

Features & Stories

Port Ludlow—Washington’s First Master Planned Resort

by Tim Rensema, Staff Writer

Puget Mill Company, the early Pope and Talbot company, changed names many times in its 150-year history. It ended up as Pope Resources in 2020 when it merged with Rayonier Inc. While during the majority of its existence it was a wood products company, in the mid-1900s it invested heavily in real estate development for homes and commercial areas. Port Ludlow ceased to exist as a lumber property in 1935. The company town of Port Ludlow was demolished and the property became just another Washington ghost town. After the Second World War, optimism and investment into the housing market rose as returning servicemen sought homes. The demand was there for Pope and Talbot to invest in real estate.

In 1967 a subsidiary of Pope and Talbot Inc., Pope Talbot Development, was established to manage the vast cutover properties of Pope and Talbot Inc. in Seattle, the Olympic Peninsula, and elsewhere in Washington and Oregon. Pope Talbot Development initiated the first phase of Port Ludlow, a residential and recreational community. This project was based on a 25-year plan for development of 3,000 acres for an expected 40 thousand people (Stein, Harry.2003. “Pope Resources—Rooted in the Past, Growing for the Future,” Documentary Book Pub. Seattle, pages 112-114). The first phase included construction of a marina, restaurant, store, clubhouse, tennis courts, swimming pools, and eleven hundred building sites for homes and condominiums.

Unfortunately, this opening coincided with a recession in the economy. Due to issues such as rising inflation, declining wages, and the oil embargo of 1973, real property sales stagnated and only half of the residential lots in Port Ludlow were sold by 1973. The real estate subsidiary went into debt in 1974/75 when it constructed the convention center, a championship eighteen-hole golf course, and more condominiums. In 1979, Mother Nature added to the economic frustration of Pope Talbot Development with the destruction of the Hood Canal Bridge. With only ferries to access the Peninsula, sales plummeted. Sales improved after construction of the new bridge in 1982, but real estate still operated in the red.

In December 1985, the Port Ludlow project transferred to the newly created Pope Resources and was advertised as a retirement community. Pope Resources was completely divested of Pope and Talbot Inc. and listed as an independent company on the New York Stock Exchange. Pope Resources gained all of Pope and Talbot Inc.’s 78,000 acres in Washington, comprising of over 650 million board feet of timber. Pope Resources also picked up all assets of Port Gamble and the Port Ludlow development. It received about seven percent of Pope and Talbot Inc.’s value (\$12.6 million).

Between 1991 and 1993 the US underwent another major recession, which drastically impacted Pope Resources with land values dropping in 1991 by \$266K and \$4.6M in 1992. This financial challenge occurred despite Port Ludlow winning the National Association of Homebuilders “Best Residential Community for Active Adults Award” in 1992. In 1994, Pope Resources completed the \$5.75M Inn at Port Ludlow where they owned 50 percent of the asset.

In 1997, Pope Resources created a subsidiary, Olympic Property Group, to manage Port Ludlow and other real estate. Leadership decided to concentrate on their timber resources and sold the 1,300-acre (reduced from the original 3,000 acres) Port Ludlow real estate venture in 2002 for \$16.7 million. On January 15, 2020, Pope Resources merged with Rayonier Inc. Currently much of Port Ludlow is owned by Port Ludlow Associates.

Unlike any other communities in Washington State, Port Ludlow was zoned as a Master Planned Resort. In order to meet the expectations of Pope Resource’s executives, real estate growth at Port Ludlow needed to proceed in an ordered, secure process. The establishment as a Master Planned Resort (MPR) enabled the permitting and development procedures with Jefferson County to follow a more ordered and dependable process. That is why Pope Resources and the Board of County Commissioners entered into the development agreement under RCW 36.70B. Master Planned Resorts. The purpose of this buildout of the Pope Resources (now 1,200 acres) was to expand to 2,250 Measurement Equivalent Residential Units (MERUs) adopted on October 4, 1999 (Ordinance 08-1004-99). At this time there were 1791 developed homes, condominiums and platted lots, as well as some commercial structures.

Under the development concept of an MPR, implementation promoted reasonably priced housing, innovative and sensitive land development with clustering at critical area tracts, environmental protection, sustainable economic vitality, and a creative mix of resort, commercial and residential uses (Jefferson County, 8 May 2000, “Resolution No. 42-00 To enter into a development agreement with land owned by Pope Resources” per Chapter 36.70B.170 and Chapter 36.70B.200 RCW). A key determining factor of the future development of the Port Ludlow community was the availability of sufficient capability to provide sewer and water services to the expected increase of the community. The original 25-year plan has been extended and the projected 40,000 population downsized significantly to what Olympic Water and Sewer can support. However, Port Ludlow continues to grow with planned developments increasing every year. The outcome of the development of the MPR has resulted in what we have today, “A Village in the Woods by the Bay.”