

MANAGING THE DEVELOPMENT OF MULTI-TITLED GOLF COMPLEXES

JOHN WHITEOAK

University of the Sunshine Coast

and

CHRIS GUILDING

Griffith University

ABSTRACT

Multi-titled golf development (MTGD) complexes represent an increasingly popular form of living in Australia. This form of living presents some particular challenges due to the number of stakeholders involved (eg, complex developer, body corporate service provider, accommodation owners, golf-course owner and other potential commercial operators). In this study, qualitative data collected from thirteen interviews with Queensland-based developer representatives and body corporate managers experienced in MTGDs is examined to explore issues arising from the protracted involvement of developers in the life of an MTGD complex. The role of the body corporate management function is also examined and a potential for a conflict of interest arising noted. The importance of developing a sense of community in a MTGD is also observed and commented on. Academic and practical implications as well as future research opportunities are outlined.

INTRODUCTION

The focus of this paper is on identifying issues associated with managing the development of integrated residential and golf course complexes in Queensland, Australia. These multi-titled golf developments (MTGDs) comprise a structure that usually involves a golf course owned by one party, a strata titled residential estate owned by a separate set of parties and some residual land and infrastructure for which ownership and a form of governance has to be established (Guilding & Whiteoak, 2008). The strata-titled arrangement commonly includes a subdivision of land and / or buildings into units, which can be owned separately, and common property, which is owned communally (Ball, 1984).

The popularity of these developments has increased since 1985 with the introduction of the first 'notable' Australian development combining residential living with a golf course

at the Sanctuary Cove Resort in Queensland. Residence within the context of an MTGD has now become a much more common form of living in many parts of Australia. Despite this, there has been a scarcity of research directed towards understanding the idiosyncratic management issues that can arise in MTGD developments. These issues can be challenging, as the competing interests of several stakeholders have to be reconciled (i.e., complex developer, body corporate service provider, accommodation owners, golf-course owner and other potential commercial operators). Exacerbating these issues is the fact that the different parties are located in close proximity to one another (Guilding & Whiteoak, 2008).

The primary objective of this study is to examine management challenges arising in the development of MTGD complexes. Somewhat surprisingly, a literature search has revealed that this is the first study to investigate the management of MTGDs from a developer's perspective.

In the next section of the paper, the most pertinent literature is reviewed. Then the research method that has been adopted is described. This is followed by an outline of the study's findings. Finally, we conclude by presenting several suggestions for further research that can advance the understanding of the management of the largely overlooked area of MTGDs.

LITERATURE REVIEW

As already noted, there is a paucity of literature concerned with the dynamics and management issues associated with the development of MTGDs. Guilding and Whiteoak's (2008) examination of the relative influence exerted by accommodation owners in MTGDs stands in relative isolation in this regard. There is also a dearth of research focusing on strata titled property management more generally, that could have been drawn upon in framing this study. The two most pertinent literatures for this study that have been found concern research on tourism-based multi-titled properties and also research into generic golf management issues. Further, the theoretical context of the study has been partially informed by agency theory (Lambert, 2001). In terms of the MTGD phenomenological context, it is noteworthy that strata-title appears to be increasingly applied in property subdivisions throughout Australia (Warnken, Guilding and Cassidy, 2008).

The Australian multi-titled tourism accommodation sector is claimed to represent an investment of over AUS \$8.75 billion (Guilding, Ardill, Fredline & Warnken, 2005). These multi-titled developments include detached villas, duplexes or townhouses, and low or high-rise apartment complexes and have become a popular style of living for many Australians. As such, multi-title has become the primary vehicle for new tourist accommodation developments in many tourism regions (Warnken, 2002; Warnken, Russell and Faulkner, 2003). Guilding et al (2005) provide an agency based examination

of the contracting challenges arising between resident managers and accommodation owners in strata-titled tourism accommodation complexes.

Low profit margins, high water usage and skyrocketing land prices mean the days of developing stand-alone golf courses appear to be largely over (Blondin, 2006). However, golf is an extremely popular recreational activity and in recent years, the use of golf-facilities to add value to large real estate and resort developments has become a world-wide phenomenon. For example, in Florida, it has been reported that 54% of golf courses are now integrated with a residential development and that these residential units are estimated to be worth US\$158 billion (Hodges & Haydu, 2004). Similarly, Australian residential developments have increasingly integrated a golf course to generate a higher return on accommodation property sales (Guiding & Whiteoak, 2008). In the United States, Hodges and Haydu (2004) found that a golf course significantly increases property values within a one mile radius of the golf course in as much as 67% of cases.

Today, most new golf courses are developed in conjunction with real estate (Hodges and Haydu, 2004; Lum, 2003). Guiding and Whiteoak (2008) outline the Australian legislative context governing the evolution of the union between golf and accommodation in the context of an integrated development. The current legal framework is based on the *Body Corporation and Community Management Act* (BCCMA). This act dictates that the management of the golf course cannot be directly influenced by the MTGD accommodation owners. The influence of accommodation owners is restricted to areas falling outside the golf course and other commercial precincts. This model appears to be popular with developers, as it provides them with increased flexibility in the way a golf course can be integrated into a development. It is notable that in a study focusing on New Zealand and the UK, Blandy, Dixon and Dupuis (2006) observed that while there is an apparent passage of property ownership from developer to individual owners in a large strata titled scheme such as an MTGD, the eventual property owners do not enjoy the same scope of influence as owners in conventional property ownership situations.

The complex nature of MTGDs suggests a novel managerial and governance environment and provides a potentially rich research milieu with important industry implications. The current golf-management literature is predominantly focused on operational and technical issues such as course speed-of-play and maximizing available tee-off times (Chen, 2004; Kimes, 2000), course maintenance (Shmanske, 1999), player satisfaction levels and motivations (Petrick and Backman, 2002) and environmental considerations (Chen, 2004; Warnken et al., 2001). However, there is currently very little research concerning the management of MTGDs and a lacuna exists that requires attention.

RESEARCH METHODOLOGY

A series of interviews with individuals representing a range of MTGDs has been conducted. This qualitative data collection approach was used, because there is potential

for a significant amount of variation in the way an MTGD may develop and also there is minimal literature that can be drawn upon as a basis for developing relevant theory.

The sample of interviewees was identified with the help of an industry expert known to the research team. The industry expert provided a list of potential contacts that were viewed as having extensive experience with MTGD development. This expert also assisted in the development of the interview protocol used in the interviews. Additional study participants were identified by contacting senior management representatives of developers at particular MTGD developments. These senior managers were contacted by phone and invited to participate in the study. The in-depth qualitative study approach undertaken signifies that contact has not been made with all stakeholders in the population of interest. Rather, it was felt that a purposive sampling approach had the potential to yield rich and insightful data, as we focused on experienced professionals closely involved with MTGD development.

An overview of the interviewees is provided in Table 1. The first column provides an alphabetical identifier for each interviewee that is cited in the subsequent text whenever reporting an interviewee comment. The second column provides insight into the nature of each subject's MTGD experience. It is believed that, at the time of the interviews, this group can reasonably represent the substantive knowledge base with respect to MTGDs in South East Queensland. Queensland was chosen for the study because each Australian state has its own legislation pertaining to MTGDs. Further, Queensland's warm climate and large tourism sector signifies that it has a large number of golf courses.

Given the exploratory nature of the study, two researchers were present at the first five interviews. This greatly facilitated the development of deeper probing techniques and promoted consistent questioning and probing techniques used in all of the interviews conducted. All potential participants who were contacted agreed to be interviewed and the researchers concluded that theoretical convergence was reached (Yin, 2003) after 13 interviews had been conducted. The interviews lasted for approximately one hour and were conducted using a semi-structured approach.

During the analysis phase, the data was transcribed and frequently reviewed. As suggested by Agar (1988), identification and description of patterns and themes from the perspective of the subjects was undertaken. Our efforts then focused on understanding and explaining these patterns and themes. There was a high degree of consensus amongst the researchers concerning the emergent themes. A systematic analytical protocol was taken in an attempt to promote completeness and lack of bias in the collection and analysis of the data (Lillis, 1999). Despite this, it should be acknowledged that like any research based on qualitative data, the background of researchers is bound to introduce some biases in the way that themes in the data collected are determined (Mertens, 2004).

In the description of findings that is presented in the next section, excerpts from the

transcribed interviews are provided should they be seen to be insightful or constitute strong exemplifications of issues of interest. In some cases, the length of the quote cited has been reduced. In these instances, three full stops (...) have been inserted into the text to signify that some of the commentary provided by the interviewee has been excluded. Considerable care has been taken to ensure that the context and intent of what the interviewee stated has not been modified.

Table 1: Description of interviewees' MTGD experience

Interviewee	MTGD Experience
A	Works for a large body corporate management service provider. Interviewee A has developed a specialist consulting service in connection with the establishment and management of MTGDs.
B	Works for the developer of a large MTGD as the on-site body corporate manager. This MTGD has established several distinct residential communities in the development and further residential building was underway at the time of data collection.
C	Works for an independent body corporate management service provider that has contracted to provide body corporate management and also facility management services to a large MTGD. The extent of this engagement is such that Interviewee C has an office at the MTGD.
D	Works for a large body corporate management service provider and has gained many years of experience in MTGD body corporate management. At the time of the interview, Interviewee D was providing body corporate management service to a large MTGD that included a hotel, marina and residential housing.
E	Acts as a freelance consultant providing specialist advice in connection with multi title property ownership and management and ownership; has more than twenty years of experience in the industry.
F	Works for a large body corporate management service provider and has a particular responsibility for advising developers of integrated resorts that involve a multi titled component (eg., MTGDs).
G	Development manager working for a property developer in an established golf course. Accommodation properties were under construction at the time of the interview.
H	Senior officer with a property developer in an established golf course. Accommodation properties were under construction and being marketed at the time of the interview.
I	Project director of a large property owning enterprise that has purchased designated development land in an existing MTGD.
J	Works as the sales and marketing manager in the same company as Interviewee I.
K	Works as the project manager in the same company as Interviewee I.
L	Manager of a golf-based country club.

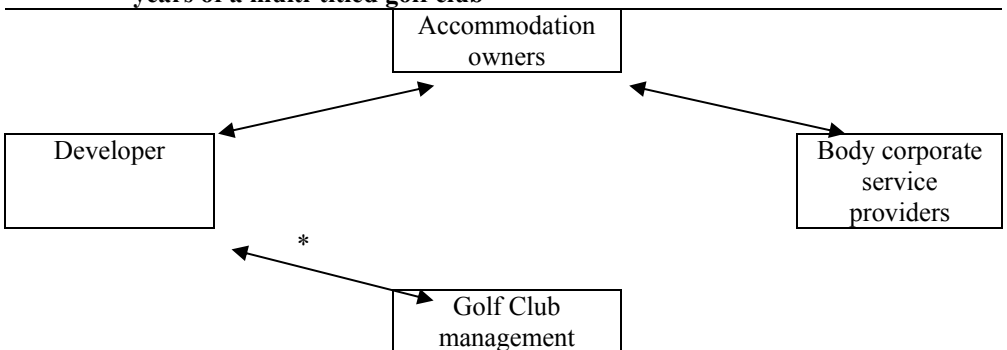
M Associate director with a land corporation that is operating in a joint venture as the developer of a MTGD. Responsibility brief concerns directing the project sales team.

FINDINGS

The study conducted was designed to elicit management issues arising during the development of MTGDs. During an MTGD's development phase, which, as noted below, can run for many years, the developer's overarching influence and equity interest underscores its primary stakeholder status. A second key management player is the body corporate service provider who offers administrative and secretarial services to parties involved in body corporates (e.g., collecting owners' body corporate levies, conducting meetings and advising on asset management). A body corporate service provider had been engaged in all of the MTGDs visited in the course of collecting the field data for this study.

The configuration of relationships between developer, body corporate service providers, accommodation owners and golf club management is depicted in Figure 1. As will be noted below, there appears to be a considerable commercial imperative for developers maintaining strong relationships with accommodation owners and golf management (if the golf club is a separate entity from the developer). Although a body corporate service provider is likely to be engaged by a developer to advise on the establishment of initial body corporate governance provisions, the enduring role of the body corporate service provider is to act as the agent of accommodation owners. In light of this, in order to avoid any misleading inference, it was decided that there should be no line connecting the developer to the body corporate service provider in Figure 1.

Figure 1: Relationships between the main parties involved in the developmental years of a multi-titled golf club



*: The line connecting the developer to the golf club depicts one of two possible scenarios:

1. The developer has a close working relationship with the golf club.

2. *The developer owns the golf club.*

In the remainder of this section, five key issues identified from analysis of the interview transcriptions are described and examined. The issues were uncovered using a convergence methodology, based on patterns and themes described by the interviewees (Yin, 2003). That is, themes were identified using regularly recurring responses discussed by the subjects interviewed. The key themes or issues involved in the development of MTGDs identified in the course of the study are examined under the following headings: 1) Protracted developer involvement; 2) Golf course divestment decision; 3) Accommodation owner management issues; 4) Role of body corporate service providers; and 5) Importance of community in MTGDs.

Protracted developer MTGD involvement

The nature of the developer's relationships with the other parties identified in Figure 1 is highly dependent on the stage of the project's development. Interviewee H elaborated on four distinct developmental phases for an MTGD. He suggested that in the first stage or "early days" of a development there is a:

heavily paternalistic view (taken by the developer); everyone is relying on the developer because, frankly, they represent the majority of interests either economically or with voting power or whatever. So right or wrong, there's a paternalistic culture.

He noted that this evolves into a second phase, once approximately a third of the development is sold. He suggested at this stage:

a significant threshold of people who are here, they have lived here for a bit of time typically and who are prepared to take some role in governing their community ... they start to express their views more and more strongly ... so the friction begins.

He then described what he called a "mid phase". He noted this occurs when the complex approaches 75-80% of its accommodation sold. Finally, interviewee H described "the tail end":

where the developer says 'frankly you've got such power now, it really doesn't matter what you do even if you bugger the whole place up', and so the developer typically in that last phase wants to step completely away from all the site governance. Frankly if it hasn't stood on its own two feet by that stage, you've lost the game anyway and they just want to get on and see off the tail end as quickly as possible.

The developer's keystone role in the MTGD's configuration of relationships was evident in all of the sites visited. In those instances, where the developer had retained ownership of the golf club, the developer was interested in ensuring that the golfing facility was well

maintained and that good relations were maintained between the golf club and accommodation owners. Somewhat paradoxically, the same can also be said for those situations where the developer did not have control of the golf club. This is because ensuring that the golf club is operated well and that good relations are maintained with accommodation owners are factors critical to future accommodation sales. Figure 1 highlights the pivotally significant role played by the developer in MTGDs that are still under development. With respect to the need to maintain active communication with accommodation owners, Interviewee H expounded on the importance of developers being receptive to owners' views. On listening to the views of residents, he commented:

... we do it too because they are our strongest and unpaid sales force too. We affect more sales of real estate in country club memberships, for example, through that group of people talking about how wonderful (names resort) is, than we do from any other source.

The issue discussed above highlights the fact that in MTGD scenarios, the developer has a much more enduring site engagement period than is the case in a more conventional building context. During this period, two distinct scenarios can arise. The developer can retain ownership and control over the golf club or sell it. In all the MTGDs visited, the developer had an on-going interest, as they all had some designated precincts identified for future accommodation development. In two of these MTGD sites, the developer held no ownership interest in the golf club. It should also be noted that the relationship between the developer and the residents is commercially important, although it appears this is most significant in the early stages of a MTGD. This suggests that the ability of residents to influence developer actions in their favour may correlate quite strongly with the stage of a development. Additional research attention may be warranted to investigate whether there are implications associated with this potential issue.

The golf course divestment decision

The observation that not all developers retain ownership of the golf course during MTGD development raises the question as to the best time for the developer to sell off the golf club. This is particularly pertinent, as most developers have minimal aspirations with respect to golf club management and most are exposed to considerable pressure to recoup the large outlay made in connection with buying and subsequently developing the MTGD land. Most of the interviewees felt that the golf club in an MTGD is generally conceived of as a 'loss leader' and not expected to make money in its own right. For example, Interviewee A explained:

There are not many golf clubs that make money so therefore the golf club has got to be there as the "loss leader". It creates income in other areas, a lot of developers factor the cost ... into the residential sales, and so by the time they have sold all the properties the golf course is virtually in the books.

Interviewee C had a similar perspective on the commercial role of the golf club in an

MTGD. He commented:

When you build these places you have incredible outlay, you don't build golf courses to make money, it (the golf course) is for the land sales and to market the homes. Most golf courses on the Gold Coast have run at a loss. They were just loss leaders for a development.

This suggests that an MTGD developer may sustain considerable losses resulting from the cost of golf course maintenance. It was notable that we found some developers choosing to sell the golf course in the early stages of a development in order to strengthen their cash flow. There appears to be some significant dangers associated with this strategy, however. This was highlighted by the following comment made by Interviewee G who worked for an MTGD developer that did not own the golf club:

We had an outbreak of salvinia, which is a water weed. The golf club couldn't, didn't, have capacity or the resource to address it and as a result the waterway started choking up. This stuff is fairly aggressive; residents were going crazy about it. It took (developer's name) off their own bat, went in and did the golf course's job for them and tidied the weed up just for the sake of keeping everyone happy, but there was no way that the body corporate could make the golf course do it.

This particular case is quite illuminating as it highlights the somewhat invidious position that a developer can be placed in when disputes arise between accommodation owners and golf course management. The developer has too much to lose if negative sentiment develops at an MTGD. The down-side associated with the weed infestation becoming an increasingly evident eye-sore and source of resident displeasure was too great for the developer to leave unattended. In effect, the golf course operator had held the developer as a hostage to fortune.

Despite this observation, Interviewee G felt that golf courses can be sold off by the developer early in an MTGD's life, so long as a well-designed contract that identifies the golf club's responsibilities is developed. He commented:

The golf course needs to be constructed and sold because that helps the cash flow as a developer. So you construct it, you set it up, then you sell it to someone who knows how to operate a golf course, but in the sale of that you need the appropriate contractual requirements on both sides so that down the track, all the things are taken care of.

Interviewee H also indicated that his development company had been considering selling its golf club interest. He commented:

Ultimately, we don't want to be golf course operators. There's not a huge amount of cash to be generated out of that exercise. It's a wonderful lifestyle asset and it needs to be

looked after, protected as its part of this community, but we don't want to run it long-term. So we think there's an inherent logic in identifying what that exit strategy should be.

Interviewee M expressed an alternative view and noted that the development consortium with which he was involved had a policy of not selling off golf courses prior to the completion and sale of MTGD accommodation precincts. He commented:

We will maintain ownership of this golf-course until we have built out the development. In the long term I think that (names large land owner) will probably own it, but there's no guarantee there. We could come in and sell off the golf-course. We don't think it is the right thing to do and won't do it, but only from an ethical perspective. We are not bound by anything.

Overall, it appears that in most MTGDs, the golf course is not seen as an ongoing viable business entity and is used primarily as a loss leader in these developments. We found that developers may attempt to “factor in” the costs of the golf course when making residential sales and either maintain the management of the golf course or sell it towards the end of the developmental phase. However, this is not always the case and there was evidence of differing exit strategies being employed by developers. For example, it is possible for a developer to sell the golf course at any stage of the development.

We found that selling-off the golf course early presents the highest risk of loss to the development residents. Although poor management of the golf course at any stage, during or after the development, could have negative consequences. The residents can take some comfort from the knowledge that they have some influence on the developers as the developers are very aware of the importance of a contented community and the central role that the golf course plays in the residents' satisfaction. Clearly, this influence reduces as the development evolves and is completed. Consequently, the residents have little “formal” or “legal” control over the golf course and it appears they are required to place a significant amount of trust in the developer acting appropriately when it comes to the management and ownership of the golf course in a MTGD.

Accommodation owner management issues

With respect to the relationships between the different parties identified in Figure 1, Interviewee K noted that the nature of the developer / accommodation owner relationship is affected by whether the accommodation owner is a resident or investor owner. Supporting the importance of the distinction between resident and investor owners, Interviewee D commented:

Give me an investor any day. No really, I mean the majority of the people want the same thing. They want a beautiful estate, value for money. They want a good return later on in life from their property. However, I think we have more trouble obviously with the people who have a lot more time on their hands, who are retired and what we call the 'Sergeant

Majors', going around every five minutes inspecting things.

This distinction between the interests of resident and investor owners in a multi-titled context is explored more extensively in Guilding et al (2005), who noted a fundamentally different objective of the two owner types. Investor owners like to see more holiday lettings, while resident owners are likely to find the behaviour and increased building activity (moving cases in and out, etc) associated with short-term guests to be a source of annoyance. Another significant factor affecting the developer / accommodation owner relationship relates to the nature of the body corporate committee elected by the owners. Interviewee I referred to repeated experiences of some residential precincts electing one or more awkward individuals. Of the current body corporate committee for this precinct, he commented:

You can't speak to them. Everything has to be in writing. It's very, very difficult to deal with and obviously that has upset everybody else ... it was going smoothly, and then they started fighting against the existing committee, so they nominated a new chairman and we are back to where we were 18 months ago. It's a painful 7 year process.

In a similar vein, Interviewee L commented:

Some committees are right into it and they want to take the time to read the acts. Whereas other committees, there might only be one person that is interested. It is really up to the individuals in terms of how involved they want to be.

Interviewee M commented:

The problem is there is always one or two rouges out there who have a different view to the rest of the community and getting a consensus within the community is difficult because people have different agendas.

Interviewee A stated:

And a lot of it (the success of a MTGD) still comes down to the purchasers. You can have a fantastic development and you watch some 'boofhead' buy in it and ruin and the whole thing because they just can't live in a community and whether they hate someone else because their neighbour is making too much noise upstairs, or they hate the developers because they didn't put a special feature in a particular unit. It is just incredible the dynamics of having a great project and then there is the 2% 'boofhead' factor.

We conclude from these observations that there is a somewhat random factor that will greatly affect the nature of the management experience in overseeing the development of an MTGD complex. This random factor concerns the nature of the individuals buying residential properties within the MTGD and also the nature of the individuals who become elected onto the body corporate committees that represent the interests of owners. From

comments made by the interviewees, it appears that some of the more awkward individuals have a high propensity to seek election to body corporate committees. A further key characteristic of some owners that was commented on by several interviewees concerns their relative naivety when buying into an MTGD. This appears to be one of the biggest and most enduring challenges to managing an MTGD development.

Interviewee M commented:

The difficulty of body corporates in Australia is that a lot of people don't understand them. It is very difficult to empower them to get things done because a lot of people have different views. (Referring to property owners) they want to know why they have this or that in that stage, but it is not in my stage. But they think the developer should pay, but it is not our responsibility. If they want, they can use the homeowners club to upgrade facilities if that is what they want to do, take it to the committee and if everybody is happy to contribute a special levy you can upgrade. They very much confuse the line. They don't understand their role. They think they can influence where the development is going. We do consult them, but ultimately we have to deliver a product that matches the original view of the community and also the current market.

Several of the interviewees felt that too frequently an accommodation owners' property purchase decision is emotionally and not rationally motivated. They referred to a need to educate owners in advance of them making their accommodation purchase. Consistent with this, Interviewee D noted that recent legislation requires much more disclosure, which he felt desirable as:

Don't forget when people buy something it is emotive. ... There are naïve purchasers in all complexes. They have statements made to them by the estate agent or whatever and they believe what they tell them and they are disappointed because it may not happen for them.

In connection with an MTGD where the accommodation owners assume part of the responsibility for golf course maintenance, Interviewee E commented:

Developers say we are in and out and gone and we will let the others worry about the cost of running the golf course when we are gone, and a lot of people who buy into a residential precinct with a golf course which becomes part of their commitment don't realise the costs they are going to be facing after the fact to keep their golf courses going.

The naivety of buyers has the potential to exacerbate the minefield of issues that can arise in MTGDs. It appears that engaging the services of a body corporate manager may help overcome some of these problems. We found that in all of the MTGDs visited in the course of collecting field data, the services of a specialist body corporate service provider had been engaged. In the next section, we discuss the role of these service providers and

specific challenges they can face when engaging with body corporate committees in MTGDs.

The role of body corporate service providers

Body corporate service provider companies are part of a fast growing management and consulting sector in Australia that specialize in the administration of multi-titled complexes. This profession is represented through state based bodies throughout Australia and also a federal body: the *National Community Titles Institute* (NCTI).⁴ The NCTI's web site describes the role of multi and community title managers as involved in:

“Coordinating the affairs of unit owners including conducting meetings, collecting and banking levies, arranging property maintenance, advising on asset management, placing insurance and keeping financial accounts”.

It appears normal practice for one body corporate service provider to manage all the body corporates in an MTGD (each distinct precinct in an MTGD will typically have its own body corporate), although each body corporate will need to have its own contract with the body corporate service provider engaged. Interviewee H who was involved in a MTGD comprising 12 residential precincts, commented:

The 'body corporate manager', for a better word, should act as a body corporate manager for all the body corporates, so they will have 12 residential bodies, plus the primary body corporate, but it should be coordinated across the whole site, so we all agree on that.

This interviewee went on to explain that the engagement of a single body corporate service company serving all the residential precincts is initiated at the principal body corporate level, i.e., the level of MTGD governance that oversees the interests of all the residential precincts.

Due to the scale of operational and management demands associated with an MTGD, it appears to be a context giving scope for body corporate managers to provide a broader set of services than what is normally associated with the profession. Highlighting this potential, Interviewee C commented:

We are a bit different to (names another body corporate service provider). We provide holistic management which is a facilities and multi package. Multi services on the

⁴ With the rise of property owned under multiple title schemes, there has been a substantial increase in body corporate service providers. Other countries have bodies equivalent to Australia's NCTI, e.g., the *National Association of Managing Agents* in South Africa, the *Association of Residential Managing Agents* in the United Kingdom, and the *Community Associations Institute* in the USA.

Gold Coast mainly provide secretarial services, administrative service and financial management services. we will do facilities management which is the caretaking side.

The degree of complexity associated with the range of governance issues arising in an MTGD provides considerable scope for body corporate service providers to develop a specialised consulting expertise tailored to MTGD management. This signifies a broadening of the typical body corporate management services referred to in the *NCTI* citation provided above. Interviewee A's company appeared to have developed a particular focus on the MTGD market as it had three staff permanently involved in new projects. He commented:

We spend a year to a year and a half on the design of the titling structure and the operation structure before they even start digging in the dirt on these large developments. We normally look at ones we can create ourselves by way of the documentation. We want to do the culture. We don't want to pick up someone else's culture because normally they are an unhappy bunch of campers.

As noted earlier, a body corporate service provider is typically engaged initially by the MTGD developer to provide advice on establishing governance procedures for the different parties buying a part of the MTGD complex. Following this, the developer typically engages the body corporate service consultant as the first agent to provide secretarial and administrative services to the initial accommodation owners' body corporate committee. This appears to give rise to a potential conflict of interest issue, as the body corporate service provider is placed in the position of providing advice to the developer and body corporate committee, and the advice sought by owners may well relate to a concern with some aspect of the developer's service provision. This potential for a conflict of interest was only noted late in the course of conducting the interviews and the extent to which it constitutes a challenging issue was not examined in any great detail. For further examination of this issue, see Blandy et al (2006).

A contractual factor detracting from the provision of a quality service for MTGDs by body corporate service providers arises from the standard length of contract typically provided. It was noted that these contracts tend to have a three year duration. A strong theme appeared among the interviewees who referred, in an unprompted manner, to the importance of building a sense of community in a MTGD. We discuss this in some detail below, but it appears problematical for the body corporate service providers to expend resources laying the basis for a strong MTGD community ethic, as the nature of the benefit derived is relatively intangible (it does not lend itself to monetary measurement), and the full benefit of such an ethic is likely to be realised over a time scale extending well beyond the three year time frame of a standard body corporate service provider management contract. The problem of differential time horizons confronted by two contracting parties in an agency relationship is one of the four generic agency issues commented on by Lambert (2001). Interviewee F spoke on this issue at some length:

We are on short term contracts, we are on three years. (In reference to building a community spirit) we can't devote enough resources to that until we get the funding. We are not going to be able to put in place any of the social changes needed in a master plan community unless you have got a sufficient amount of time. In the first three years, is just the time where you sort out the details, you get to know the owners. People are just settled in and then you start to look at what's happening in the community.

Interviewee H also felt that the contract period should be longer and suggested five years would be more appropriate. With respect to the existing conventional three year contract, he commented:

One of the principal downsides is there's an enormous amount of work for any management company coming in understanding the place, understanding the personalities that we are dealing with. So say for example here, to aid administration, you really have to have a pretty good idea who most of those 1,000 households out there are. How they interrelate to one another. Who are the big "whingers" you don't need to listen to, who are the people you do need to listen to because they complain once every 3 years.

Interviewee D also highlighted the importance of long term relationships between MTGDs and body corporate service providers:

(What is) really important here is that we have had 11 years of continuous management, whereas (names another MTGD) has had very fractured management.

In sum, the multiple accountabilities, the use of short-term contracts and the challenge of building a sense of community in MTGDs appear to be key issues for body corporate service providers in these systems. Relative to other developmental settings, an MTGD gives rise to greater complexity in the body corporate service provider's role, due to the centrality and value of the golf course and the increased number of parties with a stakeholder interest in the development.

The importance of community in MTGDs

The importance of building a sense of community in an MTGD has just been noted. This was a common theme commented on by several of the interviewees. The significance attached by interviewees to building community spirit had not been anticipated in advance of conducting the interviews and the comments provided by the interviewees arose in an unprompted manner. The degree to which these unprompted references to 'community' arose in the interviews merits its recognition here.

There was a widely-held view that greater importance is attached to engineering a positive community spirit in equivalent housing contexts in the USA. Interviewee F commented:

From our travel overseas, what we found was a high level of community where people have self-governance and they feel in control and you are much more likely to get owner participation if they feel they can do something about it. They like making change in their community.

Similarly, Interviewee D commented:

Everybody has a sense of being in a community and this is something they are promoting a lot more in America than they are here. So we have to engage a social official to make sure things are happening.

Consistent with this observation, a theme among the interviewees indicated that the community issue is being viewed as sufficiently important to warrant the engagement of an individual charged with overseeing community development. Interviewee A commented:

We are dealing with a couple of developers ... and we are talking to them about a more appropriate management structure including being able to employ someone to do the social direction of picnics, regattas, etc.

In a similar vein, Interviewee C commented:

One of our biggest challenges is creating a sense of community – melding the community together. We need to have some form of tax to create a community. The body corporate is not here for that. You are starting to see the community liaison officer role come up more and more.

Representing the developer's perspective, Interviewee H also extolled the virtues of developing a sense of community and reinforced the view that greater importance is attached to this aspect of community living in large U.S. property schemes. He commented:

I think it's in a developer's own commercial interests ... from the most cynical point of view, because you are stuck in it for twenty years. You've got no choice frankly. You have to be part of that community construction exercise. But I think it's actually a real premium if you end up creating good community assets, a good village, and a country club where, for example, they can go and socialise separate from the public access people. All those things are extremely powerful and vibrant things in this community and I'd love more time to be able to spend time on what I call soft infrastructure ... in the States, a lot of developers ... employ people who are expert in creating these communities, and even people off cruise ships, just to get people together and mix and figure out what their interests are.

There appears to be a consensus of opinion amongst developers and body corporate

service providers with respect to the virtues of developing a sense of community in an MTGD. However, it also seems apparent that a clear plan for the support and development of a community spirit within Australian MTGD complexes is in its very early stages.

CONCLUSION

This study has examined particular management issues arising during the development of MTGDs. Many of the management challenges stem from the complexity of placing different stakeholder groups, with distinct perspectives, in close physical proximity with one another. Although not reported above, some of the interviewees referred to physical intimidation that can arise among the parties involved, as a result of chance encounters within the complex.⁵

Another distinguishing facet of MTGDs concerns the protracted period of involvement required of a developer. During this protracted period, we found that the nature of the relationship between the developer and accommodation owners is likely to change depending on the stage that the MTGD development has reached. Specifically, we note that early in the life of a development, the developer is more likely to take a paternalistic role and is highly responsive to the needs of accommodation owners. This is consistent with building goodwill that provides a strong platform for generating property sales. As a development comes to fruition, however, and the majority of accommodation is sold, the developer tends to distance themselves from the running of the complex and may be less concerned with the needs of the residents and more concerned with an appropriate exit strategy.

There may be important implications for MTGD residents if this occurs. For example, Turner and Edmunds (2002) suggest that residents who move to new master planned communities (MPC) want to separate themselves from the “lower classes” by demonstrating their “good taste” and moving up in the world. In addition, Gwyther (2003) notes that people like to feel they belong to a particular community where they feel safe. It is possible that without the influence of the developer, these and other perceived benefits, may begin to dissipate. Further, there is evidence suggesting that the long-term health implications of a MPC may be dependent on continued developer involvement subsequent to the completion of the project’s final building stage. Costley (2006) points out that in one of the original MPCs located in the United States, the developer continues to manage the MPC and “lure in business” and the MPC has become one of the fastest growing business parks in the USA, enabling 60% of workers to live within 15 minutes of their jobs.

⁵ Accommodation owners obviously spend time much time close to their residence. Golf course managers and developer representatives also spend much time within the complex. The only party not spending extensive periods of time in close proximity to the other stakeholders is the body corporate service providers.

Our data also suggested that problems can arise from the early liquidation of the golf course asset. One interviewee likened this to selling off ‘the crown jewels’. We found that early liquidation can place a developer in a difficult position, unless there are strong contractual agreements that provide tight specifications concerning the running of the golf course. These contracts should ensure that expectations of accommodation owners are met and that the golf course continues to be a central part of the MTGD and is viewed as an asset not a liability by accommodation owners. Developers appear to be acutely aware that failure to meet accommodation owners’ expectations will damage an MTGD complex’s property sales.

A theme evident in the data collected suggested that ‘difficult’ personalities who are accommodation owners have a propensity to become members of a body corporate committee that represents accommodation owners. This can trigger adverse relations that can become so entrenched that they have a negative impact on the success of a development. It should be acknowledged, however, that this view might represent a somewhat unitary perspective, as no data was collected from any members of a body corporate committee. Nonetheless, our findings highlight the importance of attempting to achieve cohesive relations between the distinct stakeholders brought together in a MTGD context. Further research could be directed to determining how these relationships develop and are managed over time. Case study research conducted at a particular MTGD complex that is suffering from poor inter-stakeholder relations could also prove to be a highly revealing exercise.

The interview data also indicated that accommodation owner naivety is surprisingly high and that this may exacerbate MTGD management challenges. Property purchaser naivety may result in high dissatisfaction with MTGD residential property ownership, because owners had not appreciated all the implications arising from their purchase decision. The data collected suggest that it may only take one or two difficult and disenchanted individuals who had not appreciated what is involved in MTGD living, to disrupt and detract from the overall success of an MTGD. Further research concerned with determining how much purchasers of MTGD accommodation properties appreciate about the full implications of their purchase is to be welcomed.

The paper has also outlined the roles and responsibilities of body corporate service providers. It has been noted that the complexities of MTGD property ownership necessitate the engagement of a body corporate service provider. Of particular interest is a conflict of interest that can occur as the body corporate service is likely to want to maintain good relations with a developer (in order to generate new business), but is also required to represent accommodation owner interests which are frequently not aligned with developer interests. This is believed to be the first study to expose this conflict of interest. Research that examines the extent of this problem, issues arising and how body corporate service providers manage this conflict would provide some useful insights.

Our observations also indicate that engendering a sense of community in a MTGD can have a major impact that promotes smooth operations. At the outset of this study, it had not been contemplated that “community” would appear to be such a significant factor in MTGD development. It has been reported on here due to interviewees unprompted initiation of the idea that a sense of community is an important dynamic in these developments.

Most of the interviewees in this study suggested that developing a sense of community in MTGDs was a key challenge for developers and body corporate service providers and were actively investigating and implementing strategies to support this focus. It was also apparent, however, that the individual residents would ultimately become responsible for their own communities as developers increasingly withdraw as residential properties are sold. A cynic might claim that a developer views a ‘sense of community’ as simply another selling point that may increase a property’s value and its marketability. Rosenblatt, Cheshire and Lawrence (2008) noted limited evidence of “actual social interaction” by residents in a MPC that focused on community as a major promotional feature. Despite this, in the current study, several developers appeared to exhibit a culture consistent with deriving pride from their development’s operating as a cohesive community. Although, Cheshire and Lawrence have suggested there was limited evidence of “actual social interaction” by residents in a MPC that focused on community as a major promotional feature.

In related research, Walters and Rosenblatt (2008) found residents in a MPC had limited concern for a sense of community. Using a case study approach to investigate stakeholder versions of community in a Queensland-based MPC, they argued that MPC residents lacked the resources or inclination to devote effort towards the establishment of “symbols” of community and, for the most part, were content to leave this to the property developer. Considered in the light of findings reported in the current paper, it appears that MTGDs (which represent a particular type of MPC) are unlikely to achieve the type of sustainable sense of community as idealised by developers during the marketing stages of a development.

Currently it is unclear if implications arising from perceptions of “community” impact on property resale values and capacity to sell. Rosenblatt et al (2008) claim that residents in their study reported high levels of attachment to place and sense of community, although we are not aware of any research investigating how a sense of community impacts on the well being of residents. Future research exploring this relationship would be valuable. Further, distilling strategies that may lead to an ongoing strong community environment, once a developer has withdrawn from an MTGD, would be helpful.

This study has added both academically and practically to the literature on the management of multi-titled golf developments. Our research adds to the sparse academic literature on management issues occurring specifically in MTGDs. The study’s findings may also generalise to other literatures that focus on the management of other strata-titled

living contexts and master planned communities. The study's findings will also be useful to practitioners as it will alert developers and body corporate managers to particular management issues in MTGDs. We also note that although the interviewees represent a cross-section of perspectives, no noteworthy differences of opinion were noted with respect to the issues under examination.

Further, the findings will be illuminating to potential buyers of residential properties in MTGDs and MPCs more generally. Finally, this study may also provide insight into the management of other multi-titled developments that do not include a golf course, but employ a different central draw-card. For example, master planned developments can include a variety of options such as man-made lakes, large parklands with amenities, community centres, bike ways etc. While these facilities might be attractive to potential buyers, the long-term maintenance and control of these facilities should be issues of concern and worthy of investigation.

REFERENCES

Agar, M.H. (1988) *Speaking of Ethnography*, Thousand Oaks, California: Sage Publications.

Ball, R. (1984), What is a multi-title?, *Law Institute Journal*, August, pp.924-925.

Blandy, S., Dixon, J., and Dupuis, A. (2006), Theorising power relationships in multi-owned residential developments: Unpacking the bundle of rights, *Urban Studies*, Vol. 43, pp.2365-2383.

Blondin, A. (2006), Housing market sets future of golf courses, *Knight Ridder Tribune Business News*, Jan 22.

Chen, T. (2004), A study of golf courses management: The in-depth interview approach, *Journal of American Academy of Business*, Vol. 5, pp.138-143.

Costley, D. (2006), Master planned communities: Do they offer a solution to urban sprawl or a vehicle for seclusion of the more affluent consumers in Australia? *Housing, Theory, and Society*, Vol. 23, pp.157-175.

Guilding, C., Ardill, A., Fredline, E., and Warnken, J. (2005), An agency theory perspective on the owner / manager relationship in tourism-based condominiums, *Tourism Management*, Vol. 26, pp.409-420.

Guilding, C., and Whiteoak, J. (2008), An examination of management issues arising in residential golf complexes, *Pacific Rim Property Research Journal*, Vol. 14, pp.44-65.

Gwyther, G. (2003), Paradise planned: Socioeconomic differentiation and the master planned community on Sydney's urban fringe. Conference paper as cited in Costley, D. (2006), Master planned communities: Do they offer a solution to urban sprawl or a vehicle for seclusion of the more affluent consumers in Australia? *Housing, Theory, and Society*, Vol. 23, pp.157-175.

Hodges, A. W., and Haydu, J. J. (2004), Golf, tourism and amenity based development in Florida, *Journal of American Academy of Business*, Vol. 4, pp.481-488.

Kimes, S. E. (2000), Revenue management on the links, *Cornell Hotel and Administration Quarterly*, Vol. 41, pp.120-127.

Lambert, R. A. (2001), Contracting theory and accounting, *Journal of Accounting and Economics*, Dec, pp.3-87.

Lillis, A.M. (1999). A framework for the analysis of interview data from multiple field research sites, *Accounting and Finance*, Vol. 39, pp.79-105.

Lum, R. (2003), Course management lofty business for firm, *Baltimore Business Journal*, Vol. 20, pp.24-25.

Mertens, D.M. (2004), *Research Methods in Education and Psychology: Integrating diversity with quantitative, qualitative, and mixed methods*. 2nd ed, London: Sage Publications.

Petrick, J. F., and Backman, S. J. (2002), An examination of the determinants of golf traveler satisfaction, *Journal of Travel Research*, Vol. 40, pp.252-258.

Rosenblatt, T., Cheshire, L., & Lawrence, G. (2008). Social interaction and sense of community in a master planned community, *Housing, Theory, and Society*, Vol. N/A, pp.1-21.

Shamske, S. (1999), The economics of golf course condition and beauty, *Atlantic Economic Journal*, Vol. 27, pp.301-313.

Turner, B. S., and Edmunds, J. (2002), The distaste of taste. Bourdieu, cultural capital and the Australian post-war elite, *University of Cambridge, Journal of Consumer Culture*, Vol, 2, pp.219-240.

Walters. P., & Rosenblatt, T. (2008). Co-operation or Co-presence? The comforting ideal of community in a master planned estate, *Urban Policy and Research*, Vol. 26, pp.397-413.

Warnken J. (2002). *Tourism Infrastructure Audit – Gold Coast, Project 2.2 of the Gold Coast Visioning Project CRC Research Report Series*. Gold Coast: Co-operative Research Centre for Sustainable Tourism, Griffith University: Gold Coast.

Warnken, J., Guilding, C. and K. Cassidy, (2008), A review of the nature and growth of multi-titled tourism accommodation complexes, *International Journal of Hospitality Management*, Vol. 27, pp.574-583.

Warnken, J., Russell, R., and Faulkner, B., (2003), Condominium developments in maturing destinations: Potentials and problems for long-term sustainability, *Tourism Management*, Vol. 24, pp.155-168.

Yin, R. K. (2003). *Case Study Research: Design and Methods (3rd ed.)*. London: Sage Publications.

Email address of contact author: whiteoak@usc.edu.au