

Residential neighborhood near Bee Cave to restart lot sales; golf course will reopen soon.

By [Shonda Novak](#)

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The foreclosed Spanish Oaks residential neighborhood and golf course in Bee Cave is back in the hands of original developer Daniel Porter, with an \$18 million loan from Stratford Land, a Dallas-based land investment fund.

Porter closed Thursday on the purchase of the approximately 900 remaining acres of the original 1,200 acres he had assembled for the upscale development south of Texas 71 and Bee Cave Road.

Porter bought the property back from lender Comerica Bank through his companies, Synchro Realty and CCNG Golf.

The price was not disclosed. Lot sales will resume immediately. The golf course is expected to reopen in about two months.

The project was among a number of high-profile residential developments that ended up in foreclosure or bankruptcy during the recession.

Porter originally had hoped to have a completed project by 2012 with 436 homes — about \$600 million worth of real estate. But only 134 homes have been built, and lot sales fell precipitously in 2008 and 2009.

Porter and his partners had been in lengthy talks with Comerica to revise loan terms.

The partners included Hillwood Development and Discovery Land Co.

The bank foreclosed Sept. 7, after a private appraisal valued the project at less than the amount required under the loan terms.

Comerica repossessed the 18-hole golf course and unsold lots and undeveloped land, bidding about \$29 million. The outstanding loan balance was about \$32 million.

Porter has had the land under contract since mid-November and started talking to Stratford in early January.

Jason Stowe, director of Texas lending for Stratford, said Spanish Oaks "perfectly fits our strategy to fund high-quality real estate in premium locations, sponsored by proven developers with whom we want to be in business."

Late last year, Stratford tapped real estate industry veteran Steve Sanders to look for opportunities in Texas for a new \$750 million investment fund. Sanders said at the time that three Austin projects were under consideration.

David Armbrust, Porter's attorney, said Thursday that the re-emergence of a significant project like Spanish Oaks is "a great signal our economy is turning around."

In a statement, Porter, who lives in Spanish Oaks, said, "We are very pleased to conclude the transaction and will continue to adhere to the environmental and design standards" initially established for Spanish Oaks.

The homes now at Spanish Oaks range in value from \$600,000 to \$4 million. Fourteen houses are under construction, and eight others are in the design review process.

The Texas Department of Transportation is working on a major construction project on Texas 71 at Spanish Oaks' east entrance, including a new intersection with traffic signals that will improve access.

Spanish Oaks is in the Lake Travis Independent School District, one of the state's top school systems.

Mark Sprague, a housing market consultant, said the district is a "magnet" for families looking for a luxury lifestyle near Lake Travis.

"However, there are only so many luxury buyers, locally or nationally," Sprague said.

In addition, southwestern Travis County along Texas 71 and nearby Lakeway has a large surplus of luxury developed lots — "definitely over a 10-year supply," said Sprague, director of business development for Mission Mortgage.

"So it will be a challenge for those communities whose offerings are over \$1 million over the next few years as the national economy continues to struggle," he said.

But there are exceptions in any market, and only time will tell if Spanish Oaks succeeds, he said.

"Patience, quality product (which Spanish Oaks pursued aggressively) and a national following (part of their initial success) could make it successful," Sprague said in an e-mail.



Courtesy of JB Goodwin