took**

three more years before any other builders in the area began to offer front porch designs. We like the neighborliness of homes built close together, with front porches where neighbors visit with one another. We like the “walk-to-everything” environment.

- (3) What is your company’s view regarding demand for these communities in DFW’s market? To my mind, the concept really only works when services and retail and schools are within walking distance. Architecture alone is not enough. In HOME TOWN, for instance, the elementary school is right there in the neighborhood. Retail of all sorts is within a walk of half a mile. It works. Others built in areas without that accessibility do not work, in my opinion.

#### West village Developers

- (1) Do you or do you not develop new urbanist communities? Why or why not? WE DO. AREYOU FAMILIAR WITH WEST VILLAGE?
- (2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? OUR COMMITMENT AS A DEVELOPMENT COMPANY IS TO AUTHENTIC WALKABLE URBAN ENVIRONMENTS THAT DEAL MORE WITH PLACE MAKING VERSUS SPACE MAKING.
- (3) What is your company’s view regarding demand for these communities in DFW’s market? WE BELIEVE THAT PEOPLE FROM ALL AREAS OF THE METROPLEX RESPOND FAVORABLY TO WALKABLE OPEN AIR RETAIL, DINING,

ENTERTAINMENT AND RESIDENTIAL OFFERINGS. THE DEVELOPMENT UNDERLYING THESE PROJECTS IS VERY SENSITIVE AND TRICKY, PARTICULARLY REGARDING THE RETAIL COMPONENT.

ArTex Development, LP

- (1) Do you or do you not develop new urbanist communities? **No.**
  
- (2) Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of new urbanist communities? **They don't know exactly what they are.**
  
- (3) What is your company's view regarding demand for these communities in DFW's market? **He thinks its recovering, but he views RETAIL mix as a road block. Artex feels that suburban kids want to move to places like Victory Park.**

ArtHouse Homes

- (1) Do you or do you not develop new urbanist communities? **No.**
  
- (2) Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of new urbanist communities? **It was the difficulty finding the appropriate land for a good project. Also, the amount of money required compared to traditional developments was tough to raise. Zoning in Dallas was cited. Funding**

was explained as the greatest roadblock to any future endeavor. It seems that the larger developers are the only ones able to pull new urbanist communities off in Dallas.

- (3) What is your company's view regarding demand for these communities in DFW's market? People in Dallas certainly lust after NUC's. Demand was perceived as strong by Mark, but he sees that the car centric culture of Dallas as block to development in new urbanist communities due to their pedestrian and alternative nature. He sees poor planning on the development side as a problem as well.

#### Atrium Fine Homes

- (1) Do you or do you not develop new urbanist communities? No, only traditional.
- (2) Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of new urbanist communities? Our call was dropped.
- (3) What is your company's view regarding demand for these communities in DFW's market? Our call was dropped.

#### Premier Builders



(1) Do you or do you not develop new urbanist communities? From our perspective, the new urbanist communities are exciting and unique with predictable demand trends. Major infrastructure access is the critical component to ensuring growth and aggressive absorption rates for both retail and residential units.

(2) What is your company's view regarding demand for these communities in DFW's market? Interestingly, the DFW metroplex is extremely fragmented compared to other major metropolitan cities across the country. As a result, the desire and feasibility for new urbanist communities is segmented into pockets of sub-urbanism throughout Dallas and adjacent cities. Communities such as Plano, Frisco, Southlake, etc. have created their own sections and subsections of urban lifestyles only steps away from traditional residential neighborhoods and commercial shopping centers. The rationale is two-fold based upon affordability and accessibility. Inter-city location becomes a tertiary component. For example, there are many people who live in the Legacy Town Center urban community, but work in downtown Dallas. The notion is that these people enjoy the suburban location with an urban flair. From a developer mentality, we look for population curve data, city planning and zoning, as well as basic residential/commercial fill rates. An urbanistic community should not be the pioneer in a specific area, but can function as the anchor. The trends seem to point toward continued need for these multi-use communities, but in pockets where growth is most prevalent. Consumers are attracted to these areas, but the critical impediment to purchase is not limited as much by location as it is by price. Despite record low interest rates, the current banking environment is still

challenging, at best. The process for obtaining a loan has become increasingly complicated and purchases can be easily hindered by overly conservative appraisals forced to utilize current foreclosure comparables. As a result, absorption rates are noticeably slower than in previous years which has forced development to cautiously proceed and occur in multiple phases.

- (3) What is your company's view regarding demand for these communities in DFW's market? No answer.

Caprock Custom Construction, Inc.

- (1) Do you or do you not develop new urbanist communities? Why or why not? ... I believe in adhering to "architecture of its time and of its place" ... I am not sure of the definition of new urbanism. I can't imagine developing a copy of something from the past ... Materials and life styles are changing ... We should take advantage of that.
- (2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? ... I spent 30 building modern infill projects ... I wanted to take a step up and build a community based on what people love rather than their stage of life ... So Urban Reserve was conceived to combine modern homes, love of the environment, and more efficient land use.

(3) What is your company's view regarding demand for these communities in DFW's market? I think there is high demand ... The hurdle is doing custom designed houses ... It's time consuming, scary, and most people have no experience to design/build their home

Conine Residential Group, Inc

- (1) Do you or do you not develop new urbanist communities? Why or why not? I do not develop new urbanist communities. There is nothing new about them...they just disappeared as America fell in love with the automobile. Today, the demand is not there for a typical family of 4 for a compact housing unit to raise a family. If it was there, we would be building more of those neighborhoods. And in Texas, where there are few geographic boundaries, and land is fairly plentiful, and 1000 people moving to Texas every day, the need is to develop communities that are in high demand.
- (2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? See above.
- (3) What is your company's view regarding demand for these communities in DFW's market? I think there are some infill opportunities that might create the need for one of those communities, especially in the top 5 cities in Texas. But those will pale in comparison to the overall housing demand on an annual basis.

## Urban Edge

(1) Do you or do you not develop new urbanist communities? Why or why not? ... I believe in adhering to "architecture of its time and of its place" ... I am not sure of the definition of new urbanism. I can't imagine developing a copy of something from the past ... Materials and life styles are changing ... We should take advantage of that.

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? ... I spent 30 building modern infill projects ... I wanted to take a step up and build a community based on what people love rather than their stage of life ... So Urban Reserve was conceived to combine modern homes, love of the environment, and more efficient land use

(3) What is your company's view regarding demand for these communities in DFW's market? I think there is high demand ... The hurdle is doing custom designed houses ... It's time consuming, scary, and most people have no experience to design/build their home.

## DeGuire Homes LTD

(1) Do you or do you not develop new urbanist communities? Yes our most recent development, Argyle Town Village, is considered a new urbanist community. It was originally conceived as part of a mixed use development with the adjoining 16 acres of commercial space. This commercial space was going to include the Town Hall with retail/office on the ground floor and

loft residences above. With the downturn in the economy in 2008 we put the commercial component on hold but we are currently building single family homes in the residential section.

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? We felt that our property fit the criteria to be successful with convenient access to Ft. Worth, Dallas and Denton. In addition the community has an exemplary school district and one of the top private schools in the state (Liberty Christian). Southlake Town Square, the posterchild for successful new urbanist communities, is located just 20 minutes to our south and we envisioned a much smaller, scaled down version of Southlake Town Square.

(3) What is your company's view regarding demand for these communities in DFW's market? The demand is difficult to gauge at this time. The economy is just starting to come back and it really takes a strong partnership between the developer, the municipality and community to make sure everyone is on board to see it succeed.

#### Everest Construction Group

(1) Do you or do you not develop new urbanist communities? Why or why not? We have not, as we have not found a suitable project.

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? Dollars and sense

(3) What is your company's view regarding demand for these communities in DFW's market? [Yes, but most developments are up front bottom line driven at this point.](#)

Goodman Land Advisors

(1) Do you or do you not develop new urbanist communities? Why or why not?

[I do not develop these communities because I have no experience with them.](#)

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities?

[N/A](#)

(3) What is your company's view regarding demand for these communities in DFW's market? [Don't have a strong view as I have no experience with them. Seems like there would be demand but don't have a perspective as to the size of the demand.](#)

GreenHill Homes, Ltd

(1) Do you or do you not develop new urbanist communities? Why or why not? [I have been involved in several.](#)

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? [Conceptually the idea of multi-use is sound. Having folks live, shop and work in a centralized space is a good idea. Development](#)

cost is much higher on MU so it is hard to make the numbers work without government subsidy. Also, retailers struggle to survive in some of them. Restaurants and entertainment venues tend to do better.

(3) What is your company's view regarding demand for these communities in DFW's market? **No direct answer.**

Jason Carter Custom Homes

(1) Do you or do you not develop new urbanist communities? **No.**

(2) Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of new urbanist communities? **I enjoy single family development over the less "hands on" aspect of complicated developments like new urbanist communities.**

(3) What is your company's view regarding demand for these communities in DFW's market? **I have no idea about demand. I stay on "my side" of development. Although**

the architecture and convenience of those communities should keep demand at least to where it is now. Also, people like everything “new,” and NUCs fit that mold.

Key Custom Homes Inc.

(1) Do you or do you not develop new urbanist communities? Why or why not? I do develop Urbanist communities. I have one we are building now that I developed 4 years ago. I have developed thousands of lots and mostly in Cities. Urbanist development is more complex and you have to deal with many more arms of Government and much more regulation.

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? These type communities have become cost prohibitive due to all of the regulations and time frames imposed by government.

(3) What is your company’s view regarding demand for these communities in DFW’s market? There is a large pent up demand for this type of product, however with all the above stated reasons and the new appraisals rules I don’t see these type of developments starting up in the near future.

LandPlan Development Corp.



(1) Do you or do you not develop new urbanist communities? Why or why not? **Not at this time; market price will not support cost in prime markets; we will not develop in subprime markets.**

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? **Risk is only viable in prime markets; the development opportunity in prime markets are very difficult to find; there are few end users whom will assist the developer in mitigation of risk; townships or municipalities are not partnering with developers to mitigate risk; few opportunities achieve the test of RISK due to the aforementioned factors.**

(3) What is your company's view regarding demand for these communities in DFW's market? **The end buyer targets the very best of communities; however, the buyer will find fewer and fewer opportunities due to the high cost or risk factors.**

#### Newcastle Homes

(1) Do you or do you not develop new urbanist communities? Why or why not? **Newcastle has developed communities in the past but we currently aren't developing any projects. We are currently buying finished lots from developers to construct homes on.**

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? **We developed neighborhoods for**

two reasons. First, was in order to provide lots to our building company in locations where we wanted to build. The developments also provided an investment return to our equity partners.

(4) What is your company's view regarding demand for these communities in DFW's market? There is a growing demand for lots in certain sought after locations such as Frisco, Allen, Mckinney, Prosper, Southlake, Collyville, Keller, Flower Mound and N. Ft. Worth. There have been virtually no new developments completed in the last four years and demand from builders will now drive new developments to start up.

Noble Classic Homes, Inc.

(1) Do you or do you not develop new urbanist communities? Why or why not? After seeing your questions, I'm not sure we are the right ones to help you out. Our development experience is very limited.

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? We have only done a couple of smaller splits or rural properties - nothing on the scale that you are looking for. We concentrate on custom home building, renovations and additions and usually build on the owner's lots or acreage. We don't typically even keep lots in inventory.

(3) What is your company's view regarding demand for these communities in DFW's market? No answer.

Sustainable Structures of Texas

(1) Do you or do you not develop new urbanist communities? **Yes. They have been involved (lightly) in them before.**

(2) Could you briefly discuss the deciding factor(s) as to why you currently pursue (or did pursue) the development of new urbanist communities? **They would keep making them if the location was correct where enough density existed or demand for higher density.**

(3) What is your company's view regarding demand for these communities in DFW's market. **They view it as a "younger" market product.**

Sheffield Development Co., Inc.

(1) Do you or do you not develop new urbanist communities? **Not at this time**

(2) Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of new urbanist communities? **We have not found an appropriate site at feasible price.**

(3) What is your company's view regarding demand for these communities in DFW's market? In DFW only 5-10% of purchasers are looking for that product. It is only a niche market.

James R. Harris Partners, LLC

(1) Do you or do you not develop new urbanist communities? Maybe I'm not completely familiar with the proper definition of "new urbanist communities" or "neo-traditional communities" or "TND" communities but what I have learned through sources such as the Urban Land Institute, and NAHB, plus many I have visited and discussed with the developers--Plum Creek in Texas, Watercolors, Sea Side and Celebration in Florida, Stapleton in Denver, Daniel Island in South Carolina and the first true one, Kentlands—is that: they are more expensive to develop, sometimes 80% more; are more limited in their market appeal, maybe only about 30% of the population would buy in one; can't support the commercial development necessary by themselves; and if successfully done, should be in close-in, infill locations which is more expensive and limits land availability.

(2) Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of new urbanist communities? Extra expense stems from higher land costs, much shorter blocks and more highly developed (expensive) open space. Market acceptance is hindered by mixing several price levels all together and usually on very small lots which turn off many buyers. In order to make the commercial work and keep it

within walking distance from homes, outside traffic must be accommodated which sometimes defeats the purpose of those commercial centers—this was certainly true in Kentlands.

- (3) What is your company's view regarding demand for these communities in DFW's market? I do believe there is a market for such development but only in certain infill locations and marketed to more sophisticated and affluent buyers. We would consider doing such a project if the proper location could be found and market acceptance could be verified with some certainty. The closest we came to developing one was Stonegate, here in Fort Worth back in the mid-90's. While it was successful, we know the majority of Texas buyers still want bigger lots and neighborhoods with cul-de-sacs.

Falcon Wood Estates, Inc

(1) Do you or do you not develop new urbanist communities? Luke, we "old folks" don't know much about "new urbanist communities". We've have stuck with the traditional single family residential land development. While I've done nearly 5000 of that type lot (on about 1,500 acres of land) here in Arlington, I've never even partnered any duplexes or multifamily development of any sort. I have tried some commercial and office with very limited success.

(2) Could you briefly discuss the deciding factor(s) as to why you do not pursue the development of new urbanist communities? My reason for not doing "urbanist" communities probably had more to do with what the lenders would finance. However, in the real estate business, I soon learned the old poet, Alexander Pope's, limerick:" be not the first by whom the new is tried, and

not the last to lay the old aside". What it costs and what it should sell for, how much is there and how much more is needed are also two phrases that I recall as reasons for doing one product vs. another. It is true: "he, who has the gold, makes the rules". The lenders have the gold. I soon learned: find lenders and developers will be readily available.

(3) What is your company's view regarding demand for these communities in DFW's market?

These days, mostly the governments, i.e. with taxpayer money, have, or think they have, the resources and regulations to build or sponsor so called "untried" products. My lack of familiarity with the specifics of "urbanist" design keeps me from knowing what the demand could be. My guess would be that California has it if they didn't start it. The markets will change in an area several times in your life as the fifteen to twenty year real estate finance cycles come around. Either time, Real Estate or Construction is dependent on the availability of Capital. Dr. Mark Dotzour, head of Texas A&M Real Estate Research Center says: "Capital grows where it's wanted; and stays where it's well treated". If "urbanist" treats the capital well, there will be lots of it. I wish I knew more about your product so my answers could be more specific