



# ConAm Buys \$30M Site for Mixed-Use Project

By Bob Howard



IRVINE, CA—A \$30 million land sale has set the stage for developers of the Piazza d’Oro project in Oceanside to move forward with the mixed-use apartments, office and retail project, according to the

Irvine-based Hoffman Co., which brokered the land transaction. Justin Esayan of the Hoffman Co., who brokered the deal, reports that the San Diego-based ConAm Group of Cos. bought the 14.4-acre property from K. Hovnanian Homes, which had partially developed the site.

Piazza d’Oro is planned for 221 multifamily residential units with commercial office space and retail elements. The development site is north of Highway 78 at Rancho Del Oro Road and Vista Way in Oceanside.

The buyer acquired a property “with substantial improvements in the ground,” Esayan points out. K. Hovnanian was going to market the project as for-sale condos until the housing market shifted.

The property was particularly attractive to ConAm because it already is entitled and partially built, Esayan explains. It consists of “high-quality assets in a good location of a coastal community in San Diego County that will hold its long-term value in a tough market,” the Hoffman Co. broker says.

ConAm intends to complete construction and market the units as apartments, at least for the short term. The club house, office space and many units already are complete.

The sale is also a strategic move for K. Hovnanian, which was seeking to minimize its land exposure on this project and was motivated to sell because of the fiscal year-end tax break, Esayan says. Most publicly traded home-building or development companies like Hovnanian are taking a close look at the tax benefits of selling land now at a loss they can write off against the profits of the past two years, notes Tom Dallape, co-principal of the Hoffman Co.

In the past 90 days, Hoffman has closed seven real estate deals in Southern California in excess of \$55 million; at least two of the largest ones were motivated by the potential for tax write-offs that extend back to 2006, which is the last year that home builders made a substantial profit.

Norm Scheel, co-principal of the Hoffman Co., says that the firm expects to see more distressed land deals, especially those involving publicly traded builder and developers, between now and the end of 2008. “This is the last chance for them to take a loss that will count against their gains in 2006,” Scheel says.