



March 30, 2010

Greencrossing Targets \$60M in Land Bank Deals

By *Bob Howard*

ALISO VIEJO, CA-Greencrossing Real Estate Cos., a company formed by two former Lennar executives, has created a fund to land-bank properties on behalf of builders in California and is looking to place up to \$60 million in land banking deals over the next 12 months. The former Lennar execs, Tom Banks and Jason Perrin, say that Greencrossing is one of the first companies in the aftermath of the housing crisis to create a fund to land-bank properties on behalf of builders.



Perrin



Banks

Land banking was a popular way for builders to take down lots held by a third-party during the run-up of the last cycle, Banks and Perrin point out, but the practice largely disappeared in the wake of the worst real estate downturn since the Great Depression. "Now is the ideal time for builders who want to buy finished and partially finished lots to meet expected housing demand, but don't want a large initial cash outlay," says Perrin. He explains that land-banking allows builders improve their balance sheets by keeping the land and other improvements off their books until they need it with an option purchase agreement.

Greencrossing is primarily targeting mid-sized to large private builders and all public builders planning to construct homes in desirable California markets. Observes Banks, "Everyone is aware by now that the land market in key areas of California has heated up over the past year. Prices are rising and competition is fierce." Typically, Greencrossing's program targets deals with 100 single-family lots or less and the property that is in some sort of a developed state. The projected peak capital including land plus improvements, excluding impact fees, typically would be between \$5 million and \$15 million per deal.

Banks and Perrin, who left Lennar in 2006 to start their own company, formerly led teams that helped Lennar Corp. acquire prime land holdings, attract joint venture capital and ride the wave of the last residential real-estate boom in the Inland Empire. They have more than 40 combined years of experience in real estate and together have acquired, entitled and developed more than 20,000 lots.