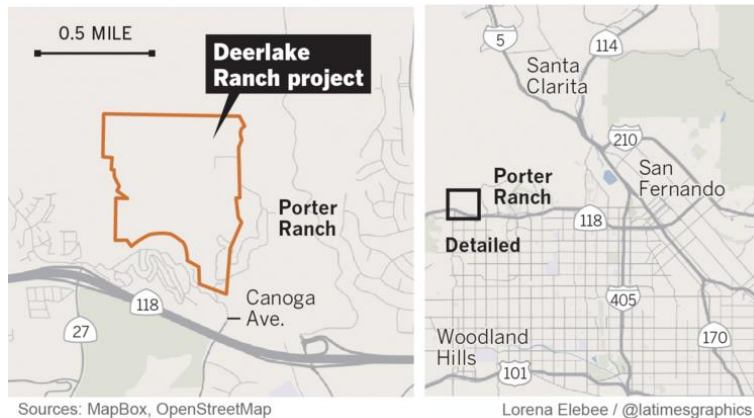


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Business

High-end housing planned on 230 acres next to Porter Ranch



By [ANDREW KHOURI](#) OCTOBER 24, 2014

A Newport Beach real estate investment firm has acquired 230 acres of undeveloped land next to Porter Ranch, with plans to revive a long-stalled housing development that fell victim to the recession.

Slated to start construction next year, the 314-home San Fernando Valley project underscores the current rush by builders to develop more upscale communities as large tracts of land become increasingly scarce in the Los Angeles area.

"There is just not much opportunity for land development," said Terry Ruckle of brokerage Land Advisors Organization, which represented both the buyer and seller in the deal. "This is one of those last pieces."

Home prices at Deerlake Ranch are expected to be steep. The single-family homes should sell for between \$1.2 million and \$1.7 million, said Steve Cameron, president of Foremost Communities, which acquired the land.

The homes, perched on a hillside north of the 118 Freeway, will range from 3,000 square feet to 4,600 square feet, Cameron said. Sixty-eight will sit on half-acre equestrian lots. Horse trails are planned throughout Deerlake Ranch, located just outside the city of Los Angeles.

Grading of the bucolic hills is scheduled for late next year, and Foremost plans to sell lots to home builders in spring 2017. Families should be able to purchase a home by the end of that year, Cameron said.

"It's an incredible view," he said. "You can see all the way to the Santa Monica Mountains."

A purchase price for the project was not disclosed. But Foremost said that, when completed, Deerlake Ranch would be valued at \$500 million.

Since the economic downturn, developers have coveted projects like Deerlake and have been slow to return to affordable communities such as the Antelope Valley and Inland Empire. They've largely targeted affluent neighborhoods with upscale homes. Those areas, which fared better during the recession, attract wealthy buyers generally not handcuffed by tighter mortgage lending, said John Burns of John Burns Real Estate Consulting.

"The economic recovery has been far better for the more affluent people than the middle class," Burns said.

The disparity in the mortgage market — between the rich and the middle class — drove the Federal Housing Finance Agency this week to announce plans to encourage home lending to those with more modest incomes.

For now, builders are scouring land in highly desirable locations where they can build more expensive homes.

Earlier this year, Pennsylvania-based luxury builder Toll Bros. purchased 3,200 lots in Southern California, including many in Porter Ranch. When it announced the deal, Toll's chief executive trumpeted the "premium" location of the lots.

Before the recession Foremost focused on both entry-level and move-up markets, Cameron said. But the developer has now shifted investment to upscale, job-rich communities like those surrounding Deerlake Ranch.

The Los Angeles County Board of Supervisors approved the development in 2004, after years of push-back from neighbors concerned it would erode the area's rural character. But previous owner Presidio Chatsworth Partners couldn't make headway before the market imploded and the project stalled.

"From a business standpoint, it's better to be building homes in more expensive areas," Foremost's Cameron said. "It's easier for those people to get mortgages these days."