

LOS ANGELES BUSINESS JOURNAL

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Boxer Steps Into Real Estate Ring

By JOEL RUSSELL - 9/8/2008

Los Angeles Business Journal Staff

Golden Boy Partners, Oscar de la Hoya's development company, has broken ground on what the boxing star and his business partners hope will be the first of his real estate projects designed to provide affordable housing in Latino communities.

Tierra del Rey will feature 107 town homes on five acres at Firestone Boulevard and Calden Avenue in South Gate. Bulldozers have cleared the site and the city has approved a tract map for the project, which is awaiting a final plan check from South Gate officials before grading begins.

The project represents a comeback for de la Hoya's real estate venture, which suffered a setback when it tried to buy a Sears store and warehouse site in Boyle Heights last year. Golden Boy planned a mixed-use project on that site and agreed to pay \$70 million for the property. But the company didn't get financing and the project fell apart. Later efforts to revive the deal failed.

Unlike the Sears project, which had a retail component, the South Gate venture is purely residential. Units range from 1,200 to 1,600 square feet and will sell for around \$350,000.

Pablo Leon, managing partner of the Tierra del Rey project, said the selection of South Gate – a predominantly Latino city – illustrates de la Hoya's commitment.

"The overriding concern emanating from Oscar is that he wants to get involved in projects that other developers wouldn't because they don't understand the neighborhood," Leon said.

Miguel Garcia, owner of Maximum Gain Realty in Montebello, said with the current state of the Latino real estate market, few condos would sell at the \$350,000 asking price.

"Right now, the market is divided," Garcia said. "It's the bank-owned home market that's moving. The regular market, where a seller finds a buyer, is still depressed."

He said the market could be healthy in another three years, but that's not soon enough for the Tierra del Rey project, opening by 2009 or early 2010.

Golden Boy has other projects in the pipeline, too, with projects in Compton, Huntington Park, Long Beach and Montebello.

Tierra del Rey features stucco walls and earth tones, typical of Southern California communities. The interiors were designed to specifically appeal to Latino buyers.

Dan Withee, partner in the architectural firm Withee Malcolm in Torrance, said he made large kitchens and dining areas because "food is a more important part of their culture than in Caucasian culture."

The units have three stories, with a two-car garage and entrance at ground level; the kitchen, living and dining rooms in the middle level; and two bedrooms and baths on top. Some units have a third bedroom on the ground floor for use as an office or for extended family members.

"No one lives above or below you and you have your own two-car garage," Withee said. "It's really a home."

Brownfield parking

The key to success for a development such as Tierra del Rey is keeping down land costs. Golden Boy took the first steps by purchasing an odd-shaped lot that backs against the Alameda Corridor railroad line. Also, a corner

of the property was a former “brownfield” – an environmental cleanup site. That area will be used for guest parking.

“We assumed there will be more cars than we normally provide for,” said Withee. “These communities always have a parking problem. This one won’t.”

The planner used corners of the property for parks, namely two “tot lots” for small children – an important consideration for Latinos – and a grass area for picnics.

Latino culture also affected amenities left out of the package. For example, the development has no swimming pool. Withee said that most urban developments attract singles, but this one will consist mostly of young families and a few empty-nesters, for whom swimming is not a major concern.

“Whether the buyers are predominantly Latino or not, the older couples are going to outgrow their home and look for something small,” said Leon. “Young families don’t want a 50-year-old house. That is the same regardless of the demographics.”

Latino homebuyers suffered disproportionately from the mortgage crisis. But Leon believes that by the time Tierra del Rey is complete, lending issues will be long forgotten.

De la Hoya launched his plans for residential development when Richard Schaffer, who heads de la Hoya’s holding company Golden Boy Enterprises, introduced him to John Long. A Chinese immigrant, Long and his company Highridge Partners in El Segundo have financed more than \$6 billion in real estate construction.

In 2005, de la Hoya and Long formed Golden Boy Partners to revitalize urban cores of older cities through in-fill development.

Golden Boy Partners draws on the strategy of another prominent Latino’s development firm. Henry Cisneros, a former Housing and Urban Development secretary under President Clinton, started American CityVista in 2000 to build Latino communities on unused urban lots. At the time, Cisneros, fresh off his stint as chief operating officer of L.A.-based Univision, took KB Home, another L.A. company, as his financial partner.

In a similar manner, Highridge functions as the financial backer for Golden Boy’s deals. The partners have four projects in various stages of entitlement and predevelopment:

Compton: A 15-acre site at the corner of Rosecrans and McKinley avenues. The plan calls for 284 condominiums on 12 acres, plus retail.

Huntington Park: A mixed-use project replacing 4.6 acres of city-owned parking lots with approximately 254 condominiums and 7,000 square feet of retail.

Montebello: A site on Whittier Boulevard will have 86 new town homes on 3.7 acres.

Long Beach: A residential project on 1.3 acres will support the Redevelopment Agency’s revitalization plan for the Long Beach Boulevard corridor.

De la Hoya was unavailable for an interview due to training for his next – and possibly last – boxing match. He is scheduled to fight Manny Pacquiao at the MGM Grand in Las Vegas on Dec. 6. Organizers estimate the fight will yield total revenues of \$100 million.

“Oscar grew up in East L.A. and I grew up in Oxnard, and not in the most affluent parts of our communities,” Leon said. “We understand the risks of these neighborhoods where others might not.”

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