

New communities falling short of their master plans

Developers slash spending on promised amenities, angering residents

BY DYLAN SCOTT

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When retiree Peter Bernasconi left New York for Las Vegas, he was drawn to Mountain's Edge, a master-planned community in the southwest valley that promised a swath of parks and a well-plotted system of roadways with easy access to nearby businesses and services. It seemed the complete package.

Three years later, much remains unfinished. Roads such as Durango Drive and Mountain's Edge Parkway lack curbs, shoulders, sidewalks or a top layer of pavement. Others, such as

Rainbow Boulevard and Cactus Avenue, are still dirt and gravel paths for long stretches between villages.

One park has been built and one is on the way, but another has been dropped from the plans and two other planned parks are in doubt.

Undeveloped property and incomplete projects are daily reminders to residents that the new homes they bought in Mountain's Edge and elsewhere in the Las Vegas Valley are not accompanied by the amenities they expected, as a result of developers cutting back to survive the brutal economy.

"We're getting much less than we were promised," said Bernasconi, 58, a former utility company manager and one of two homeowners on the Master Homeowners Association's board. "Some of the homeowners are upset. A lot of this work is dragging out."

At Inspirada in Henderson, a different but equally troublesome problem exists: a path of paved roads that lead to nowhere. A driver could turn onto Amigo Street off Volunteer Boulevard, take a right on Dale Avenue and find a dead end. The intersections are surrounded only by desert and some loose trash.

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STEVE MARCUS / LAS VEGAS SUN

Families enjoy Exploration Peak Park, the only completed green space at Mountain's Edge. Many marketed amenities have not materialized.



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A view of Via Firenze Road that leads to the desert at the Inpirada master-planned community in Henderson.

DEVELOPMENT, FROM PAGE 1:

COUNTY OK'D CUTS IN ORIGINAL FACILITIES AT MOUNTAIN'S EDGE

Meanwhile at Lake Las Vegas, a 3,600-acre development planned for 9,000 homes, two of three golf courses have closed, as have a casino and a Ritz-Carlton hotel, while sales have stalled. Only 1,600 homes have been built.

As buyers scout new homes in the valley, Dennis Smith, president of Home Builders Research, said concerns abound over incomplete developments.

"Consumers want to know if it will be finished the way it was designed," Smith said. "Buyers are pickier. They are concerned about getting the best value."

So do the 20,000 residents of Mountain's Edge, a 2,582-acre community that ranked first in the U.S. for sales in 2007 and 2008.

Clark County allowed Focus Property Group, the developer of Mountain's Edge, to cut one of the five planned parks and slash spending on remaining recreational areas by more than half, to \$6 million.

Funding for future parks now depends on new building permits being issued and taxed, a dubious prospect as Las Vegas has been labeled the nation's second worst housing market. At Mountain's Edge, for example, sales have fallen about 75 percent from a peak of 2,300 in 2006.

"It's a bait and switch," said Lisa Lethi, a resident who described the original park designs as filled with soccer fields and basketball courts. An abandoned regional park, the one cut in the new agreement, would have offered a swimming pool.

Because developers overstretched themselves, buying property and starting ambitious projects in the years before the market went bust, residents may receive less and be burdened with more maintenance and utility bills for what they do get, as happened in Mountain's Edge.

Homebuyers in master-planned communities pay a premium for amenities and contribute to the cost of road construction by paying assessments into a special improvement district. Focus heavily advertised the parks in its promotional material, and residents paid as much as \$12,000 in assessments per home. Coupled with this hit are radically devalued home values.

Lethi said she paid \$400,000 for her house in 2005 and now it's worth less than half of that. Bernasconi bought his two-bedroom home for \$460,000; it's now appraised for a little more than \$160,000, according to the Clark County assessor's office.

New homes at Mountain's Edge sold for an average of \$190,000 in 2009 versus \$460,000 in 2006. The community is planned for 14,500 homes, and about half have been sold since homes opened in 2004.

Focus acknowledged its planning had flaws, but argued nobody expected the housing market to bust as it did in December 2008.

"If we could rewrite history, there are things we could have done differently," said Mark Fiorentino, the company's senior vice president for government affairs, pointing to the "gold-plated" \$8 million Exploration Peak Park, the only completed green space, as an example of overspending.

Still, the developer's planning errors have had an effect on residents. Its financial troubles led Focus to come to the county to renegotiate its public obligations.

County Commissioner Susan Brager, who represents the Mountain's Edge area, said commissioners must balance the differing opinions of resi-

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dents — some just want the parks; others are wary of Focus shifting more fiscal responsibility to the county or homebuyers.

She also said keeping developers such as Focus, which has \$1.7 billion in taxable property value, out of bankruptcy is important.

Some residents have suggested pulling performance bonds for incomplete projects. But if the county forced Focus to forfeit a performance bond for an unfinished road, for example, the insurance company could find Focus in default and send the company into bankruptcy.

If withdrawing bonds weren't a risk, "I would have done that in an instant," Brager said.

Incomplete housing projects have produced a slew of lawsuits elsewhere in the valley.

One example:

KB Home, one of Focus' partners in Inspirada and Mountain's Edge, was sued in 2009 for allegedly inflating prices by tens of thousands of dollars and rigging appraisals in coordination with Countrywide Financial and LandSafe Appraisal Services. The lawsuit claims inflated prices were partially based on the promise of a well-developed master-planned community with full amenities.

Focus' cash flow not only led to the cutbacks at Mountain's Edge, the developer's money problems even forced entire projects to be canceled.

Focus and eight homebuilders paid \$510 million for 1,710 acres at Kyle Canyon in 2005, but Wachovia Bank foreclosed in 2008 without any of the planned 16,000 homes being built there.

The company's financial troubles will leave a mark on Mountain's Edge residents.

The new agreement between the company and Clark County placed almost all responsibility for maintaining parks and flood control channels on the Mountain's Edge homeowners association.

Bernasconi estimated the additional bills will double or triple the \$25 monthly fee residents pay, while home values remain decimated.

No timeline exists for some remaining roads. Others are years behind schedule. Durango Drive, which was supposed to be expanded to four lanes by December 2007, might be completed by the end of the year.

The same goes for the flood channels, which should have been done by April 2009, a deadline extended by the county.

Gene Leed, who moved to Mountain's Edge in 2005 and protested the new development agreement, said he sees the move as a developer trying to loosen itself from financial obligations.

"This is an exit strategy," he said.