



Irvine Investor Gets 300 Acres in Corona

REAL ESTATE: 249-home project goes for \$3.5M on courthouse steps

By **MARK MUELLER** Saturday, February 18, 2012



Steve Cameron: had eye land for 10 years

Irvine-based Foremost Communities Inc., a residential land investment company, has snapped up one of the last big housing-development sites in Corona at a fraction of the price seen for land deals a few miles away in Orange County.

Foremost partnered with Greenwich, Conn.-based Starwood Capital Group Global LP, a real estate investment firm, to buy a 300-acre parcel of raw land at the western edge of Corona, where a housing development called Sierra Bella is planned.

Sierra Bella is slated to hold 249 single-family homes in a gated community in the foothills south of the Riverside (91) Freeway. Construction at the development is still a few years away, according to Foremost president Steve Cameron.

The Foremost-Starwood venture, which operates under the Forestar Land Partners LLC name, likely can afford to wait until the market recovers after paying a bargain-basement price for the land.

The site's prior owners received offers for the land in the \$55 million to \$70 million range near the peak of the market, Cameron said.

Forestar paid about \$3.5 million for the land, picking up the property at a courthouse auction.

The sale price works out to less than \$12,000 per acre. The site eventually is expected to hold homes priced in the \$700,000 to \$800,000 range, according to Cameron.

Land at high-end developments moving ahead on finished land in North Orange County, such as the Vista Del Verde master-planned project in Yorba Linda, has been selling for around \$2 million per acre in recent months.

“There’s some very significant (differences) in prices for finished and raw land,” Cameron said.

It also helps to keep close eye on distressed land sites, as was the case of the Corona property, said Cameron, the former chief operating officer for Newport Beach-based homebuilder Fieldstone Communities Inc. He started Foremost about four year ago.

Property Eyed

“We’ve been keeping our eyes on this property for more than 10 years,” Cameron said.

Rancho Palos Verde-based Far West Housing LLC outbid other developers for the land prior to the last housing crash and got city approval for the Sierra Bella project. It’s said to be the last remaining entitled residential master-planned development in Corona.

Far West never moved ahead as the housing market slumped. Adding to the complications, Far West’s initial lender, Culver City-based Alliance Bank, was taken over by the Federal Deposit Insurance Corp. in 2009.

San Diego-based California Bank & Trust took over Alliance Bank, and eventually moved to foreclose on the then-distressed land site. That was delayed when the project was placed in bankruptcy in early 2011, a proceeding that ended late last year.

Forestar bought the property in a trustee’s sale at the courthouse steps a few weeks ago, Cameron said.

“It was well worth the wait,” he said.

Cameron said the plan is to move ahead on reworking some parts of the project’s development plan over the next year or so before any grading work moves ahead.

Forestar likely will look to resell the land to another developer by 2014, which would then move ahead with actual home construction.

About 45% of the Corona site was expected to remain open space under Far West’s initial development plan.

The Foremost-Starwood venture has snapped up other formerly distressed properties on the cheap in Riverside County and elsewhere.

Other investments include \$10 million for Riverwalk Vista, a 41-acre upscale, partially developed housing project in the city of Riverside that Forestar bought in 2010.

2,200 Lots

Forestar now owns or manages about 2,200 residential lots. It would like to add about two new assets to its portfolio per quarter, according to Cameron.

Finding attractive land sites remains relatively easy, although dealing with banks and closing on potential deals remains a challenge, he said.

“It’s more difficult to acquire the land than we thought it would be,” Cameron said.