

Housing dip slows city plans

- **Slow market puts damper on Martinez's ambitions for adding up to 700 residential units**

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With the housing market in a slump, Martinez's strategy to revive its downtown may be temporarily stunted, but the city staff said it is not at a standstill.

After years of debate and readjustment of the city's Downtown Specific Plan, the blueprint sanctioning an increase in housing by as many as 700 additional units was approved by the City Council in July 2006.

It passed just as the housing market peaked, said Albert Lopez, deputy community development director for Martinez.

"The city doesn't have its own ability to do our own projects," Lopez said, adding that it relies on outside developers to take interest.

Just as the specific plan was ready to be implemented, interest began to fade -- primarily in the larger of the 30 "opportunity sites" identified in the plan for growth.

"The timing is off for (developers) to be trying to pursue something that big," Lopez said. "The level of interest right now is pretty cold, but it certainly is no indication of the potential for the plan."

The 10-year time frame estimated for fulfilling the plan is still attainable, Lopez said. When the market cycles back up, he said, those bigger plots will again catch the attention of builders.

But all is not quiet on the downtown revitalization front. Three small developments have been approved by the city and are currently under construction, and another is in the works.

"There's certainly some activity so it's not all bad news," Lopez said.

Plans for local attorney Albert Turnbaugh's four-story commercial and residential building are steadily navigating the city's permit channels.

Turnbaugh purchased the corner lot at Estudillo and Escobar streets in June 2006, and said although plans are moving along smoothly, he's not pushing to get his project off the ground as soon as possible.

"It is causing me to scrutinize things more than I would if the market had been different," he said.

Although he has focused on making the 14 condominium units appealing to buyers, he's not worried about the state of the market.

"The housing market goes up and the housing market goes down sometimes," Turnbaugh said. "Just because you hear the housing market is down, you can't say it's down everywhere."

Economist Christopher Thornberg, a principal with Beacon Economics, disagreed.

"That's one of the big real estate myths," he said. "There is no safe haven. These markets move together."

When the housing market declined in the 1990's, Thornberg said, building small proved to still be profitable, and that's what builders are attempting to repeat.

"What everybody is doing is following the KB model," he said, referring to a high-density method of building, popularized by big-name California builder KB Home.

But the California housing market is in a different state than 20 years ago when, despite the slight drop, the market was not saturated with overbuilding. With more defaulted home loans leading to an increase in foreclosures, builders are now

competing in a market that has plenty of supply, he said.

Developers in Martinez, including Turnbaugh, are keeping a close eye on Isidro Farias's eight-unit project to gauge the selling potential in the city's downtown.

As the first new development project approved under the specific plan umbrella, Farias said his project has received inquiries from a number of possible buyers.

"Martinez's downtown is desirable and there is really nothing in downtown that's new," Farias said. "And that's in our benefit. There's no new home ownership in downtown."

Construction on the three-story townhouses at the corner of Berrellesa Street and Marina Vista Avenue began in January and is planned for completion in October.

Karen Majors, assistant city manager in charge of community and economic development in Martinez, said development may be slow but developers are aware of the downtown's potential.

"The word is out that we have some interesting plans for the downtown," she said. "In five years I'd like to be able to walk downtown and say, 'Boy, we're seeing it happen.'"

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