

**Appendix A-5**  
**Defining Seasonal Residents at Discovery Land Company**  
**Communities**

NP&V, LLC

October 2015



**DEFINING SEASONAL RESIDENTS  
AT  
DISCOVERY LAND COMPANY COMMUNITIES**

NP&V No. 05105

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*Date:*

October 2015



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Charles Voorhis is the Managing Partner at Nelson, Pope & Voorhis, LLC, Environmental Planning Consultants with offices in Melville, NY. Mr. Voorhis is a member of the American Institute of Certified Planners (AICP) and is a Certified Environmental Professional (CEP), having over 37 years of experience in environmental planning on Long Island and in the New York metropolitan area. Mr. Voorhis has extensive experience in environmental impact assessment and project case studies. He developed many strategies for community design initiatives, particularly on the east end of Long Island.

**Scott Robin, CSTPO**

Scott Robin is an Environmental Planner at Nelson, Pope & Voorhis, LLC, Environmental Planning Consultants with offices in Melville, NY. Mr. Robin has 25 years of experience in environmental impact analysis and environmental planning. He has participated in the development of environmental planning programs and laws related to coastal management, waste disposal, water quality, terrestrial and aquatic ecology and consulted in the field of advanced wastewater treatment. Mr. Robin is certified as a NYS Sewage Treatment Plant Operator 4A and completed OSHA 1910.120 Hazardous Waste and Emergence Response Training.

**Abstract:** *Discovery Land Company is one of the most publicized land use development companies in the United States, the Caribbean and Mexico having a deep commitment to environmental stewardship and sustainability. Founded in 1994, Discovery has grown to include sixteen world-class projects, including eight mature projects that provide the most relevant psychographic data in demographic analysis: The Madison Club and The Hideaway in California; El Dorado in Mexico; Baker's Bay in the Bahamas; Yellowstone Club in Montana; Gozzer Ranch in Idaho; Kuki'o in Hawaii and Mountaintop in North Carolina. Developed by Discovery Land Company, these communities were planned to not only respect the natural setting and local/regional culture and history but who is most likely motivated to purchase the homes. Seen early on by local planners as challenging developments, these communities today are the most desirable and economically successful of Discovery's projects. They offer many design and planning lessons useful for community design and regulating agency review.*

*Most population statistics for states, counties, and cities refer to permanent residents, or persons who spend most of their time in an area. At certain times, however, many states and local areas have large numbers of temporary residents who exert a significant impact on the area's economy, physical environment, and quality of life. Although many studies have been conducted about temporary residents in areas such as Florida, very little is known about the number, timing, and characteristics of resort residents.*

*The lack of information creates problems in local and future development plans. The purpose of this paper is to provide demographic and socio-economic information on residents at some of Discovery Land Company's (DLC) mature projects for insuring an adequate understanding of population and occupancy characteristics in order to evaluate community service needs associated with these types of projects. The assessment contained herein supports a finding that DLC projects do not contribute children to the local school districts or require the same service demand as fully occupied primary residences.*



## Introduction

The resort real estate market has historically consisted of a large majority of speculative buyers for numerous reasons. The aging of the baby-boom generation is a major factor in almost all of the seasonal markets. These buyers are approaching their ‘golden years’ and are looking to live in a more relaxed resort environment with lifestyle improvements. These buyers are also conscious of the changing prices of real estate, and they desire prudent choice with upside potential in terms of equity growth.<sup>1</sup> This assessment analyzes the characteristics of seasonal residents at eight (8) Discovery Land Company (DLC) projects (see **Table 1**).

**Table 1 Selected Demographic & Project Statistics for Mature DLC Projects**

Community Name	Location	Average Member Age in 2015	Home Value Range (\$M)	Units in Community	% Full-Time Residents	% Seasonal / Part-Time Resident
The Madison Club	La Quinta, CA (Palm Springs)	62.5	\$3 to \$30+	225	2.5%	97.5%
The Hideaway	La Quinta, CA (Palm Springs)	63.9	\$1.3 to \$5	445	5.0%	95.0%
Mountaintop	Cashiers, NC (Western NC)	59.2	\$1.7 to \$4	330	0.0%	100.0%
Kuki'o	Kailua-Kona, Hawaii (Big Island)	61.2	\$5 to \$40+	375	3.5%	96.5%
El Dorado	Los Cabos, MX (Cabo San Lucas)	55.4	\$3 to \$40+	220	2.0%	98.0%
Baker's Bay	Abaco, Bahamas	54.8	\$3 to \$30+	400	0.0%	100.0%
Yellowstone Club	Big Sky, MT	57.3	\$5 to \$40+	864	2.0%	98.0%
Gozzer Ranch	Coeur d'Alene, ID (No. Idaho)	58.6	\$1.5 to \$4	350	0.0%	100.0%
WEIGHTED AVERAGE BY COMMUNITY SIZE*		58.9	\$6.5**	401	2.0%	98.0%

\*The weighted average is based on the units in each community using 2x the minimum house value as an average.

\*\* Kuki'o and Yellowstone skew the weighted average home value number upwards.

Data collected for this study was obtained from the owners of each of the respective DLC projects and represents the most accurate information regarding the occupancy of these communities. **Table 1** presents the average member age, home value range, units in the DLC community, and a comparison of the percentage of full time residents to seasonal residents. The age of residents

<sup>1</sup> Lee Sichter, LLC Turtle Bay Resort Expansion - Draft Supplemental EIS 11/23/12

provided in the study was within a fairly narrow range of 54.8-63.9 years of age over all of the DLC projects, with a weighted average in all eight (8) of the communities of 58.9 years old. This represents users of older adult programming exhibiting the characteristics of approaching retirement or already retired and typically enjoying grandchildren. The average home value range of \$6.5 million represents individuals with higher socioeconomic status. Studies have shown that household spending in select categories and the proportion which they spend was greater in areas where their second homes reside (i.e., where DLC projects are located)<sup>2</sup>.

The percent of seasonal versus full time residents was overwhelmingly part-time at 98%, with only 2% of all units occupied on a full-time basis. It is noted that the highest full time occupancy location was Hawaii, which due to its isolation and attraction would be expected to have a different demographic. Even this community was overwhelmingly part time. Removing this example from the average finds that the average part-time residency increases to 98.31% with only 1.69% full-time occupancy. Although seasonal residents purchased their second or third homes for a mix of reasons, the most important attractants relate to natural amenities. The environment and economy are deeply linked. Correspondingly, studies have shown that seasonal residents contribute both economically and to the inherent value of the area, particularly in an environmentally sensitive area.<sup>3</sup>

## History

Policy analysts, planners, builders, developers, and public and private-sector organizations study the housing inventory to gauge and analyze the housing market. According to the U.S. Census Bureau, of the 131.8 million housing units in 2010, 75.4 million were owner occupied, 37.4 million were renter occupied, and 18.9 million were vacant.

Year-round units are those intended for occupancy at any time of the year, even though they may not be in use the year round. In resort areas, a housing unit which is usually occupied on a year-round basis is considered a year-round unit. Year-round units temporarily occupied by persons with usual residence elsewhere are included with year-round vacant units. Year-round vacant units are classified in the following categories:

**Vacant units for rent.** This group consists of vacant units offered for rent and those offered both for rent and sale.

**Vacant units for sale only.** This group is limited to units for sale only; it excludes units both for rent and sale. If a unit was located in a multi-unit structure which was for sale as an entire structure and if the unit was not for rent, it was reported as "held off market." However, if the individual unit was intended to be occupied by the new owner, it was reported as "for sale."

**Vacant units rented or sold.** This group consists of year-round vacant units which have been rented or sold but the new renters or owners have not moved in as of the day of interview.

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<sup>2</sup> Second Homes in Minnesota: A Profile of Seasonal Residents and their Impacts in Central and West Central Minnesota, Ryan Pesch and Merritt Bussiere, University of Minnesota, 2013.

<sup>3</sup> A Case Study of the Economic Impact of Seasonal Visitors to a Lake Watershed Environment, Michael Donihue, Sahan T. M. Dissanayake, Lucy O'Keeffe, 2015.

**Vacant units held off the market.** Included in this category are units held for occasional use, temporarily occupied by persons with usual residence elsewhere, and vacant for other reasons. These classifications are described below.

**For occasional use.** If the vacant unit is not for-rent or for-sale-only but is held for weekends or occasional use throughout the year, the unit is included in this category. Time-shared units are classified in this category if the vacant unit is not for-rent or for-sale-only, but held for use for an individual during the time of interview.

**Units Occupied by Persons With Usual Residence Elsewhere.** A housing unit which is occupied temporarily by persons who usually live elsewhere is interviewed as a vacant unit provided that a usual place of residence is held for the household which is not offered for rent or for sale. For example, a beach cottage occupied at the time of the interview by a family which has a usual place of residence in the city is included in the count of vacant units. Their house in the city would be reported "occupied" and would be included in the count of occupied units since the occupants are only temporarily absent. Units occupied by persons with usual residence elsewhere (URE) are further classified as seasonal vacant or year round vacant units.

**Other vacant.** Included in this category are year-round units which were vacant for reasons other than those mentioned above: For example, held for occupancy of a caretaker, janitor; held for settlement of an estate, or held for personal reasons of the owner.

**Seasonal Vacant Units.** Seasonal housing units are those intended for occupancy only during certain seasons of the year and are found primarily in resort areas. Housing units held for occupancy by migratory labor employed in farm work during the crop season are tabulated as seasonal. As of the first quarter 1986 vacant seasonal mobile homes are being counted as a part of the seasonal housing inventory.

The Census Bureau's mission is to serve as the leading source of quality data about the nation's people and economy. Among the data collected, the Bureau measures the housing and construction industry, track homeownership rates, and produce statistics on the physical and financial characteristics of our homes. These data are used extensively by public and private sector organizations to evaluate the need for new housing and to gauge the current economic climate. Towards obtaining the best information available, the Bureau was contacted for determining how Discovery Land Company (DLC) projects would be categorized in terms of occupancy (**see correspondence at the end of this report, Appendix A**). As indicated, there are several different types of vacancy. The two most relevant to DLC properties are "Vacant - For Seasonal, Recreational, or Occasional Use" and "Vacant - Usual Residence Elsewhere." Seasonal, Recreational, or Occasional Use vacancies are "vacant units used or intended for use only in certain seasons or for weekends or other occasional use throughout the year.

**Table 2** below provides a breakdown of the usage / residency information for the eight (8) DLC projects.



**Table 2 Usage / Residency Information for Discovery Land Company Projects - 2015\***

Club	% In Residence 60+ Consecutive Days	% In Residence 60+ Days During the Year	Median Number of Days a Member Uses the Club in a Year	Number of Members Currently	Comments
Yellowstone Club Southwestern Montana	10%	21%	27 days	476	YC is a private ski mountain and golf project. Winter is the primary season. Only a few permanent residents.
Madison Club La Quinta / Palm Springs Area	15%	50%	50 days	160	Located in the Palm Springs area, Madison is busy during the winter as a warm weather desert destination. Closes for two months in the summer.
Hideaway La Quinta / Palm Springs Area	50%	75%	90 days	500	Located in the Palm Springs area, Hideaway has similar usage as Madison. Very slow summer season.
Baker's Bay Bahamas	0%	60%	58 days	200	Located in the northern Bahamas, the Club has year round usage with emphasis on the winter and spring seasons. No permanent residents.
Kukio Hawaii	13%	20%	30 days	300	Located on the Big Island of Hawaii, the Club has year round usage with an emphasis on holidays, winter, and spring seasons. There are a handful of permanent residents.
Gozzer Ranch Northern Idaho	25%	35%	45 days	280	Summer season. Closed in the winter. No full-time residents. Typical use is 1-2 months in the summer.
Mountaintop Western North Carolina	8%	18%	45 days	340	Summer season. Closed in the winter. No full-time residents. Typical use is 1-2 weeks at a time and weekends.
El Dorado Los Cabos, Mexico	8%	40%	35 days	186	Club has year round usage with a very slow season during hurricane season. There are a few permanent residents.

\*This member usage is data is based on estimates provided the general manager of each individual club.

All of the eight (8) DLC clubs are second and third home projects. Although each market's usage pattern is different, a correlation can be made that DLC project usage tends to mimic what is would be expected of such seasonal use. At most, some projects have only a handful of members that stay for most of the year. Most project owners use their homes 30-60 days, with an average of less than 60 days per year.

### **Analysis**

Despite the current soft markets, areas where DLC properties are located have consistent growth. Surveys of national second home buyers reveal two categories of buyers; investment buyers and vacation buyers. The nature of the market has changed substantially over the past several years, and much of the speculative demand from investors has changed; the speculative demand that boosted home prices and demand through much of the late 1990s and early 2000s is absent from today's market. As such, less speculative demand for investment is expected in the near future. The main market for resort real estate will be the end-users of the properties, although some may speculate based upon investment or future retirement.

The long distance required to travel to many of the DLC properties dictates that the prime markets for potential seasonal unit purchasers will be from outside the region. This represents second or third-home buyers utilizing the property for vacations and “getaways.” However, a percentage of homes are purchased by buyers within close proximity to the developments as opportunities from an investment perspective.<sup>4</sup> The demand for residential property at DLC properties come from several different markets.

These include:

- National and international visitors looking for seasonal homes;
- Investment for future use or monetary gain;
- The local neighborhoods and permanent residents;
- Residents in close proximity looking for a second home.

DLC’s experience with second or third-home occupancy indicates that due to the average age (58.9) and limited age range (54.8-63.9), owners tend to have few or no school aged children. In addition, given the overwhelming part-time occupancy of DLC projects, any school-age children that may be present would reside on the site only temporarily and/or during periods when schools are not in session. Consequently, DLC projects do not contribute children to the local school districts or require the same service demand as fully occupied primary residences. This is supported in the data collected on existing DLC properties which indicates a de minimus number of full-time residents, an older population of owners, and a resulting finding that no school aged children will result from such projects.

DLC projects are aimed to encourage tax generating uses occupied only part-time by seasonal second or third time homeowners, which corresponds to a reduction in the burden on community services. DLC developments also seek to direct development away from environmentally sensitive areas and towards fragmented, disturbed or previously developed sites, encourage preservation of natural features and recreational opportunities, provide active recreation/resort/residential destinations, provide economic growth while minimizing fiscal impacts and maintain the attractiveness of the development areas.

DLC projects establish land uses that are commensurate with those in the vicinity; typically low-density residential with golf course amenities which are complementary to the low-intensity, open space uses that are also present. The communities have benefited from the physical environment and reputation in the tourism industry that DLC brings. The relatively low intensity of the developments, while providing new passive and active open spaces, and preserving natural habitats serve to promote short and long term interest in the communities. DLC communities are known for expanding open space and recreational uses and creating significant open space with linkages and trails, while also protecting natural resources and scenic resources.

Tourism and the vacation home industry drive the economic development engine where many of the DLC projects are located. Good examples of this are The Madison Club and The Hideaway (see

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<sup>4</sup> Lee Sichter, LLC Turtle Bay Resort Expansion - Draft Supplemental EIS 11/23/12

**Table 1**), both located in the City of La Quinta, California where the three (3) economic sectors that have been key to the City's growth is tourism, golf and retail sales. Review of the City of La Quinta's, 2011-2012 Economic Development Plan, physical characteristics and discussions with the residential and business communities identify both these communities as key community assets.

#### The Madison Club

Completed in 2010, the project area encompasses approximately 472 acres, and consists of custom single-family detached units, detached villas, clubhouse suites and an 18-hole golf course.

#### The Hideaway Golf Club

The Hideaway Golf Club was developed by Discovery Land Company in 2003 and combines the amenities of a fine resort with all of the comforts of home. Located on 600 acres, the residential units are made up of 378 custom (one-third to one-half acre lots), 45 Golf Villas, and 23 bungalows. The early California, Spanish Colonial Revival architecture is consistent throughout the community.

The 2010 Census determined that there are 23,489 housing units in the City, and that the total housing vacancy rate stands at 36.9%. It is important to note that the Census estimates the seasonal vacancy rate at 27.5% and that the City's net vacancy rate is 12.4%. The vacancy rate highlights the importance of the seasonal resident to La Quinta's housing market. The same importance applies to DLC's other resort communities, including Mountaintop, Kuki'o, El Dorado, Bakers Bay, Yellowstone Club and Gozzer Ranch. All provide a captive market for purchases of second homes. The secluded and natural settings create a unique aspect that appeal to a significant number of purchasers. This demand for seasonal units in the coming decade is estimated to increase. All of the municipalities have realized the importance of resort communities in their planning. Consideration to a broad range of visitors from hotel guests to summer residents and assuring that their needs are met is vital to the locality's economy.

The positive impacts of DLC's projects have been economic, ecological and cultural; creating employment opportunities, direct and indirect, increasing tax revenues, and enhancing the management and stewardship of natural resources. The projects also have a positive impact on cultural resources, including the improvement of local infrastructure, public services, healthcare, education, public transport, and fostering civic pride by maintaining the uniqueness of the existing community.

In summary, the older, more affluent segment of the population that seek DLC properties for ownership as second and third seasonal homes do not contribute school children to local school districts. DLC properties are occupied on a part-time basis and use for resort purposes, and do not attract full-time residential occupancy. DLC finds that existing members of other DLC properties tend to purchase in new communities with attractive seasonal resort qualities, and therefore, the existing owner/members further support the demographic and occupancy findings of these assessment.

# ATTACHMENTS



# ATTACHMENT A

## U.S CENSUS BUREAU CORRESPONDENCE



**Scott Robin**

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**From:** ACSO Users Support (CENSUS/ACSO) [acso.users.support@census.gov]  
**Sent:** Thursday, September 24, 2015 4:35 PM  
**To:** Scott Robin  
**Cc:** Chic Voorhis  
**Subject:** Re: Demographics Report

Hi, Scott -

Thank you for sending this email; the detail in it gives me a good sense of what it is that you are looking for.

I've already referred you to our Subject Definitions document for the ACS ([http://www2.census.gov/programs-surveys/acs/tech\\_docs/subject\\_definitions/2013\\_ACSSubjectDefinitions.pdf](http://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2013_ACSSubjectDefinitions.pdf)). For your purposes, the most relevant passages will be the ones pertaining to Living Quarters (p7-8), Vacancy Status (p40-42), and Vacant - Current Residence Elsewhere (p42). The ACS distinguishes occupancy characteristics somewhat differently from how your client's project does: a housing unit is considered "occupied" if it meets these conditions: "...it is the current place of residence of the person or group of people living in it at the time of interview, or if the occupants are only temporarily absent from the residence for two months or less, that is, away on vacation or a business trip." (p7) If the people staying at the housing unit are not staying there for at least two months at the time of the completion of the survey/completion of the interview (whether that is two months before the completion, two months after the completion, or the completion occurs somewhere within that two-month span of time), then the unit is considered temporarily occupied and would be classed as vacant (p7).

For the purposes of the ACS, there are several different types of vacancy; these types are outlined on pages 40 and 41. I believe the two most relevant to your client's interests are "Vacant - For Seasonal, Recreational, or Occasional Use" and "Vacant - Usual Residence Elsewhere." Seasonal, Recreational, or Occasional Use vacancies are "vacant units used or intended for use only in certain seasons or for weekends or other occasional use throughout the year. Seasonal units include those used for summer or winter sports or recreation, such as beach cottages and hunting cabins. Seasonal units also may include quarters for such workers as herders and loggers. Interval ownership units, sometimes called shared-ownership or time-sharing condominiums, also are included here." (p41) Some of the housing units included in your clients' properties may fit this description.

If the unit was occupied at the time of the interview, but none of the people staying there were going to be there for at least two months AND none of them had nowhere else to stay (see page 1 of the survey questionnaire at <http://www2.census.gov/programs-surveys/acs/methodology/questionnaires/2015/quest15.pdf> and page 3 of the instructions for filling out the questionnaire at <http://www2.census.gov/programs-surveys/acs/methodology/questionnaires/2015/guide15.pdf>), then the housing unit would be classified as Vacant - Usual Residence Elsewhere (p42). The idea of a "current residence" is really only used in the ACS:

The current residence concept is unique to the American Community Survey (ACS). By

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using the current residence to decide for whom to collect survey information, the ACS can provide a more accurate description of an area's social and economic characteristics. Most surveys, as well as the decennial census, use the concept of usual residence. Usual residence is defined as the place where a person lives and sleeps most of the time. The census defines everyone as having only one usual residence. (p42)

You have probably already taken a look at tables B25002 and B25004 in American FactFinder (<http://factfinder.census.gov>) for the Hamptons areas your client is looking at as well as the other geographical areas of their current projects. One thing to bear in mind is that the ACS is conducted on a monthly basis. The data for any given year is the aggregated data from twelve months of data collection. Depending on the nature of a community, this yearly picture may reflect the average occupancy and vacancy rates for its housing units.

You may find it useful to look at some of the other housing data collected by the Census Bureau. Our Housing topic portal is found at <http://www.census.gov/housing/index.html>, with a subcategory for housing vacancies that includes data from the American Housing Survey (<http://www.census.gov/programs-surveys/ahs.html>) and the Housing Vacancies and Homeownership Surveys (<http://www.census.gov/housing/hvs/index.html>).

I hope this is helpful to you and your client. If we can be of any additional assistance, please don't hesitate to let us know!

Regards,  
Em Hurford

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American Community Survey-Data User Support  
U.S. Census Bureau

Office: 301-763-1405  
Email: [acso.users.support@census.gov](mailto:acso.users.support@census.gov)  
[census.gov](http://census.gov)

Connect with other data users by joining the ACS Data User Group online community!  
Subscribe to ACS email updates.

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From: Scott Robin <[SRobin@nelsonpope.com](mailto:SRobin@nelsonpope.com)>  
Sent: Thursday, September 24, 2015 12:08 PM  
To: ACSO Users Support (CENSUS/ACSO)  
Cc: Chic Voorhis  
Subject: Demographics Report

My firm is in the process of completing a demographic report for a proposed golf course resort project in the Hamptons area on Long Island, New York. Most population statistics for states, counties, and cities refer to permanent residents, or persons who spend most of their time in an area. At certain

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times, however, many states and local areas have large numbers of temporary residents who exert a significant impact on the area's economy, physical environment, and quality of life. Although many studies have been conducted about temporary residents in areas such as Florida, very little is known about the number, timing, and characteristics of resort residents.

Our report considers eight (8) existing resort projects that our client has in others areas, including Palm Springs California, Southwestern Montana and the Bahamas. These are all second and third home projects. These projects tend to mimic what is typical in the local market (weekend use vs. all summer vs. winter + spring vs. several ski weeks during ski season). At most, some projects we have a handful of members that stay for most of the year. Most projects owners use their homes 30-60 days, but the Palm Springs projects have a longer winter/spring occupancy.

The report focus is to make a correlation between our clients existing projects and the proposed Hamptons-area market.

According to the American Community Survey (ACS) year-round units are those intended for occupancy at any time of the year, even though they may not be in use the year round. In resort areas, a housing unit which is usually occupied on a year-round basis is considered a year-round unit. Year-round units temporarily occupied by persons with usual residence elsewhere are included with year-round vacant units. A housing unit occupied at the time of a ACS interview entirely by people who will be there for 2 months or less is classified as "Vacant - Current Residence Elsewhere". It appears that our projects could be classified as Vacant - Current Residence Elsewhere.

We would appreciate any input you may be able to provide for determining the classification of our resort projects.

The following is a link to our clients web site, which may be helpful in providing a response:

<http://discoverylandco.com/about>

Thank you

Scott Robin

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