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City core is hopping with new, urban infill homes

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Published 12:00 am PDT Tuesday, September 25, 2007

Driving around Sacramento's urban core, you'd never guess there was a housing market slump.

New lofts, three-story row houses and condominiums conceived during the housing boom are nearing completion in neighborhoods ringing downtown.

Some have attracted surprising interest, given the region's depressed home sales. At 18th and L streets, for example, one buyer is spending \$2 million to combine two loft penthouses into a more spacious one.

At least eight housing developments with about 500 units are either under construction or just completed in the central city. Across the Tower Bridge on the West Sacramento waterfront, another roughly 250 units either have hit the market or soon will.

Unlike previous central city projects, nearly all of the new units coming on line are for sale, not for rent. Most were built without public subsidy.

An exception is the Globe Mills project at 12th and C streets in Alkali Flat, which received \$19 million in redevelopment funds. Developer Skip Rosenbloom and architect Michael Malinowski are winning accolades for their striking renovation of the old grain elevators and mill into rental units for low- and moderate-income tenants.

For years, city leaders pushed unsuccessfully for more homeownership downtown. But the finances didn't make sense for developers until the housing market boom pushed prices high enough to cover the extra expense of building on small, inner-city lots.

When sales prices topped \$300 a square foot a few years ago, developers rushed to get into the urban housing business. Projects started in those heady days are now ready to open.

The builders hope that their products -- and locations -- are interesting enough to sell in tough times. "It's a scary market," said developer Mark Friedman, a partner in Loftworks, which is building 32 brownstone-style row houses in midtown at N and 26th streets. "Suburbia, Schmaburbia," boasts a billboard at the construction site.

"The product is extraordinary," Friedman said. "Time will tell if we'll be rewarded for producing a good product."

Developer Tony Giannoni says he's proud of his new midtown urban housing project, Tapestri Square, a block of 58 row houses at 21st and T streets.

Earlier this year, Giannoni sold 30 condominiums atop his new Marriott hotel on L Street downtown to a single reseller from Southern California, who has found buyers for a third of them.

Plenty of people have been coming through the Tapestri Square models, which opened two weeks ago. It's unknown how many of these lookers will turn into buyers for the narrow three-story houses that range in price from \$450,000 to \$850,000.

"If they sell in this market, that shows how strong the downtown can really be," Giannoni said.

The new urban projects offer a range of styles in an effort to appeal to different buyers.

Tapestri Square aims for a traditional "East Coast" feel with wood stair rails, tile and hardwood floors. Targeting empty nesters, it offers an optional elevator to save aging knees.

Other projects offer variations on the loft theme, ranging from "true lofts" with a big open room downstairs and a sleeping mezzanine upstairs, to "soft lofts" with an open floor plan but separate bedrooms. Granite countertops are ubiquitous. Garages are tucked underneath on the first floor.

Some developers are highlighting their projects' green features. Regis Homes has outfitted 36 houses in its SoCap Lofts project on R Street with solar panels.

Regis is planning a grand opening Thursday. Like many urban infill projects, the SoCap Lofts are painted in deep colors. The vivid combinations scream urban like beige screams suburban.

The units stand just three feet apart and are three stories tall. "I'm building a product I could never live in myself," said project manager Eric Schlenker, who has three young children. "But we're very confident we'll find 36 buyers it will work for."

On the other side of midtown, developer Sotiris Kolokotronis and his partners have defied sales trends with their seven-story complex of 92 lofts at 18th and L. The new building is across L Street from a 176-unit apartment complex Kolokotronis opened last year.

Positioned at a hub of new restaurants and shops, the building is commanding prices far higher than its competitors -- about \$540 a square foot. Here, buyers pay nearly \$400,000 for a 676-square-foot loft. Thirty-five of the units are in escrow, including nine of 12 penthouses.

Standing on the top floor, which is still under construction, partner Demetri Romas pointed to the 18-foot-high penthouse ceilings, the mezzanine and the sweeping view of downtown to explain why well-heeled buyers have been attracted to the L Street Lofts.

Some L Street buyers had previously signed contracts to buy units in developer John Saca's planned 53-story condo towers before that plan fell apart.

"Several Kings (players) have been through here; they love the high ceilings," Romas said. "The new coach has been through."

Eight blocks away at 17th and D streets, Signature Properties is appealing to a different demographic with its 52 Craftsman-style condominiums. They offer nearly 1,300 square feet of space at prices ranging from the high \$300,000s to the mid-\$400,000s. Signature has sold 11 of the 24 units released to date.

"We have a lot of people who were previously renting that are buying their first home; that's really cool," said spokeswoman Alisa Boris.

For one developer on the periphery of the central city, sales have come more slowly. West Sacramento developer John Leonard took the drastic step of holding a public auction Saturday for his 22 loft units on the West Sacramento waterfront.

"The goal is to sell the homes, pay the bank, and do the right thing," Leonard said.

Only one of the downtown projects under construction is immune from market conditions. The conversion of the abandoned, burned Globe Mills complex to housing has been expensive, and filled with surprises.

No private developer would likely have attempted it without public assistance, said Friedman, a friend of developer Skip Rosenbloom. "The building had been sitting there for 20 years with nobody having the courage to take it on," he said.

Nearly \$36 million later, the Globe Mills project is near completion. It will be one of the most unusual residential complexes in the region.

By dedicating the 112 senior units in two new buildings to low-income tenants, the project qualified for money from the Sacramento Housing and Redevelopment Agency. It raised more money by selling tax credits.

"It's the only way you could save this building," the project architect Malinowski said. He doesn't think finding tenants will be a problem.

The senior activity room will sit on top of five-story concrete silos that once stored grain. One of the round silos will be an elevator shaft, another a mail room. A stairway will "float" in another.

Metal chutes that carried grain to the base of the building will be converted into light fixtures sticking like metal spiders out of the lobby ceiling. The old mill building will contain 31 lofts reserved for moderate-income tenants.

Seven lofts on the ground floor boast 20-foot-high concrete ceilings and huge windows reminiscent of those in Koloktronis' million-dollar penthouses. But in order to snag this edgy bit of urban housing, a couple can earn no more than 110 percent of the area median income, a restriction that excludes any couple making more than about \$60,000.

No Kings need apply.

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