

# Development of Successful Master-Planned Communities: An Analysis of The Woodlands, Texas Project

## Introduction

This thesis will explore the similarities that exist among successful master-planned communities (MPCs). It will identify the common traits successful MPCs possess, provide examples of both successful and unsuccessful MPCs, and explain how successful MPCs manifest these traits. This thesis will specifically discuss the individuals and rationale behind the prosperous Woodlands development in Texas. The work of this thesis will provide valuable information to scholars and business students on the subject of community development, and will attempt to answer the research question: *What factors lead to successfully developing and preserving master-planned communities?*

## Scope of Work

The thesis will have three components: a case study, a literature review, and an instructor's manual. The case study will discuss how George P. Mitchell was able to successfully develop The Woodlands, which regularly holds a ranking as one of the top 10 MPCs in the country ("Welcome to the Woodlands", n.d.). The literature review will analyze scholarly, peer-reviewed articles that explore the common characteristics that successful MPC developments possess. Additionally, the literature review section will provide examples of MPCs that have these traits. Finally, the instructor's manual section will suggest courses at Tulane that could incorporate the subject material of both the case study and the literature review. The instructor's manual will also provide in-depth suggestions for professors on how they can use this thesis to facilitate class discussions.

### Value of Research

Scholars who study urban planning believed that the housing market was going to dramatically change as Millennials and Baby Boomers grew older. Scholars predicted that Millennials would abandon the suburban lifestyles of their parents and Baby Boomers would leave their large suburban homes for smaller, downtown condominiums. According to 2018 housing data, the exact opposite happened: Millennials were moving back to their parents' communities and Baby Boomers were remaining in their suburban homes even after retirement. For example, in the New Haven development in Ontario, California, as of 2018, 43 percent of home buyers have been millennials, which is double what the community's developer originally anticipated (Brass, 2018).

Considering that the youngest population of home buyers are purchasing homes in MPCs, research about these communities will not only be relevant, but also significant. To meet the demands of the country's growing population, developers will need to continue to offer living alternatives outside of major metropolitan areas. MPCs can provide individuals with these alternative living situations, and the market suggests that demand for these communities will increase in the future (Brass, 2018). Therefore, research about MPCs will give developers and other interested parties valuable insights that they can use to create ongoing viable and successful projects.

### Case Study

The case study section of my thesis will take an in-depth look at a specific example of a master-planned community development. Throughout the case study, I will analyze how George P. Mitchell was able to successfully develop The Woodlands, Texas, a master-planned community approximately 30 miles north of Houston ("About the Woodlands", n.d.).

In 1964, the Mitchell Energy and Development Company purchased the Grogan Cochran Lumber Company's land, of which 2,800 acres would later become home to The Woodlands. Throughout the next ten years, Mitchell Energy continued to buy land and by 1974, the Company had acquired nearly 20,000 acres of land (Houston Chronicle, 2013). With the belief that the urbanization of major metropolitan areas was not occurring correctly, George P. Mitchell, wanted his new development, The Woodlands, to manifest his belief.

Mitchell wanted to ensure that The Woodlands would offer a diverse range of houses, employ at least one-third of its residents, and have a school system that could compete with Houston Independent School District (HISD). With the challenge of developing a suburban community that would still be connected to the nearby City of Houston, Mitchell hired individuals who had successfully developed the master-planned communities of Irvine, California and Columbia, Maryland.

In 1972, the United States Housing and Urban Development Department granted Mitchell \$50 million in loan guarantees to assist with The Woodlands development. Two years later, in 1974, The Woodlands celebrated its grand opening (Houston Media Source, 2018).

As of August 2020, The Woodlands was home to 118,000 residents, 8,000 businesses, and several schools (The Woodlands Township, n.d.). Although his company sold The Woodlands in 1997, Mitchell continued to contribute to the growth of the community up until his death in 2013 (Carroll & Wethe, 2013).

### Literature Review

Leading scholars who analyze master-planned communities attribute the successful performance of MPCs to a variety of factors. My literature review will analyze these factors and

provide examples of MPCs that possess them. Furthermore, my literature review will examine what factors contribute to unsuccessful MPC performance.

Michael Rodgers, an attorney who provides counsel to local and international master-planned community developers, analyzed several ways to improve the profitability of MPCs. In his journal, Rodgers stated that MPC developers who take complete control over the sales and marketing efforts of their developments do not experience the same issues that developers who sell off their lots *en masse* encounter. According to Rodgers, after developers assume responsibility for marketing and selling the lots within their communities, they can ensure that their MPCs maintain the developers' intended brands by leveraging brand awareness in their marketing campaigns. To offset the expenses of centralizing sales and marketing efforts, developers can add fixed marketing fees and sales commissions to the sale of each lot. With the added revenues, these developers can achieve above average, per-lot sales premiums and net profits in the range of 20 to 25 percent, compared to the industry average of less than ten percent (Rodgers, 2002).

Since Irvine, California incorporated in 1971, this MPC, one of the country's oldest and largest, has earned a reputation as one of the "best places to live" (Rhees, 2011). Irvine's quality of housing, jobs, and school form the basis of its positive reputation. As a result of its success, Irvine, California has become a template for subsequent developments. Irvine was able to expand quickly after incorporation and attract many residents because of the developer's focus on providing job opportunities within the community. After the post-World War II building boom of the 1950s, Americans increasingly looked to escape the overly-populated metropolitan areas. Two decades later, by providing enough jobs within its borders, Irvine attracted residents who

did not want to commute to Los Angeles for work. Almost three decades after it incorporated, Irvine had three jobs for every household in 2000 (Forsyth, 2005).

In addition to the convenience of having sufficient jobs for their residents within the community itself, successful MPCs cater towards like-minded individuals. In South Florida, the 2019 Arden MPC offers residents healthy and sustainable amenities. This “Agrihood” attracts health-minded South Florida residents who want to experience the development’s farming classes, hiking trips, and fitness-focused community centers. In fact, Arden’s success in attracting a certain type of resident earned it the title of 2019 Grand Aurora Master-Planned Community of the Year (PR Newswire, 2019).

### *Instructor’s Manual*

A course at Tulane that could implement the material of my thesis is FINE 4210, Real Estate Planning & Development. The FINE 4210 professor would first need to lecture the students about what MPCs are and provide a history of The Woodlands project. After these lectures, the professor could create a variety of assignments. One of these assignments could be to find an undeveloped area in the United States and plan a MPC development. Because of the amount of time and real estate knowledge required to complete this assignment, the professor should grade students on whether or not they discussed the factors that the professor mentioned during his or her lectures about MPCs. For example, during a student’s presentation on his or her MPC development, the student would need to discuss the MPC’s ability to offer a job market for its residents and the community’s dependency on the nearby metropolitan area. Another potential assignment for FINE 4210 would be for the students to study an MPC of their own choice and present on why they consider the MPC to be successful or unsuccessful. This assignment would require a two-step analysis 1) Are factors that the professor mentioned during lectures present in

the MPC? 2) Regardless of whether the MPC possesses the factors, has the MPC been successful?

Another Tulane course that could implement my thesis's subject material is MGMT 4160, Leadership. Part of this course involves students analyzing real-world cases involving both successful and unsuccessful examples of leadership. During this part of the course, the professor could discuss George P. Mitchell's style of leadership with a focus on how Mitchell convinced the executives of his petroleum-centered company to venture into real estate development. After the professor's lecture, students could provide an analysis on whether or not they view Mitchell's leadership style as successful.

### Preliminary Bibliography

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