

# Condo sales prompt struggle

City and developers face continuing challenge to find customers instead of renters. City officials fault economy for slow sales.

By Alan Blank  
Daily Pilot

After a month on the market, a new 145-unit condominium development in Costa Mesa has three residents living within its walls.

Many prominent signs all around the development that can be seen from the freeway and main streets surrounding it advertise its existence, but only nine of the 27 condos initially put on the market have been sold.

The Pacifica development at the intersection of the 55 Freeway and 19th Street is not alone. In Costa Mesa, developers who had once expressed interest in building for-sale units have been stopped in their tracks and many have shifted their focus to building rentals.

"We haven't received any new applications for any major new condominium developments in at least six months," said Claire Flynn, the city's



KENT TREPTOW / DAILY PILOT

**QUIET:** Pacifica at Newport Plaza, a condo complex off Bernard Street in Costa Mesa, has sold about 30% of its units since opening a month ago.

principal planner. "People planning on doing the major condominium projects are putting them on hold probably until the economy picks up."

City Council members have unanimously held it as a top priority to get more people to buy in the city instead of renting, but the effort has been

largely unsuccessful and city officials blame the economy.

Not long ago, the developer of the largest project that attempted to take advantage of the city's incentives for building for-sale homes had to approach the council and ask the city to

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allow it to rent its 151 units.

The developer, Nexus, got the approval to build its project in part because it promised to sell the units, but with the housing market in its present state the developer pleaded that it would be impossible to get financing.

"Banks will lend money if [Nexus] does apartments, but if the city said, 'You can't build apartments,' then that project

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**JAY RUTTER**  
PACIFICA'S DEVELOPER

never would have happened," said fellow Costa Mesa developer Bryan Coggins.

Coggins owns dozens of rental properties in Costa Mesa, mostly on Victoria Street. He said the rents that he is able to charge have stayed stable and that even in

some cases gone up while local for-sale properties have depreciated by up to 30%.

"Even though we're in this real estate downturn you really haven't seen rents impacted that much," Coggins said.

Pacifica's developer, Jay Rutter, got his financing for

the project before the housing crisis really boiled over.

Rutter started building in 2006 with an agreement with the city that he would sell the condos and that he has no interest in asking the city to go back on this commitment.

"Of course we'd like them to sell faster. Could it be better? Yes. We're not setting the world on fire, but at least we're selling," Rutter said.

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