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TIDE FINALLY TURNS IN SAN PEDRO FOR RESIDENTIAL PROJECT

By Bethany Firnhaber
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A long-stalled 61-acre residential project in San Pedro has been given the go-ahead by the Los Angeles City Council, paving the way for work to begin on one of the largest infill residential developments in the city.

New York real estate investment trust iStar Financial Inc. last week received unanimous approval to move forward with Ponte Vista, a 676-unit development at a former U.S. Navy housing community that has lain fallow for 17 years. The vote came after iStar, which took control of the project in 2010, presented a significantly downsized plan that resolved a contentious debate over the density of the original 2005 plan, which called for a 2,300-unit, mixed-use urban village.

With the project entitled, iStar will begin demolishing dilapidated homes on the property next month, making way for a mix of single-family homes, townhomes and stacked single-level flats.

Steve Magee, executive vice president of land and development for iStar, said that if all goes smoothly, he expects the first homes in the neighborhood to be under construction early next year.

Before that can happen, the site, which the Los Angeles Police Department has for years used to train SWAT teams, needs a thorough cleanup and updated infrastructure.

“Immediately after we demo the old Navy houses, we’ll begin to put in backbone infrastructure: water and sewer lines, roads and recreation areas,” he said.

Magee said iStar will likely partner with one or more local homebuilders to develop the site, selling off individual parcels of entitled land. The firm has already employed that strategy to begin developing a 1,400-unit master planned community in Riverside called Spring Mountain Ranch. There, iStar entered into a venture with Westwood’s KB Home.

[David Waite](#), a land-use attorney for Century City law firm [Cox Castle & Nicholson](#) who represented iStar in the approval process, said he believes the property will fill a need in the community for more varied housing options.

“The site now, it’s the definition of blight,” he said. “The project will be great for a region that needs a broad mix of housing types that will appeal to first-time homebuyers, move-up buyers and even empty nesters.”

Magee said iStar’s plan calls for six different housing types, which the company expects will be priced from close to \$500,000 to more than \$1 million for some of the larger single-family homes. The average pricing across all models should be somewhere between \$600,000 and \$750,000.

The Navy originally developed the Ponte Vista neighborhood, east of Western Avenue across from the Green Hills Memorial Park cemetery, in 1964 for personnel stationed at the nearby Long Beach shipyard. The complex, which consisted of 245 single-story residential units, a community center and a convenience store, has sat vacant since the naval base closed in 1997.

Sold at auction

Century City developer Robert Bisno bought the property from the Navy at auction for \$125 million in 2005. He brought in Credit Suisse as an equity partner and financed the balance with a \$109 million loan from iStar.

Bisno tried for years to get entitlements, originally proposing to build 2,300 condos. The plan was ultimately shot down by the community and the city Planning Commission, which deemed the project far too dense.

The Northwest San Pedro Neighborhood Council was perhaps the most vocal opponent to the development over the years. Ray Regalado, president of the council, said aside from density issues the community had the kinds of concerns that usually come up with big projects like this: traffic, environmental impact, public access.

City planners in 2008 recommended Bisno cut the number of total units to between 775 and 886, but he balked, and after several failed attempts to gain entitlements, iStar threatened to foreclose.

In response, Credit Suisse bought some time by taking Bisno out of the developer’s role and replaced him with someone of its choosing. When Credit Suisse could not line up approvals, iStar took over the property, negotiating a deed in lieu of foreclosure in 2010.

Magee took the lead on the project for iStar, taking a few months to look over old proposals and environmental reports. Then, he said, he threw it all in the trash.

“There was a lot of outcry from the citizenry about the project; the first document I looked at was a 16,000-signature opposition petition,” he said. “We wanted to start over completely and go a new direction.”

Magee whittled the proposal down from 1,135 homes, which it had initially suggested in 2010, to settle on 676 last year.

Even with the reduction in size, density remains a concern for local residents.

“The community was not wholly opposed to a well-thought-out development, but we want to make sure the integrity of the property is kept,” Regalado said. “We want to make sure they’re not going to use any type of bonus building features that are in place right now to increase the number of residential units on the property. If they say they’re going to build 676 units, we want to make sure they’re going to build 676 units, not more.”

Significantly reducing the footprint of the project wasn’t the only compromise the developer made to get approval. The firm also promised to make infrastructure improvements to the area to benefit the public. Namely, iStar agreed to create a 2.4-acre public park at the southwest entrance of the neighborhood, make streetscape improvements along nearby Western and pave an access road from the community to nearby Mary Star of the Sea High School.

In addition, Magee said, he and his team put in extra effort to convince the city that iStar has long-term intentions for the project. They spent more than a year working to develop a 96-page specific plan for the area to outline cohesive zoning and design criteria.

“I think (the city) had to get comfortable with the idea that iStar was really a developer and not just a bank that was going to flip the property to someone else,” he said. “So we said, ‘We’ll develop this specific plan to give you the comfort that, whatever happens, you’re going to get the same level of quality that you’d get with us.’”

Indeed, City Councilman Joe Buscaino, who represents San Pedro and surrounding communities, said he was confident the plan for the property would make a lasting difference.

“I believe that this long-range development plan will transform an abandoned naval housing site and current eyesore into a thriving residential neighborhood that will provide new housing stock that is appropriate for my proud coastal community,” he said in a statement.

His constituents will be watching.

“We will continue to monitor the project,” said Regalado. “Every day I go up and down Western, looking for the next thing they’re doing on the property. That’s a commitment we’ve made, to continue to monitor and watch what they’re doing, to hold them accountable to what was ultimately agreed.”