FYI tim Lauren Rosenzweig

Real Estate

Developing challenges

LNR jumps into Bay State with large-scale plans

By Thomas C. Palmer Jr.
GLOBE STAFF

If there's one thing everybody worried about Boston's economy agrees on, it's that the area needs more housing, largely to keep prices down and make the region attractive to young, talented labor.

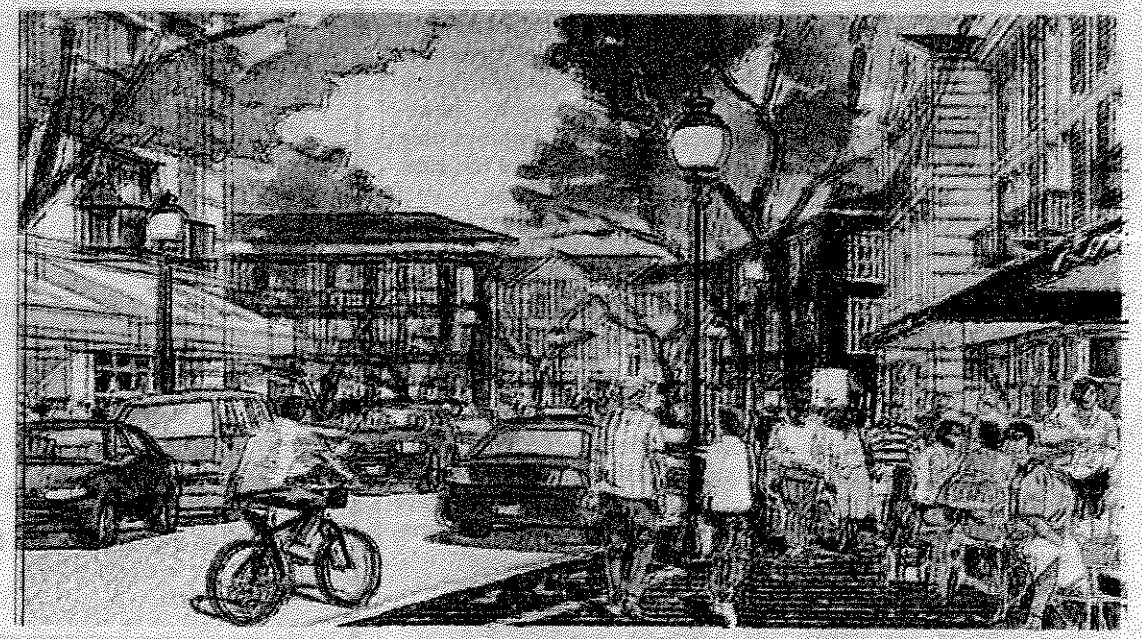
If there's one thing LNR Property Corp. and its former parent company, Lennar Corp., do together, it's build houses. LNR develops commercial property on a large scale, and Lennar, a company with $10 billion annually in revenues, delivers 36,000 homes a year for sale.

But until now, not in New England.

David Hall, senior vice president in charge of Northeast operations for LNR Property Corp., told almost 300 members of the National Association of Industrial and Office Properties last week that his company has its sights on Massachusetts, and he came to answer the questions he frequently gets: "Who are you, and why are you here?"

The two companies are from Florida and California, but Hall is from New England. He grew up in Marshfield and went to Dartmouth College. He also attended Northwestern University's Kellogg School of Management. He worked for KBS Realty Advisors and Trammell Crow Co. in the Boston area before signing on to steer LNR into New England. LNR was recently taken private and has $4 billion in assets.

LNR isn't starting with easy projects. First it was redevelopment of the 1,400-acre South Weymouth Naval Air Station.



"We hit almost every environmental issue you can imagine," said Hall. "I almost thought it was a project that couldn't get off the ground."

But that was a couple of years ago, and this month a three-town development organization approved LNR's Village Center master plan. Weymouth, Abington, and Rockland separately have to approve zoning for the big project — which includes housing, commercial space, a retail-oriented town center, and 1,000 acres of space to frolic in outdoors. But Hall is confident.

The other challenge for LNR locally is Fan Pier on the South Boston Waterfront, which has defied any use except the parking of cars for the past quarter century. LNR bid last year on the 21 acres, fully permitted for about 3 million square feet of development, but tripped at the goal line.

Regarding Fan Pier, Hall said LNR would "absolutely" deliver the promised community benefits, but added: "It probably does not work without the city reducing some of that.

GLOBE STAFF FILE PHOTO

"We are looking at making a proposal" — another attempt to buy the property owned by the Pritzker family — with partner Leggat McCall Properties LLC, Hall said, but added: "We may end up not making a proposal."

He said the major obstacles, especially with a price tag in the $125 million range, include the expensive foundations required right upfront and the lack of "district improvement financing," a new state device available to cities — if they choose — to give tax relief to developers.

Hall, playful and even provocative behind the lectern, at least for a developer, threw caution into the harbor when he was asked about his experiences in negotiating with host communities.

"Negotiating — I want to call it bribery," he deadpanned. A "host community agreement" is more or less an "extortion agreement," he said.

LNR is building not only a public school on the former air base but also an indoor soccer facility, about a dozen outdoor playing fields, and an 18-hole golf course.

"It'll be a recreational mecca for the South Shore," Hall said.

He said the company needs $20 million in state funding for roads, and LNR will have to solve yet another expensive problem. "Where are you going to get the water?" is the question he's asked most often.

"I honestly don't know right now," he said. Running a pipe through Braintree to the MWRA system would cost $10 million. Desalinization is another option, also costly.

Lennar's partnership with Roseland Development Co. on some New England projects, including a luxury condo development in East Boston, seem simple by comparison.

LNR partners on redeveloping military bases with even bigger Lennar, which is buying the former El Toro Marine base in Orange County, Calif., for $680 million. That and two other properties, Hall said, puts Lennar and LNR in control of 50,000 acres, 33,000 home sites, and 15 million square feet of future commercial space.

Patience is important to success in these complicated projects, Hall said. "The key is to stay on the right side of both the business cycle and the lifestyle cycle."

The Romney administration preaches smart growth — mixed uses, clustered with access to transportation — but Hall said that the rest of the country is way ahead. "It's everywhere," he said. "It's the mainstream. Yet we don't know anything about it in Massachusetts."

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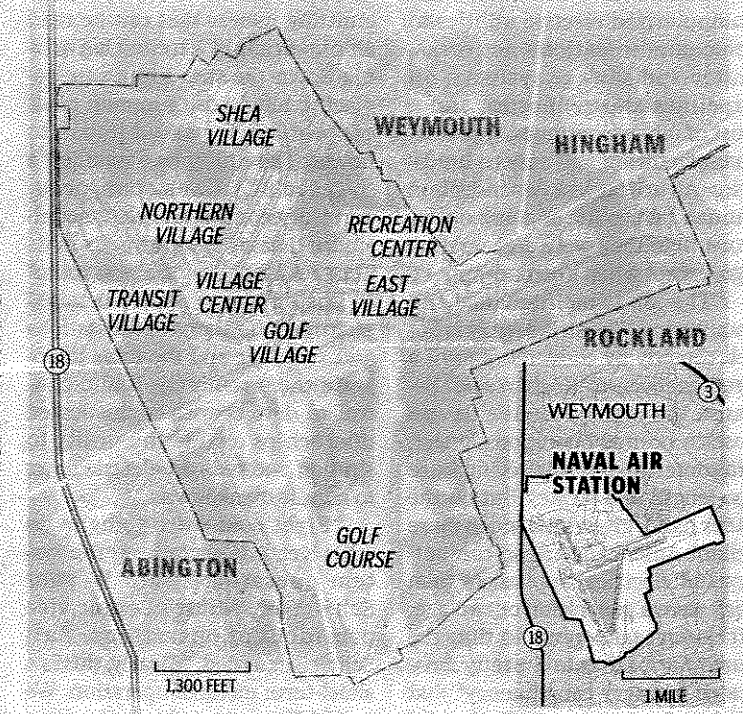
Village Center proposal



SOURCE: www.thevillagecenterplan.com

GLOBE STAFF GRAPHIC/AARON ATENCIO

Florida's LNR Property Corp. has tried to tackle two major developments in New England. First, transforming the 1,400-acre South Weymouth Naval Air Station into Village Center (rendering and map above left and right), which includes housing and 1,000 acres of open space. The project is awaiting zoning approval from Weymouth, Abington, and Rockland. Second, developing Fan Pier on the South Boston Waterfront, which LNR bid on last year but failed to complete the deal. Left: building construction on Fan Pier.