

Developments weather downturn

Planned communities move forward, with a couple exceptions

By Cate Huisman

At the height of the recent real estate boom, when property values tripled in a year and residents had to wait months to get a contractor for even the smallest construction project, planned communities bloomed around Sandpoint. And while the fervor that carried them has hit the skids along with the rest of the U.S. economy, most of the planned communities remain and have developed a range of approaches to deal with slowing sales.

Just north of City Beach, the Seasons at Sandpoint has made price adjustments to meet the market as sales have slowed; these helped to create 10 sales in 2010, up from six in 2008 and just four in 2009. And in a unique move in this market, developer BVG held a Dutch auction this spring for one of its most luxurious townhouses to help it determine whether it was finally time to move ahead with further construction.

"It was successful at attracting bidders," said Chris Chambers, Seasons' director of sales and longtime Sotheby's agent, "and we're actively negotiating with the bidders to see if agreeable terms can be reached."

One of the appeals of Seasons is its combination of an in-town location with expansive views of Lake Pend Oreille and the Cabinet Mountains. Residents like being able to walk downtown and participate in community events.

Chris Maus was one of the first to buy at Seasons; his high school-age twins wanted to be in town after many years out in the country. "It allowed us an opportunity to have the Sandpoint urban experience," he says.

Now that the youngsters are grown and gone, he continues to enjoy the easy walk to restaurants in town, the onsite gym, and being able to keep his sailboat close at hand on the dock out front.

Another waterfront community, Dover Bay, where 500 total units are planned, has worked



PHOTO BY BUDDY CHAMBERS

its way through the recession by keeping its inventory low. Sales started to slow in 2008.

"Right now there are only four units available for immediate occupancy," said Marie Garvey, Dover Bay's marketing manager. "We're going to start building some more. It's been picking up."

Unlike many other planned communities, which focus on high-end, luxury homes, Dover Bay has options in a variety of sizes for buyers in a variety of income brackets, and it has always been open to the wider community as well as to its owners. Big draws for both residents and visitors are its trails, fitness club and swimming pool.

"Everybody's welcome out here," said John Sletager, Dover Bay project manager. The community has even hosted Sandpoint High School cross-country meets on its miles of bike paths.

Recent retirees Jan and Larry Rust moved to Dover Bay to "embrace the outdoor lifestyle," as Jan puts it. From their home overlooking Brown's Inlet, they can go kayaking out the back door, and they enjoy the birds and family of beavers in the inlet. She also likes being close enough to Sandpoint that she can bike into town.

At Schweitzer Mountain Resort, construction slowed significantly during the recession.

"Normally we have 20 to 30 housing starts

Top: Seasons at Sandpoint combines an in-town location with Lake Pend Oreille views and access

communities and residents



per year," said Patrick Werry, a Sandpoint real estate agent specializing in Schweitzer properties. In contrast, 2010 saw only seven starts. Existing inventory is becoming depleted, however. Werry added, "Schweitzer has weathered the downturn quite well."

During the boom, Schweitzer was developing a series of ski-in-ski-out luxury homes in an area it called Trapper's Creek, just above its Selkirk Lodge. To meet the realities of the new market, it took these properties off the market temporarily and readjusted the property to include "fractional homes" as well as single-family full ownership homes and lots for custom construction.

The fractional homes in the development now called MountainSide are just that: Buyers can buy a fractional ownership and use the homes for a fraction of each year. And the price is just a fraction of what it was before — \$195,000 instead of the minimum \$900,000 price for full ownership at the peak of the boom.

An additional draw to these homes is that they are built on "green" principles, and Schweitzer anticipates having them LEED (Leadership in Environmental and Energy Design) certified at some level. Some of the green amenities include Energy Star appliances, thorough insulation and floors made of bamboo, a rapidly renewable resource.

One planned community whose future is yet to be revealed is The Idaho Club, developed around the former Hidden Lakes Golf Resort between Sandpoint and Hope. Plans for the 900-acre property include about 420 homes and condos, and the developers made a significant investment in rebuilding the golf course to a Jack Nicklaus design.

"In 2008 our lender failed to fund our development loan shortly after closing," said President Chuck Reeves, but he remains hopeful. "We have worked very hard to find a global financing solution for The Idaho Club. We continue to work with our creditors to try to find a solution that is workable for all. We have had tremendous support from our members and owners who believe in the vision of The Idaho Club."

Among the hopeful are M.H. and Bailey Campbell, who read about the resort in *Cowboys and Indians* magazine and abandoned their ranch in western Texas for The Idaho Club

back in 2006, making them among the earliest buyers.

"We think it's gorgeous up there," said Bailey, who calls their home "a little bit of heaven." He says they were looking forward to seeing improvements made sooner at The Idaho Club; nevertheless, his enthusiasm seems unquenched.

In contrast to many other properties that have focused on the amenities of the lake and the ski area, Iron Horse Ranch



COURTESY PHOTOS

Clockwise from top left: With a home atop Moose Mountain, the Campbells were among the earliest buyers at The Idaho Club. Dover Bay residents Larry and Jan Rust enjoy their home in Brown's Inlet. MountainSide offers fractional ownership slopeside at Schweitzer

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was developed and originally marketed as a horse property. Thirteen miles north of Sandpoint, the 388-acre community is set up for 24 homes on 5- to 13-acre lots and includes 200 acres of open space.

Although the streets are in place and the homesites are platted, owner Fred Frost has changed his approach as the market has changed. Rather than incur more costs for further development, he would like to sell the entire property.

"I've been trying to sell the property as a whole to one person with the grand ranch theory in mind," he said. "It's a better option at this point to sell it whole than piece by piece."

One notable planned community appears not to have survived the recession. The Crossing at Willow Bay has streets, a white cedar marina, and a waterfront clubhouse, but no residents. A few spec homes haven't sold, and it is in foreclosure. The 180-acre development was to have had 100 or so homes in "lake-cabin style" overlooking the Pend Oreille River not far from the town of Priest River.

The consensus is that the developers of Willow Bay had a great vision. The property was featured in the *New York Times* in 2007, but it suffered from being relatively far away from the lively center of Sandpoint and from high debt payments that it couldn't meet when no homes sold. At press time, a private buyer was interested in purchasing the whole property for use as a family estate.

Price adjustments, refocused marketing efforts, uncertainty, foreclosure, even an auction: The recession has been a challenge for area planned communities. But northern Idaho's natural beauty isn't going to go away; the lake isn't going to dry up; and the mountains are likely to have snow for the foreseeable future. For developers who can adjust to the market and ride out the hard times, it appears that planned communities here will continue to be a draw. 

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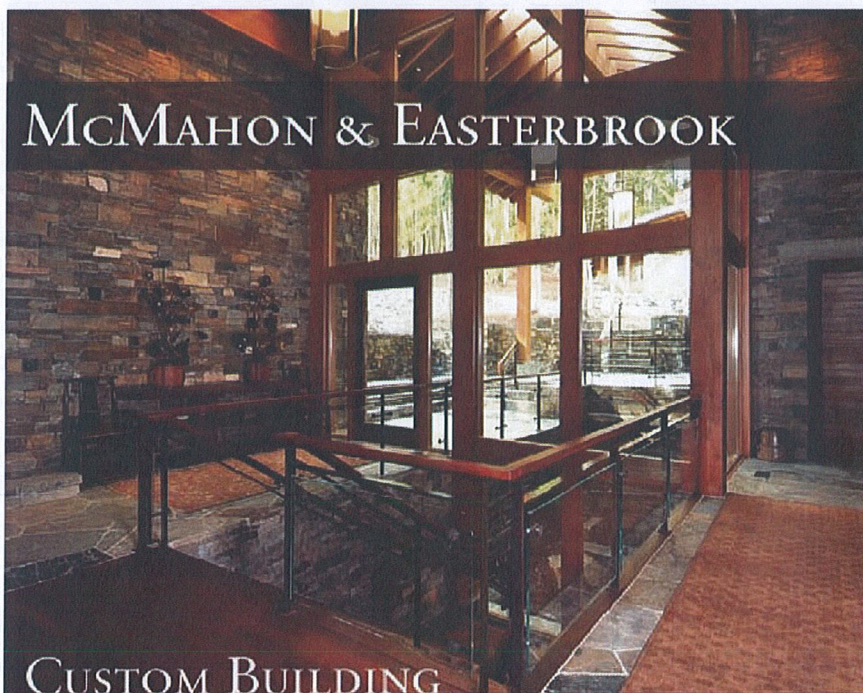
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