

Builders Plan 2 Downtown Condo Towers

KB Home and Lennar Corp. envision 700 units plus 25,000 square feet of retail space across from Staples Center. Work is to begin in June.

By Annette Haddad, Times Staff Writer

Two of the nation's biggest home builders will announce plans today to develop one of the tallest condominium projects in downtown Los Angeles, underscoring the area's renaissance in urban living and entertainment.

The proposed project — comprising 700 units in two buildings of 40 and 27 stories across South Figueroa Street from Staples Center — will add to downtown's high-end housing boom.

The high-rises also will further remake the city's skyline, moving it closer to the type of tableau found in such cities as Chicago, New York and Boston, where residential towers are prominent.

The development by KB Home and Lennar Corp. also will add to the residential base supporting L.A. Live, a \$1.7-billion tourist-oriented "sports-entertainment" hub featuring a 55-story hotel and convention center, 7,100-seat theater, broadcast facilities, a 14-screen movie theater and nearly a dozen restaurants and clubs.

Anschutz Entertainment Group, developer of Staples Center and L.A. Live, has been selling land in the area with the intent that it be used for upscale housing.

The move by the two major builders, which specialize in suburban homes, is the latest example of a burgeoning movement to develop high-density residential units on previously developed land in cities with a shortage of housing.

That trend — known as urban infill — is reaching a crescendo in downtown Los Angeles, where nearly 8,000 units in 84 buildings have been built since 1999 or are currently in the pipeline.

"If you look at the size of this city ... the pure population numbers alone suggest that this market can only grow," said Carol Schatz, president and chief executive of the Central City Assn. of Los Angeles, a business advocacy group that has been at the forefront of downtown redevelopment efforts.

She hailed today's expected announcement as a major milestone for the area.

Major builders "coming in with such a mammoth project just gives further validity to the market's depth," she said.

Construction of the KB Home-Lennar project, being called Fig Central for its location on Figueroa between 11th and 12th streets, is expected to begin in June, KB Home executives confirmed Tuesday.

At the base of the towers will be 25,000 square feet of retail space to be developed by LNR Property Corp., a real estate investment and management company that was once a part of Miami-based Lennar.

No minimum prices for the units have been set. Last month, 194 units of a new condo high-rise a few blocks from the proposed KB-Lennar project sold out in two days with an average sale price of \$650,000.

The project will span four acres and include what KB Chief Executive Bruce Karatz described as an "interactive" design that will open onto the street, similar to older downtown buildings such as Grand Central Market.

At 40 stories, the taller of the two proposed high-rise condo buildings is large by condo standards but falls short of the 72-story U.S. Bank Tower — the city's tallest building — about a mile north of Staples Center.

The shift toward higher-density housing in Los Angeles has proved lucrative for developers and builders, who are finding strong demand particularly among first-time homeowners and "empty nesters" looking to downsize.

The shift also helps national builders continue to expand market share as suburban land becomes more expensive and less plentiful.

Several major builders already have entered the urban market. Miami-based Lennar is slated to build six 20-plus-story residential buildings in downtown Anaheim.

Irvine-based Standard Pacific Corp. is building a loft project near Marina del Rey, and Fort Worth-based D.R. Horton Inc., the biggest home builder in California in terms of units, has a big footprint in San Diego's downtown condo market.

For Westwood-based KB Home, the venture into downtown condo development also is part of a broader corporate plan to maintain its position as one of the nation's top five builders.

Its alliance with Lennar, to be announced today at a housing meeting hosted by Los Angeles Mayor Antonio Villaraigosa, will be the first effort of a newly created KB Home division that will focus solely on urban projects.

"Clearly, the urban core is an opportunity for many builders for a variety of reasons," said Stan Ross, chairman of USC's Lusk Center for Real Estate. "There's infrastructure there, cities are becoming more accommodating of the zoning approvals needed, and there's really a market need so the demand is extremely strong."

Now that KB Home has made a name for itself as the quintessential suburban home builder, its push into urban developments "is a natural extension," CEO Karatz said.

"There are more and more singles, single parents and baby boomers who are looking for simpler ways of living. They are making up a larger percentage of buyers of new homes," he said.

To be called KB Urban, the new unit will be run by Jeffrey Gault, an architect and longtime local developer and builder who most recently was president of privately held Empire Cos.

Still, urban building will be only a small percentage of KB Home's overall business, Karatz said. KB Home is on tap to build 38,000 homes this year and take in \$10

billion in revenue, with projections of \$18 billion by 2008.

KB Urban "is a nice complement" to the company's larger suburban business, he said. "You have to think about where the growth is going to come from, and this can be a piece of that growth strategy."

Lennar has moved aggressively lately into land redevelopment. Earlier this year, it won the bidding to build a new-home community at the site formerly occupied by the former El Toro Marine Corps Air Station, and has already started similar projects on military bases in the Bay Area.

Lennar executives didn't return calls Tuesday seeking comment on Lennar's venture with KB Home.

Details about financing and other terms were not disclosed.