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## HOMES

# Golf-Home Owners Chip In To Save Struggling Courses

Neighbors are banding together to buy golf courses and fix up fairways to keep their property values from landing in the rough

*By Candace Taylor*

Updated June 5, 2019 2:08 p.m. ET

Since retiring to a home overlooking the 17th green at Sapelo Hammock Golf Club, in Shellman Bluff, Ga., Michael Hardy has spent many an afternoon with friends on the golf course. But instead of swinging a club, he's mowing the grass and trimming branches.

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Golf-Home Owners Find Themselves in a Hole

Nine years ago, Sapelo Hammock was losing money, and became one of the many golf courses to close across the country. As the value of the homes on the deteriorating course plummeted, Mr. Hardy and his neighbors raised the money to buy it, then worked for months clearing brush and pulling weeds. Now that the course has reopened and they can afford to hire staff, Mr. Hardy said neighbors—many of whom are 60 and above—still get together

about twice a month to help maintain the course.

“We take pride in the success of it,” said Mr. Hardy, 68, a retired pharmaceutical industry executive who spent about \$1 million to build his five-bedroom house on the course 12 years ago.

Starting in the 1980s, real-estate developers across the country built thousands of housing developments centered around golf courses. The resulting oversupply, combined with declining golf participation, is causing many courses to close: almost 2,000 courses shuttered between 2006 and 2018, according to Pellucid Corp., a golf industry information provider.

The closures have torpedoed the value of nearby homes, as manicured greens are replaced by unsightly dead grass. Many of these defunct golf courses are redeveloped as housing, purchased by municipalities, or simply abandoned. But a few intrepid homeowners, determined



Michael and Marcia Hardy on a golf cart outside their home in Sutherland Bluff Plantation, one of the communities adjacent to Sapelo Hammock Golf Club PHOTO: STEPHEN B. MORTON FOR THE WALL STREET JOURNAL

to protect their investments, are taking it upon themselves to keep their courses afloat. This long-shot approach requires residents to provide plenty of money, time and labor, from mowing grass and washing dishes to accounting, with no guarantee of success. But the few who have succeeded say they found it to be surprisingly rewarding.

When Sapelo Hammock closed, values of the neighboring homes fell about 30%, said Mr. Hardy. He started “knocking on doors,” telling neighbors that “we can turn this thing around if we come together.”

Mr. Hardy contributed more than \$100,000 to buy the 171-acre course, and eventually secured contributions from 136 families, most of whom live in the roughly 145 homes in the communities bordering the golf course. The group bought the course for \$1 million in 2011 with a loan from a local bank, then set about repairing the course. They held events like a “Goosegrass cocktail party,” where about 40 couples brought drinks and music out on to the course while digging up the weed, which can destroy greens, Mr. Hardy said. Less than a year after the purchase, the course reopened.

At first the club lost money every year, and it was on the verge of shuttering when a preferred stock offering with private placement in early 2018 added an infusion of capital, Mr. Hardy said.

Today, the course is breaking even, though neighbors still sometimes contribute cash for special projects, and Sapelo Hammock is “on a steady path,” Mr. Hardy said.

He’s not expecting to make a profit on the venture—at least not in the traditional sense.

“You’re going to make money, but a little bit differently,” he said. “You may make it in the value of your home, or in quality of life. You can’t go in as a traditional investor and say, ‘where’s my return on investment?’”

## Saving Struggling Golf Courses

Residents surrounding Sapelo Hammock Golf Club in Georgia and the Champions Club in Tennessee pooled their money to buy the courses and bring them back to life.



The 17th hole at Sapelo Hammock Golf Club in Shellman Bluff, Ga. The club closed in 2010 due to a financial shortfall, but local residents raised the money to buy it and reopen the course. STEPHEN B. MORTON FOR THE WALL STREET JOURNAL

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Heather Ridge Country Club, in Aurora, Colo., had been on and off the market for years when residents stepped in. Developers were making offers to buy the course, and residents feared it would be turned into thousands of high-rise apartments.

“If we let this go into 5,000 new front doors, our property values would have gone down and our way of life would change significantly,” said Errol Rowland, 76, a retired IBM executive who paid \$86,000 in 1997 for a home on the 13th hole. In addition to losing the golf course views, he said, they were concerned about “keeping the bad elements out.”

Residents voted to form the Heather Ridge Metropolitan District, a quasi-government entity which then issued municipal bonds to purchase the golf course out of foreclosure for \$3.1 million in 2009, with the bonds to be repaid through taxes paid by homeowners within the district.



John Wilsterman, left, and Johnny Kearns do course maintenance at Sapelo Hammock. PHOTO: STEPHEN B. MORTON FOR THE WALL STREET JOURNAL



Ernie Backerman, left, and Michael Hardy working at Sapelo Hammock PHOTO: STEPHEN B. MORTON FOR THE WALL STREET JOURNAL

The Metro District has since made improvements to the long-neglected course, including new irrigation systems, a well, cart paths and redesigned tee boxes. Today, the course is thriving and even turning a profit, said Mr. Rowland.

But it wasn't easy. "I can't tell you the amount of hours and time we put into it," said Van Lewis, 72, a local real-estate agent who paid about \$215,000 in 2002 for a three-bedroom house by the 14th green at Heather Ridge. At first, "we had no freaking idea what we were doing."

Part of the challenge was convincing neighbors to fund the purchase of the course, especially since it turned out that most weren't golfers. Instead, group leaders emphasized the potential for falling property values and lost views. Mr. Lewis recalled spending night after night at community meetings trying to rally residents. "It was like we were selling Tupperware," he said.

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## COST TO KEEP SAPELO HAMMOCK AFLOAT

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- Purchase price of golf course  
\$1 million
  - Annual cost of operations  
\$800,000
  - New golf carts  
\$600,000 (total since 2010)
  - Reseed greens with Champion Bermudagrass  
\$60,000
  - Tractors and other equipment  
\$175,000
  - Paving the parking lot  
\$46,000
- 

But Mr. Rowland said he has found saving the golf course to be “very rewarding.”

“My son says, ‘Dad, you and these people at Heather Ridge, your I-give-a-damn factor is off the charts. You’re doing all this work and you’re not getting paid a dime,’” he adds. “This has kept me young.”

Many communities attempt similar feats, but most fail due to the massive amounts of time and money required. It’s not easy to get homeowners to open their wallets, as Bill Cronin discovered when he and three golf buddies at the Champions Club near Chattanooga, Tenn., asked fellow members to contribute money to buy the struggling club.

“We didn’t have people who were signing up to write us the check,” recalled Mr. Cronin, 55, who paid about \$804,000 for a home on the 17th hole 12 years ago. (He sold last year for about \$825,000 due to divorce and now lives nearby.)

So the four friends put up their own money to buy Champions Club for \$2.1 million in late 2018. Because they couldn’t get traditional financing for the purchase, the seller agreed to give them a loan.



Champions Club owners (from left) Derek Steele, John McCormick and Bill Cronin. Fellow owner Jim Brunjak died this year  
PHOTO: DEBORAH WHITLAW LLEWELLYN FOR THE WALL STREET JOURNAL

They’ve since spent about \$1 million refurbishing the course, clubhouse and swimming pool. The partners hope the homeowners associations for the three neighborhoods abutting the club

will eventually acquire it, allowing them to recoup their investments. “Our goal is to break even,” he said.

In the meantime, the owners volunteer at the club on nights and weekends. Mr. Cronin said he spent a recent Friday night washing dishes in the club’s restaurant, and he plans to work alongside the maintenance crew on an upcoming vacation. To him, the time and money is worth it to prop up property values and return the club to a neighborhood gathering place. “We’re doing it one, to save the golf course,” he said, “but two, to save the community.”

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#### SHARE YOUR THOUGHTS

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*Would you help buy a golf course if it preserved your views and protected your property values? Tell us why by joining the conversation below.*

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