

Real Estate Men Build One of Three Courses

By **BILL SHERMAN**

Real estate subdivisions loom as the biggest outside producers of golf course projects in the next 10 years. The National Golf Foundation traced more than 35 per cent of new course development in 1963 to landowners who wanted an added attraction for their subdivisions and turned to golf to get it.

The real estate developer, while controlling a valuable asset in land, usually has a high mortgage. If the tract is large enough, the developer may be able to afford the course investment of 120 or more acres, providing he can recapture the price of the land, and its subsequent capital improvements, from the sale of perimeter and adjoining properties.

The impact of real estate sales on golf course development is a many-sided one, reaching into all forms of course operation. Private clubs at first may be considered most desirable for subdivisions but facts show that privately owned public (semi-privates) and municipal courses have also benefited from the land planners.

Built Course for City

Developer John Long sold property adjoining subdivision land to the city of Phoenix at cost. He then built the Merryvale course to the city's plans and specifications, advancing the money on a 20-year note repayable at 6 per cent per annum.

The city of Phoenix benefited by getting a much needed public recreation facility that was created long ahead of the city's capacity to develop one. Long was rewarded by the establishment of an attractive asset to help stimulate home sales in the highly competitive home building market of Phoenix. The biggest benefactors, however, undoubtedly will prove to be the legion of frustrated Phoenix golfers whose opportunity to play golf at municipal prices have been limited to the teeming fairways of Encanto Park, whose 27 holes annually produce 160,000 golfing rounds per year.

One reason Long's development proved to be successful was the establishment of a direct correlation between house price and golf fee. The market for Long's houses was aimed at the middle level of income — the population group that usually supports municipal golf courses.

Another western course of interest is Fred Busby's Rolling Hills CC in Tucson, a semi-private operation. Rolling



Hills is part of a privately financed recreation complex whose purpose is to help sell houses in Rolling Hills Estate, located 12 miles east of Tucson. The operating policies, revenues, and expenses are all borne by the subdivider, who, in turn, has kept fees moderate.

The compatibility of the golf course to the home market is best illustrated by the selling price of Busby's houses — from \$14,000 to \$22,000 — with the higher figure set for golf course perimeter sites. Busby's lots have both FHA and VA commitments. The VA endorsement is the first known on a golf course perimeter property.

The course development problem facing a subdivider aiming at higher incomes is not always as clear, however, as in the Long-Busby examples. Any real estate developer needs the golf course to promote area traffic. The completed golf course creates an aura of stability and an atmosphere of vibrance which is considered vital to the home-selling industry.

The Las Posas CC in Camarillo, Calif., is an example of an exclusive club that was developed to complement high-

income housing. Located 25 miles west of the San Fernando Valley, Las Posas actually began its membership recruitment program a few years prior to the opening of the Freeway link that unites Ventura and Los Angeles counties. Filling memberships for a club like Las Posas, which offers full proprietary rights, usually takes longer than the solicitation of a club offering non-proprietary memberships.

The Janss Corp., wisely decided not to wait for all membership subscriptions to be sold before starting construction. (In California, proprietary memberships sold to financed golf course improvements are kept in an "impound escrow" account until released by the corporation commissioner.) Janss built the course and clubhouse with monies appropriated before offering golf memberships for sale. This enabled the country club to collect initiation fees and dues immediately upon completion of improvements. The subdivision surrounding the course enjoyed success from the start, but sales were greatly stimulated when the freeway link was completed.

The problems of financing, construction, operation and time are much greater in this form of solicitation. The market is relatively small for high-priced memberships and high-priced housing.

Rapid Membership Sale

A fairly rapid sale of memberships and surrounding lots in a higher-income area is well demonstrated, however, by the La Canada CC in metropolitan Los Angeles. Built on a ledge overlooking the Los Angeles basin, La Canada sets on a ridge off Angeles Crest blvd., just north of the city of Glendale. The club properties are located on extreme grade levels requiring heavy expense in the development of the club and the surrounding lots.

Developer Bill Godbey teamed up with the imaginative Johnny Dawson to create the club in an area of high demand and little availability. The first stage of membership solicitation offered non-proprietary memberships scaled from \$1200 — \$2200. The club made the facilities available, including golf course, swimming pool, tennis courts, and clubhouse, to the members on a 20-year lease agreement. No recovery rights were extended to the membership upon the expiration of the lease.

Members Want to Buy Club

Current plans, testifying to the success of the Dawson-Godbey experiment, in-



Paul Hahn, the trick shot wizard who is known variously as the Golfing Gulliver and Robin Hood of Cape Coral, recently received special permission to fly into Guantanamo to put on an exhibition for troops stationed there. Piloting his Piper Comanche, Hahn hedge-hopped in after dark, giving the Cuban Air Force the slip as he did so. He flew back out the same way. Paul is shown with Jim Dempsey, pro at Guantanamo. He holds portion of pipeline the U.S. troops cut to show that Americans could get along without trickle of water that Castro wanted to supply for women and kids as a propaganda piece.

clude a petition from the membership to purchase the club facilities from the developers. It is estimated that the price for the sale for all club improvements is \$2,000,000 — an average tab of \$4,000 per member.

Lot sales on the ledge sites overlooking the basin are priced at upwards of \$17,000 with a median price pegged somewhere nearer \$22,000. The sale of these properties, handled through Dawson and his associates, has been most successful.

Not always, however, is there a well-related relationship between course patron and home buyer. Often the subdivider encounters problems resulting from a lack of adequate planning.

Some Factors Overlooked

The usual considerations given to such basic factors as proximity of the land, metropolitan concentration, the amount of land necessary to develop a golf course and the large capital investment needed to install adequate facilities sometimes are overlooked.