

Fighting For Housing

Champion Boxer and Builder Aim to Help Latinos

By JAMES FLANIGAN

OSCAR de la Hoya and John Long are unlikely business partners: one a championship boxer who is the son of Mexican immigrants, the other a successful but relatively obscure real estate mogul who came to the United States from China as a boy.

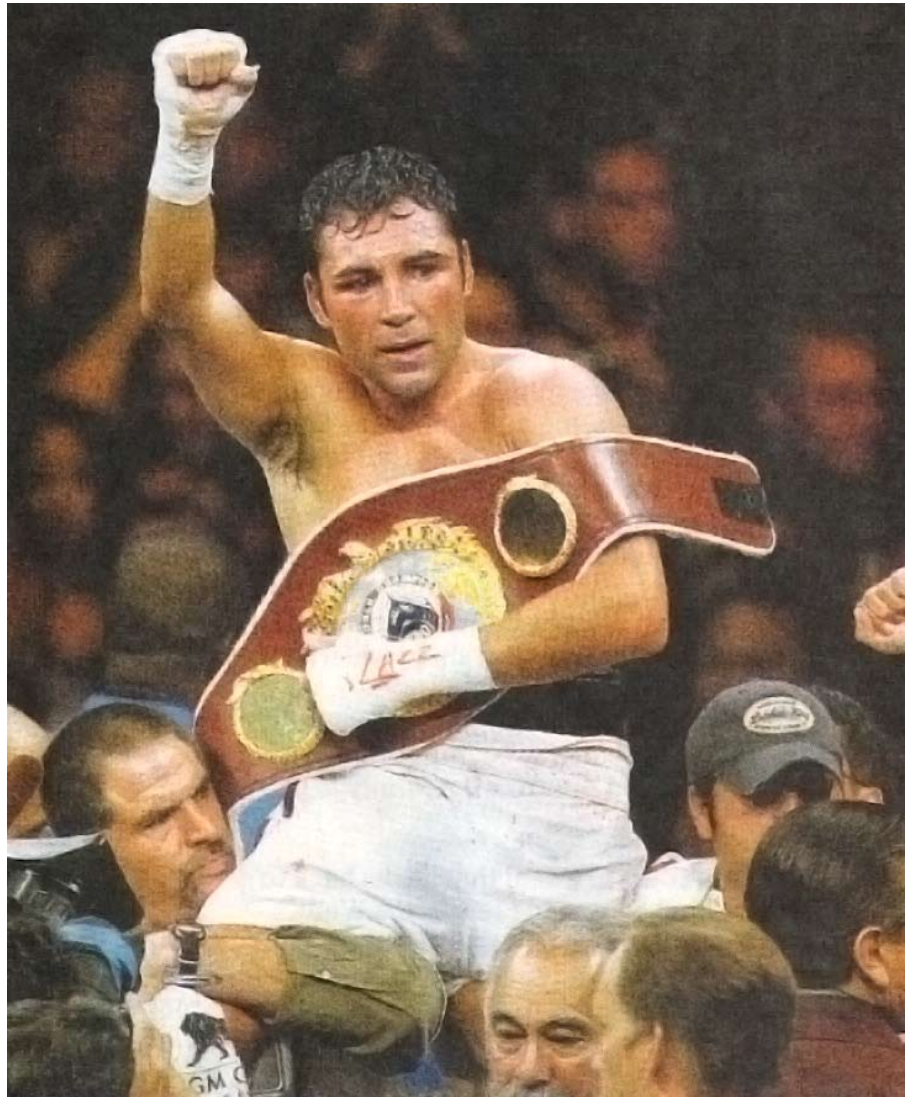
But the muscular fighter and the slightly built property investor both grew up in working-class neighborhoods in Los Angeles, and that common bond brought them together. In 2005, they formed Golden Boy Partners with a shared \$100 million investment and a mission, Mr. de la Hoya said, to “revitalize Latino neighborhoods by building nice homes that are affordable for people who work in the area, teachers, nurses, fire and police.”

Indeed, judging from the experience of others, investment in urban areas instead of upscale suburbs is not only profitable but a new fashion in enterprise for prominent athletes. These days, they are not just lending their names but forming true partnerships to capitalize on often overlooked projects.

Earvin (Magic) Johnson, the basketball star, has been a pioneer in inner-city business for more than a decade, with stakes in movie theaters, coffee shops and restaurants, a mortgage company and Canyon-Johnson Urban Funds, a real estate venture. “Redeveloping these urban neighborhoods provides business opportunities and jobs,” he has said. His company recently turned an old Chicago police headquarters into condominiums and retail units in the heart of the city.

Active athletes are getting into the game. Keyshawn Capital Development, a venture of Carolina Panthers wide receiver Keyshawn Johnson, is a partner with the developer Chris Hammond in two shopping center projects in South Los Angeles. And Shaquille O’Neal of the Miami Heat has formed a real estate company to participate in a huge development of 1,100 housing units in downtown Miami.

A shift in emphasis has occurred over time from viewing inner cities and minorities who live there as candidates for public assistance to seeing potential for investment and



Joe Cavaretta/Associated Press

Championship boxer Oscar de la Hoya, above, and developer John Long are working to build housing for Latino Communities in California.

entrepreneurship. The Milken Institute, in Santa Monica, Calif., has been studying what it calls “emerging domestic markets” for a decade and its researchers have found that minority businesses (Latino and Asian predominantly) “are growing even faster than the population in terms of new companies

and revenues.”

Of those businesses, real estate is attracting more capital because in urban neighborhoods today “it is a real business with real returns,” said Betsy Zeidman, director of the Center for Emerging Domestic Markets at the Milken Institute.



Jamie Rector for The New York Times

John Long, left, and Oscar de la Hoya at a warehouse in South Gate, California, where they plan a development.

AMONG the largest companies currently engaged in inner city home building is CityView, a firm organized by Henry Cisneros, who was secretary of Housing and Urban Development in the Clinton administration and mayor of San Antonio before that. CityView is working with a \$500 million revolving fund from the California Public Employees' Retirement System, the country's largest public pension fund, and it has built 4,000 homes in California and major cities across the nation, including Chicago, Detroit and Denver.

Mr. Cisneros's company reports annual returns on investment of 20 percent and more for the pension fund.

CityView gears the cost of its houses to a price that equals one and a half times the median income for the local community, Mr. Cisneros explained. "I call it work force housing," he said, "because it is meant for the moderate-income working people that are the heart of every community."

"But that is also its strength," he said, "because there is always an active market for such housing while luxury housing is subject to boom and bust with the rise and fall of the economy."

And beyond those considerations, Mr. Cisneros looks at a more important underpinning for urban housing markets: population growth. The United States population is projected by census experts to grow by 36 percent in the next four decades to 410 million, from 300 million today. And growth among urban "minorities" will be faster than average — including, Mr. Cisneros said, "a rise of 63 million in the Latino population."

Mr. de la Hoya, 33, a nine-time world boxing champion in six weight classes, grew up in East Los Angeles in a neighborhood he describes as "nice enough, although nobody owned their own home — everybody rented." Two decades ago, mortgages were hard to find in low-income neighborhoods.

But times are changing because of the growth of the Latino community in the Los Angeles area, and the increasing attention from investors and bankers wanting to serve the so-called minority majority, the largest single ethnic group in kaleidoscopic Southern California.

Mr. de la Hoya, nicknamed the Golden Boy, is notably unmarked for someone who has fought 265 amateur and professional bouts — and knocked out more than 170 opponents. He is more than a sports idol in Los Angeles. A successful investor in business and real estate, he owns the downtown Los Angeles building that houses Golden Boy Promotions, his boxing-match promotion company, and Golden Boy Enterprises, through which he has invested in eight Spanish-language newspapers among other ventures. The value of his businesses so far, including the building, is about \$70 million, according to estimates by real estate and sports analysts.

MR. LONG amassed his fortune from commercial real estate. When he came to the United States from China in 1954, Asian people still could not legally own property in California; the state Legislature repealed the Alien Land Law two years later. Mr. Long, then 7, was of a merchant family that owned grocery stores in old

Canton, now Guangzhou. But the Communist government took over the stores after coming to power, so the family moved to America.

Mr. Long grew up in a poor neighborhood in South Los Angeles, but went on to study economics at U.C.L.A. and then earn a master of business administration degree at Harvard Business School. "I didn't know what I really wanted to do, but coming from my background I wanted to be in business of some sort," Mr. Long said.

The business he chose was real estate.

In 1971, he went to work for Kaufman & Broad, a home builder (now KB Homes) and in 1978, he formed his own company, Highridge Partners, with four associates and began investing in commercial real estate. His strategy was to carefully select properties he deemed undervalued. "We wanted to be owners," Mr. Long recalled. "We would identify assets, negotiate a purchase, lease it out, develop it from soup to nuts and sell it."

Property ownership has been profitable. For over 28 years, he and his associates have owned more than \$6 billion worth of real estate in California and Texas and say they have multiplied their initial investment more than 1,000 times.

And now, Mr. Long, whom business acquaintances cite as "a really tough negotiator," is making a new kind of selection. He is investing in urban real estate, specifically in growing Latino communities. His Highridge group has sold most of its properties to focus on Golden Boy Partners. "In this partnership," Mr. Long said, "we are creating an investment vision in Latino society."

Golden Boy Partners has six projects in various stages of preparation and is closest to breaking ground to build 107 town houses on the site of a shuttered beer distribution warehouse in South Gate, an industrial city of about 100,000, 12 miles from downtown Los Angeles. The town houses will be sold at up to \$400,000 apiece, which might seem high any place but the Los Angeles area.

As their population grows, Latinos attract more attention from investors.

“Homes across the street from the site sell for \$500,000,” said Mr. de la Hoya, interviewed along with Mr. Long at his suite of offices and conference rooms in downtown Los Angeles, decorated partly in mahogany paneling and partly in posters for boxing matches.

Golden Boy Partners will provide assistance by introducing buyers to mortgage lenders but the business will be done at market rates, Mr. de la Hoya said. “We have talked to all the mortgage companies and they are eager.”

The emphasis on market rates is characteristic of these ventures in urban real estate, which both men describe as part business, part philanthropy — profit-making but purposeful. “Obviously, you go into business to make money but at the same time we want to help families,” Mr. de la Hoya said.

“What Oscar is saying,” Mr. Long chimed in, “is we are making profit and also taking into account the needs of the people and the community.”

MMR. DE LA HOYA’S stature guarantees respectful attention from city councils and permitting boards in Southern California’s welter of medium-size cities. And with \$100 million in initial equity, Golden Boy Partners can borrow four times that, providing up to \$500 million to invest. The company is also looking into building major retail operations in Huntington Park, a city of 65,000 in Los Angeles County that is already a beehive of small shops catering to Latino families.

Mr. Long is not only investing in urban development but has also created a center for real estate — what he calls “this \$20 trillion industry” — at U.C.L.A. It is a center intended to look ahead. “The choice of the next generation will be urban,” Mr. Long said. “They won’t want to commute. We need to study real estate in relation to the environment and to the legal system and to the choices people will have to make.”

Underlining the point, Mr. de la Hoya said, “Young people getting married in the Latino culture want to live near family.” In addition to his business activities, Mr. de la Hoya, who won a bout in Las Vegas in May, insists he is not retired but could fight again in 2007. That would require two months seclusion for rigorous training, he said, which would take him away from business and from yet another activity he has begun — writing a book. “I want to write about the contribution of Latinos to the future of America,” he said.



John Long founded a real estate development center at UCLA. “We need to study real estate in relation to the environment and to the legal system and to the choices people will have to make.”