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EXCLUSIVE

Challenges in Urban Infill Development

By Carrie Rossenfeld | Orange County



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IRVINE, CA—Urban infill isn’t for the fainthearted, entailing assembling parcels into a cohesive whole and dealing with complex financing, among other issues, TRI Pointe Group’s CEO Doug Bauer tells GlobeSt.com. The company’s infill-development strategies are an important part of its overall land strategies. We sat down with Bauer for an exclusive interview about some of the changes at the firm and why urban infill is so important to it in so many markets.

GlobeSt.com: Tell us about some of the exciting new changes at TRI Pointe Group.

Bauer: TRI Pointe Group’s \$2.8-billion merger with Weyerhaeuser Real Estate Co. last year created one of the top-10-largest public homebuilders by equity-market capitalization in the US and placed the combined company in an enviable land position of controlling 29,000 lots across eight states.

GlobeSt.com: Why is urban infill important to your firm?

Bauer: Most of the housing industry’s largest builders now operate urban divisions that are focused on creating walkable communities. With urban infill trending nationally, a key part of our land strategy is now urban-infill development, which is enjoying a renaissance in the second and third stages of the housing recovery. TRI Pointe Group focuses on livability, practicality and proximity to economic drivers

as the keys to any winning infill project. It's a blend of finding the right locations and where people want to live—instead of just tolerate—that's important to us.

GlobeSt.com: What is the most challenging component of urban-infill developments?

Bauer: Urban infill isn't for the fainthearted. Assembling parcels into a cohesive whole is always a challenge, as is the complexity of financing and building mixed-use projects. The challenge for TRI Pointe Group, as for any expansion-minded builder, is the availability and cost of land where people most want to live. Development and construction opportunities within sprawling master-planned communities are getting harder to come by, particularly those closer to job centers. The regulatory climate and opposition to development are also contributing to the challenges builders and developers face. These and other factors are driving us to pursue urban-infill opportunities more assertively.

GlobeSt.com: What should our readers know about your projects in Huntington Beach?

Bauer: In October 2010, TRI Pointe Homes Southern California agreed to pay the Fountain Valley School District \$35 million for two parcels, both in the middle of residential neighborhoods and each with a shuttered elementary school on site. We are now building 49 homes, or about six to the acre, at the Wardlow site, whose community name is now "Truewind." At the 11.65-acre Lamb School site, now called "Fairwind," TRI Pointe Homes is building 80 homes, or nearly seven units to the acre.

GlobeSt.com: What were the largest challenges to those projects?

Bauer: The derelict buildings had become a hangout for transients and teenagers, and one side of the school was once a playground area with open space that neighbors assumed they could use for their own purposes. We had to show the community how it would benefit from allowing these properties to be rezoned for single-family detached housing and letting the builder create more density and smaller lots.

GlobeSt.com: How are you meeting the need for more housing options in Denver?

Bauer: Denver is a tough market for any new housing project. The threat of construction-defect litigation, filed by homeowners' associations to mitigate future claims, always looms, especially after lawmakers recently failed to strengthen builders' right-to-repair remedies. But TRI Pointe Homes still aims to create for-sale neighborhoods and pursue infill opportunities with limited common elements. Platt Park North, our first urban-infill project in Colorado, put that strategy to the test, and it worked, since it's already sold out. Located just east of a former rubber factory that is being razed for a massive mixed-use redevelopment, Platt Park North is about a mile from Washington Park, one of Denver's biggest parks and recreational areas.

About Our Columnist



Carrie Rossenfeld is a reporter for the West Coast region of GlobeSt.com and Real Estate Forum. She was a trade-magazine and newsletter editor in New York City before moving to Southern California to become a freelance writer and editor for magazines, books and websites. Rossenfeld has written extensively on topics including commercial real estate, running a medical practice, intellectual-property licensing and giftware. She has edited books about profiting from real estate and has ghostwritten a book about starting a home-based business.