

A REVIEW OF THE
LAS COLINAS URBAN CENTER
ANNUAL MEETING
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I have been asked to talk to you about the Las Colinas Urban Center located in the city of Irving, Texas, a suburb of Dallas. As the name implies this Urban Center is planned to be a high density concentration of real estate improvements serving as a focal point for the surrounding development. While my discussion this morning relates only to the Urban Center in Las Colinas there may be some of you who are not familiar with Las Colinas itself. Therefore, let me identify for you the development within which the Urban Center is located.

Las Colinas was announced in 1973 as a multi-use real estate development located between downtown Dallas and the Dallas-Fort Worth Regional Airport, with a first phase consisting of 3,500 acres. The area of Las

Colinas has since been expanded to encompass an area of approximately 12,000 acres.

Installation of the infrastructure of utilities flood control structures, streets, and other amenities began at that time. In September of 1976 the first office building completed was occupied, although there were already a number of residential units in existence by that time. Since then, not quite eight years ago, more than four hundred companies have located facilities in Las Colinas office buildings and distribution facilities. During the past seven years over ten and one half million square feet of office space has been completed and there is another one million square feet currently under construction. An additional four and one half million square feet of warehouse and distribution facilities were constructed with another quarter of a million square feet underway currently.

The Las Colinas Urban Center is a 960 acre area within the Las Colinas development planned from the beginning to become a central

business district. Most central business districts, or downtowns, evolve over an extended number of years following a recycling process of land use. Generally, localities become urbanized and filled with people through an evolutionary process which spreads through an area with each movement influencing the next movement, and with development working through an expensive and restrictive process of continuous adjustment and readjustment. On the other hand the Las Colinas Urban Center and all of Las Colinas for that matter, has been planned in its entirety at the very beginning, not by government bureaucrats eager to add more control to our lives, nor by a corps of dreamers from the academic community somewhat removed from the realities of practical cost/benefits relationships, but by a gathering of professionals from the profit making private sector and funded with private capital.

"Location", of course, is a major factor which influences the direction and

success of any development of real estate. In the case of the Las Colinas Urban Center, this is certainly true. It lies along a major freeway that connects downtown Dallas to the north entrance to the Dallas-Fort Worth airport. At the time we first envisioned Las Colinas, much of the acreage was bypassed by the major traffic arteries of the day. To remedy that, my associates and I worked closely with a friend and neighbor, Bill Windsor, who was the original developer of the Brook Hollow Industrial District in Dallas, and another friend and advisor, John Stemmons, to bring about the development of a new freeway from downtown Dallas through a then undeveloped section of Dallas county. In addition to donating free of charge much of the acreage required for the right-of-way for the freeway we talked other property owners into donating right-of-way also. By donating the right-of-way we assured that this major traffic artery would be constructed earlier than it would have

been otherwise and established its location where we could beneficially plan around it. But most important of all, we created a front door into what would become Las Colinas, specifically making the site of the future Las Colinas Urban Center convenient and accessible. By making the right-of-way available at no cost we assured more favorable economics for the routing through our property than for an alternate routing which was under consideration. Subsequently, by donating right-of-way for the other major thoroughfares as well as the streets in the area and by advancing funds to the city of Irving for their early construction we added to the element of convenience and accessibility, enhancing the location of the Urban Center.

Today the Las Colinas Urban Center is a convenient place to be, 15 minutes from downtown Dallas, 15 minutes to the north Dallas business and shopping areas, 5 minutes to the Dallas-Fort Worth airport, and only 10 minutes to Love Field, the general

aviation airport which also functions as the second major airport for intrastate commercial airlines.

In spite of our solution to the problem of location and convenient accessibility, in its raw state the site of the future Las Colinas Urban Center had another obstacle to development - almost all of the area periodically flooded from overflows from the nearby Elm Fork of the Trinity River. For years its agricultural productivity had been severely limited by the frequent flooding, which of course would make other uses impossible. In order to eliminate the flooding problems of these lowlands our consulting engineers came up with the standard solution, the construction of a levee around the area with an interior bar ditch or gully adjacent to the levee to collect the interior drainage for its removal by a pumping system. This is the system utilized in levee districts which are installed for agricultural purposes and is also the type of flood protection afforded the

Trinity and Brook Hollow Industrial Districts in Dallas.

Wayne Hurd, a friend and associate of mine, who was President of our development company at the time, and who happens to be present here today, and I observed that these bar ditches or sumps consumed a considerable amount of acreage that was neither marketable nor did it contribute to the creation of value for that net acreage that was marketable. In fact the bar ditch areas of most districts are difficult to maintain, unsightly, and become undesirable backyards in most developments where they exist.

Wayne Hurd and I discussed ways to convert this unsightly liability into a positive amenity. I instructed our engineers to develop an alternate plan that would concentrate the number of surface acres to be consumed by the levee and bar ditch reclamation plan into a single location in the center of the area being reclaimed, and excavate a man-made lake in lieu of the bar ditches,

making the lake as deep as possible in order to improve the quality of the water, and utilizing the excavated material as land fill surrounding the lake. This alternate plan, which resulted in the 125 acre Lake Carolyn, around which the Las Colinas Urban Center is being constructed, cost \$1 million dollars more than the conventional levee and bar ditch system would have, but it has proven to be worth many times that in the creation of increased property values and opportunities for unique development techniques within our Urban Center.

The entire shoreline of Lake Carolyn is constructed with a vertical retaining wall so that the receding or rising water level does not move horizontally and does not create a swampy, unsightly condition; difficult to maintain along its shore. The lake-shore remains fixed, even though the water level may vary from time to time. Lake Carolyn, in addition to its function as an integral part of the area's flood control

system, and its being a large scale attractive visual amenity, will serve a third function for Las Colinas.

Throughout the entire Las Colinas Urban Center, an area geographically larger than the downtown area of Dallas lying within its freeway loop system, we are developing a system of canals or waterways that will connect into Lake Carolyn in the center. When completed this lake and canal system will enable a waterborne taxi boat system to transport passengers from virtually any building in the Urban Center to any other building in the Urban Center. While the full impact of this waterborne transportation system will not be realized for possibly another five years when additional density is built up, it will eventually be a valuable and unique amenity, resulting as a byproduct of an unorthodox design concept.

By developing a solution to the lowlying land problem of the Urban Center site based upon the unusual lake, canal, and landfill

system rather than upon the conventional levee and bar ditch sump system, we were of necessity required to think in a third dimensional manner in our land planning process for the Urban Center, and this perspective opened up opportunities for additional unique approaches to land development. For example, we have planned a multi-level transportation system throughout the Urban Center. The first, or lower, level consists of the interconnected system of canals or waterways which I have described to you. In addition, at this level parallel to these waterways are many areas that will be landscaped pedestrian ways and attractive greenbelts permitting the casual intermovement of people from one building to another. We have recently completed the first prototype section of one of these pedestrian ways along a canal section. At the second level is located the street system which permits normal vehicular traffic to move into and throughout the Urban Center. And then, at

the third and upper level, we are constructing what we have named the Area Personal Transit System. This elevated people mover will move both clockwise and counter clockwise in a figure eight pattern around Lake Carolyn, connecting all areas of the Urban Center with each other. This system is being constructed in a phased manner, with the sections of the elevated guideway being constructed contemporaneously with the construction of improvements in the parcels in which they are located. We anticipate initiation of operations on the first completed section of the guideway in late 1988 or early 1989. In addition, the Las Colinas Urban Center APT guideway system is planned with two exchange passenger stations interfacing with the future Dallas Area Rapid Transit Line planned to connect downtown Dallas to the Dallas-Fort Worth Airport at some time in the future. We have already reserved 5 miles of right-of-way through Las Colinas to accommodate this future rapid transit system, which

right-of-way will be made available at no cost at such time as construction is contemplated.

Almost all of the building sites in the Las Colinas Urban Center are such that they accommodate two entrance levels, or ground levels, the canal or lake level and the street level. In addition those sites on which the APT system provides for station location will permit a third entry level. These features permit unique and functional architectural designs for lobby levels of buildings to be built thereon. Due to the excavation and land fill procedures used in the construction of Lake Carolyn, many of these undeveloped sites have existing terrain that has in effect been pre-excavated to permit these lake and canal level lobby and entry floors.

The Las Colinas Urban Center has been planned to permit 27 million square feet of office buildings, 3,000 hotel rooms, and 4,500 high density residential units as well as retail, restaurant, recreational, and service

facilities. Of the eleven and one half million square feet of office construction already completed or currently underway in Las Colinas, five million square feet are in the Urban Center. However, as utility conduits and underground ducts are installed in each phase of its development, the capacities are such that they will accommodate the full development of the area. This will eliminate the process of periodically tearing up streets and other common area facilities in order to upgrade utility services which process is so common place as well as being expensive and disruptive in most established central business districts. In addition, prior to the paving of streets and in anticipation of future densities, we, as developer, at selected locations have installed underground pedestrian tunnels being well in advance of the development of the abutting sites. This assures that the ultimate development will have superior internal movement for its inhabitants, and it avoids the costly conflict

with utility lines when such features are added at a later date as is the case in most cities. In addition, when we as developer dedicate a street in the Urban Center to the City as a public thoroughfare, we do so with such dedication instrument reserving for us the rights to airspace at certain locations crossing the streets in order that at some future date at these locations overhead pedestrian ways as well as the APT guideway may be installed without interference from possible future political bodies and/or activist groups that might emerge. In addition, in the medians of certain boulevards in the Urban Center we have, at the time of dedication of these thoroughfares, reserved rights to both cubic airspace areas above the medians as well as cubic areas below ground level in the medians, in order to prevent the possibility of future political bodies unilaterally opting to remove trees and other landscaping placed in those areas and replace them with future overhead utility lines.

All utilities in the Urban Center, as well as in all of Las Colinas, are placed underground as each segment is developed. With regard to utilities, we install at the time of development two other utility lines which are in addition to the normal telephone, electric, gas, domestic water, sanitary sewer, and storm sewer lines which comprise the utility system in most cities. In the Las Colinas Urban Center, in addition to the domestic water system there is also a raw water system, which is designed to provide irrigation for the landscaped medians and park and greenbelt areas, and avoid the high cost of using domestic water treated to permit human consumption. Over the years as the cost of domestic water increases as it inevitably will, the ability to keep the landscaping in the Urban Center fresh and attractive will be enhanced by this raw water system.

The other additional utility line installed as a part of the development process

is the Las Colinas Communication System. This system is installed throughout all of Las Colinas. It consists of a bi-directional audio-video underground cable, access to which is available at no charge to every property in Las Colinas. At his option each property owner may connect to this cable which has been placed available to his property by the developer just like all other basic utilities. The difference here is that there is no monthly use fee for the services received over the cable. The property owner pays only for the one time cost of connecting to the cable which is very nominal. The system currently provides 30 video channels for entertainment, education, cultural, and informational purposes, as well as special security channels. The system is designed to provide up to 90 video channels. However, thus far technology as well as society have not advanced far enough to provide for the effective and enriching use of that many video channels. However, whenever a realistic

use of that many video channels evolves, the Las Colinas Communications System is in place and available to accommodate the new technology. In addition, this system has a capacity for the large scale transmission of electronic digital data and sound and voice communications. In addition to providing at no cost to residents of Las Colinas the normal fare of entertainment and news channels found on the commercial TV cable systems, the Las Colinas system provides for special security channels, a community-wide musical system, and other special service channels. At the present time we have plans for the installation of an antenna farm or teleport which will house additional bi-directional satellite discs to accommodate the worldwide transmission of data for the business residents of Las Colinas. When completed this teleport communications center will interface with the Las Colinas Communications System, making its services accessible not only to all Urban Center properties but to all residents throughout Las Colinas.

There are several facets of Las Colinas as a whole that impact the Las Colinas Urban Center. While we are creating the Urban Center and its own internal environment, we are also creating the environment that immediately surrounds the Urban Center. On the other hand, in many if not most established central business districts around the world you will find immediately surrounding environments not always compatible with and supplemental to the objectives for the central city development. Because these areas have evolved on a recycling basis over many years you will see central city areas with a close-in ring of sub-standard housing, seedy and decaying buildings of the past, and in many instances even slums. These elements can't help but have a negative effect on the central cities which they surround and these problems are extremely difficult to correct and cope with, because the surrounding areas generally are made up of multiple ownerships with varying

objectives and motivations, pocketed with non-interested absentee owners in some instances.

In Las Colinas our objective has been that the immediately surrounding environment of the Urban Center is one which has a very positive impact upon it. Instead of declining and deteriorating residential neighborhoods the Las Colinas Urban Center is surrounded with high quality medium and upper income residential areas with neighborhood infrastructures to facilitate not only the maintenance but the enhancement of property values. The amenities of the Urban Center's surrounding neighborhoods and business parks also serve as supporting amenities for the Urban Center itself. For example, the Las Colinas Country Club, its facilities and golf course are no more than five minutes from any building site in the Urban Center. The Las Colinas Sports Club, home of next week's Byron Nelson PGA tournament, is similarly accessible to residents of the

Urban Center. Likewise, Texas' finest horse oriented facility, the Las Colinas Equestrian Center, is no more than five minutes away from any building in the Urban Center, and it will be connected to fifteen miles of bridal paths winding through a greenbelt park, larger than New York's Central Park, which flanks the Urban Center on its east side. And still another golf course at the new Hackberry Creek Country Club, will open next year, also only five minutes away from the Urban Center. Amenities of this type in most communities lie countless traffic filled miles away from their central business districts.

An important part of our overall concept for Las Colinas has been the establishment of the Las Colinas Association. Throughout the country there are various types of homeowners associations in residential areas and there are common area maintenance organizations for relatively limited commercial areas. However, there are probably very few if any of the

organizations on the scale of and with as broad a concept as the Las Colinas Association.

Every property owner in Las Colinas, including the Urban Center, automatically is a member of this Association. This includes commercial, office, and industrial properties as well as hotel and apartment properties and single family homeowners. For each property there is paid an assessment each year to the Association to fund its activities. These assessments currently are based upon a rate of 18¢ per \$100 valuation determined by the tax evaluations of the city, and collection of the assessments is enforceable through the process of a lien being placed upon property for failure of payment. The Las Colinas Association provides services to its members in four categories. First, it oversees and monitors architectural control of all improvements made in the entire Las Colinas area. It is an ongoing enforcement vehicle to see that the standards established for Las Colinas are followed, and that they are maintained on a perpetual basis.

Secondly, the Association provides landscape maintenance for park areas, open spaces, greenbelts, and other special areas that are outside of the scope of the city park department. Third, the Association maintains a security service throughout Las Colinas that supplements the Police Department. This service maintains 24 hour security patrol cars throughout Las Colinas and it operates a sophisticated security system that is available through the cable system at no charge to any property owner who wishes to connect the cable that adjoins his property.

And fourth, the Association operates the Las Colinas Association Communications System which I have already described to you.

Another feature of the Las Colinas Urban Center is the reservation of a special area in which to locate governmental facilities which provide services to the residents of the center. Already in place in this government center is the Urban Center's own fire station and post office. I recognize

that the final chapter on Las Colinas and its Urban Center is yet to be realized and written. However, we have had an exciting first ten years. Much of what we are doing in Las Colinas would be neither practical nor applicable in other developments. Essential to our program is its scale of size.. Without the large number of acres in which to spread the cost of the amenities which have been created in Las Colinas it would be impossible to justify such expenditures. I have described to you how we are responding to the opportunity to establish from scratch a high density multi-use urban center. Other real estate properties offer other opportunities, and the response to them must be tailored specifically to the practical objectives that are available. In our own case we have had the benefit of the input of many fine people in creating the first stage of the Las Colinas Urban Center. I would like to identify a few of them for you.

From the standpoint of the original planning and conceptual analysis, at the top of the list I would place Wayne Hurd, who was President of our development company, Las Colinas Corporation, at the time we began researching and planning the project. As many of you know, Wayne is the developer of Horseshoe Bay in Central Texas, what I consider to be the finest second home resort community in Texas. While Wayne is no longer a full-time business associate of mine, he remains a close friend and is a member of the board of directors of our parent company, Southland Financial Corporation. There were two other key persons in the original planning process who were of great assistance to Wayne and me. Dale Sprankle, then a principal in the firm of Ernest Kump and Associates and now directing the planning and architectural work of

The other individual was the late Jim Downs, original founder and owner of Real Estate Research Corporation. In the original

planning process we put together a team of consultants and counselors who consisted of Robert N. Royston, of Royston, Hanamoto, Beck and Abey; George Parker of Forrest and Cotton Inc.; Sid Bowers of Phillips, Proctor, and Bowers; Robert S. Curtiss of Ely-Cruikshank Co.; Gerson Bakar of Gerson Baker and Associates; Alf Brandin of Utah International; Gustave Lamart of DeLeuw, Cather, and Co.; Maurice A. Garbell of M. A. Garbell, Inc.; and Hubert Eller, a retired Vice President of Equitable Life Assurance Company. All of these men contributed to the concepts that resulted in our Master Plan of development. In the formation of the plan, Ernest Perry, the current President of Las Colinas Corporation worked closely with Wayne Hurd and myself. Since implementation of the development process itself additional individuals of our key management group have contributed to the success of the Las Colinas Urban Center and its surrounding development. These include my son, John W. Carpenter, III,

who is currently President of Southland
Financial Corporation, and senior officers
Rick Douglas, Bob Bradshaw, and Frank Miller.