



# The Visionary

*How Portland's Homer Williams, the Anti-Developer Developer, Is Transforming Downtown Los Angeles*

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To understand Homer Williams, who is probably the most important Downtown developer you've never heard of, consider the Segway story.

It was several years ago, just after news had broken about inventor Dean Kamen's self-balancing, gyroscope-controlled

## POWER PLAYERS

device that allowed people to speed around cities while standing on two wheels. Williams, a prolific developer who has played an integral role in the turnaround of downtown Portland, found the Segway intriguing.

"He felt it was the last mile in transportation," recalled Vic Rhodes, the former director of the Portland, Ore., Office of Transportation. "He thought there was a real significant opportunity to try and figure out how they might be best utilized in the urban environment."

Excited about the potential, Williams decided to contact Kamen, though he had never met or spoken with the New Hampshire-based inventor.

"I called him up," said Williams, a wide grin on his face as he sat in a trailer situated between his first three Downtown Los Angeles high-rises. "I said, 'Dean, I've been reading about this thing, the concept of it is great.' I said, 'We're doing this thing in Portland and we've got trams, streetcars and a river. I want to come out and see you.'

"He said, 'Hell, I'm coming out to see you.' So he loads up, he's got this private plane, and a couple of his people and about three of his machines. So I called the mayor, and got the fire department, the police department, we shut down a couple streets and invited about 300 people. And there's a great little restaurant right in the area, and they started serving wine."

For several hours on a late summer afternoon, remembers Rhodes, it was a virtual Segway block party. Portland Mayor Vera Katz was among the people talking, drinking and test driving the futuristic machines.

"They were serving wine, beer, the mayor was on it with the biggest smile on her face you ever saw," recalled Rhodes.

"It's the kind of thing Homer does," he continued. "He doesn't do anything halfhearted."

## Betting on Downtown

Though still relatively unknown among the general Los Angeles populace, and certainly with a lower profile than developers such as Rick Caruso or Tom Gilmore, Williams, 61, has established himself as a major new player in Downtown. The Portland-based collective he heads, South Group, just opened its first local project, the \$65 million Elleven, and plans to develop more than 1,700 condominiums in South Park.

It's a southern expansion for one of the most prominent



photo by Gary Leonard

Homer Williams at Evo, the third building South Group is constructing in South Park. The company plans to develop more than 1,700 condominiums in the area.

developers on the West Coast. In the last three decades, Williams has created more than 10,000 housing units, as well as a hotel in the Caribbean. His current projects are worth, by his estimation, about \$2.5 billion.

In Portland, Williams sparked the transformation of a neighborhood of low-slung warehouses and abandoned railyards into the Pearl District, now one of the country's models of successful urban revitalization. Another development, South Waterfront, is a decade-long plan to turn a dilapidated brownfield into more than 3,000 condominiums and affordable housing units, and construct an aerial tram connecting the not-yet-there neighborhood with the Oregon Health & Science University. The city and other entities are partners in the \$2 billion project.

But even South Waterfront may ultimately prove secondary to Williams' plans for Downtown Los Angeles. South Group currently has three condominiums projects going in South Park; the combined 700-plus units represent a \$350 million investment. The first building, Elleven has begun move-ins, and two others, Luma and Evo, are under construction. Two more 34-story towers, now called Figueroa South, are scheduled to break ground in December and each will hold 324 condominiums.

The huge investment looks like a slam dunk — now. With Staples Center established and the \$2 billion arts and entertainment center L.A. Live under construction a few blocks to the west, developing market-rate condominiums in South Park seems a good way to turn a profit. Still, what strikes many in Downtown is that it took someone from Portland to make the big bet.

"I think the story here is he saw things, things right under our nose, that nobody here could see," said Dan Rosenfeld, a principal with Downtown development company Urban Partners. "We had so many years of diminished expectations that we couldn't see the opportunity that was right in front of our face."

Williams not only saw the opportunity, he jumped. He said his team began assembling land about four years ago. One spark, he said, was the Flower Street Lofts, developed by his longtime friend Harlan Lee of the Lee Group. The project opened at Flower between 11th and 12th streets in the fall of 2003.

But what really propelled him was Gilmore's transforma-

tion of three century-old Historic Core buildings into rental units that quickly filled up. Other developers jumped on the housing bandwagon in the still-challenged neighborhood.

"Those were not good locations, those were old buildings, and yet they were paying really pretty extraordinary rent," said Williams. "It seemed to us that if someone could buy, in effect, at the same cost that they're renting, by the time you looked at the interest rates and tax deductions and things like that, you know, people are smart, they'll buy. But nobody would pull the trigger."

"So we finally just said, the hell with it, you know? Let's just go. And, um [laughs], and believe me we were very happy when we started our sales."

That may be an understatement. Elleven is already sold out (about half the residents have moved in) and last September Luma took deposits for all 191 available units in seven hours, representing more than \$160 million in product. South Group's third building, Evo, will have its sales event in late June.

## Three Characteristics

The book on Williams boils down to three oft-repeated characteristics. The first is that he's the anti-developer developer, both in appearance and approach to business.

"He has a beard, he's not the chiseled, slick developer," said Rosenfeld.

Abe Farkas, the former development director of the Portland Development Commission (an equivalent of the Los Angeles Community Redevelopment Agency), said that the first time he met Williams, in 1998, "He shattered the stereotype of developers." Farkas, who now runs a consulting firm, and has worked with Williams on several projects, added, "He comes in as a very humble type person. He cares about the public arena and you get that impression right away."

The second trait is Williams' ability to see potential long before others. For decades, the Pearl District was a dead zone, and when Williams and the city signed a development agreement in 1997, plans called for the creation of 5,000 residential units over 20 years, said Bruce Allen, a senior development manager with the PDC. Now, said Allen, the area will hit the 5,000 marker in the next few years.

The third theme is Williams' development gut. When he see Homer Williams, page 4



photo by Gary Leonard

Williams' first Downtown project, the \$65 million Elleven, is already open. The 13-story structure houses 176 condominiums.

# Homer Williams

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enters a market, he goes big, putting a lot of money — his own and his partners — on the table. So far it has paid off.

“Courage without vision is very dangerous. But vision without courage doesn’t get you anywhere. He’s got both,” said Rosenfeld.

Williams sees the situation as two-pronged. He has repeatedly stated that development “is not for the faint of heart.” But at the same time, what others call risky, he perceives as a safe bet. In Portland, Williams, a firm believer in demographics, foresaw a wave of empty nest baby boomers ready to downsize from suburban homes and move back into a rebounding city center. In addition to envisioning the market, he stresses controlling the controllable factors, such as, he said, hiring “financially capable contractors” he has worked with before. It also requires, he says, an understanding that wild cards such as interest rates or a possible pandemic are far beyond his grasp. The key is not to let the unknown dissuade from making a move, such as buying land when prices are still low.

The strategy figures into Downtown Los Angeles. Here, his first projects, such as Elleven, target younger buyers who he is gambling will follow the energy of a community revitalization. More upscale buildings for wealthier inhabitants, such as those in Figueroa South, will follow.

“I’ve kind of always said, if you just give us four corners, we can begin a neighborhood. It’s not as complicated as everybody thinks,” said Williams. “Everybody says there’s not enough mass, there’s not enough this and there’s not enough retail right away. People will buy into that. They will put up with certain things as long as they see progress. And I think because we’ve been able to do it a couple times we’re probably more comfortable with it.

“You know, if we had been caught in a bad market we might have thought that didn’t work. But the reality is, it will work. In a bad market nothing works.”

## The Man From Walla Walla

Williams was born in Walla Walla, Wash., though he spent most of his youth in Portland. For a time his father worked for the Coca Cola Co., while his mother raised Williams and his sister. He died when Williams was 19.

Around that time Williams’ life began to change. He was a student at the University of Oregon and had a job delivering furniture. The exposure to the different spaces where people lived prompted Williams and a friend to start an apartment-finding business. They assembled data, input it into a primitive computer, and when someone came asking for, say, a one-bedroom unit with certain amenities, they were able to plug in the request and find an apartment.

It was a good idea if not especially lucrative, one that, as Williams put it, “couldn’t feed two of us.” They flipped a coin and Williams won the business.

Williams never finished college, though he did start acquiring land. In the ’70s, he got an option on 1,000 acres in Oregon and envisioned himself a burgeoning developer. It was not as easy as he anticipated. “Thirteen years later we finally had our approvals. And 18 years later we finally began development of it,” he said with a smile.

He was on his way. That project, called Forest Heights, led to another development, Broken Top, which involved 1,000 housing units and a golf course. He also developed Jumbo Bay, a hotel in the Caribbean.

While those were major deals, they’re on a different level than the Pearl District and South Waterfront, which seek to transform dead urban land into thriving metropolitan



photo by Gary Leonard

Williams at an October party for Elleven, between Mayor Antonio Villaraigosa and City Councilwoman Jan Perry (also pictured are South Group’s Jim Atkins, far left, and Tom Cody). Portland leaders praise Williams for his ability to partner with the city. Says one Portland official, “He has a unique understanding of how to work with public agencies.”

centers where people will pay \$500 a square foot. To many observers, Williams’ principal skill is not his vision, but his ability to work with and pull in the public sector. In both the Pearl District and South Waterfront, the city of Portland is a key partner. For years, local news stories that

for 19 years. “Most developers deal with public agencies in a regulatory sense and very frequently in conflict. Homer has the unique ability to understand what the city wants in this case. And he will spend the extraordinary amount of time working with the city to get what he wants but also to help the city achieve its goals.”

In the case of South Waterfront, that has meant getting the city to commit to Portland’s largest ever redevelopment project. While Williams’ company Williams & Dame (with partner Dike Dame, another longtime Portland developer) is leading the development of the first 38-acre phase, the city is providing some infrastructure, including paying for 15% of a \$57 million tram. That will connect with the project’s other major player, the Oregon Health & Science University, which is Portland’s biggest business, with 11,500 employees. Some of the housing is pitched to the OHSU workers, who, reasoning goes, might want views of the Willamette River and an easy tram commute.

While South Waterfront is an ample investment that will create thousands of housing units and likely turn a profit for Williams and his partners, it allows the city to transform a former battleship graveyard into an attractive resource that, with retail and entertainment, will contribute to the tax base.

“We found that the single most important thing you can do is you’ve got to understand what the public benefit is,” said Williams. “It’s not their job, nor the PDC’s in Portland’s case’s job, to make us money. In other words it’s their job to represent the public in making sure they’re getting their fair share of whatever’s going on.

“And so if you can quantify what that public benefit is, that justifies them making investments with you, then it can work. If you can’t figure out what that benefit is, don’t waste your time, because you’re not gonna get there.”

## ‘It’s a Fun Time’

When it comes to his achievements, Williams is modest. He repeatedly seeks to shift the credit for his Downtown Los Angeles work, praising Tom Cody and Jim Atkins, who work for Gerding/Edlen Development and Williams & Dame, respectively, the companies which partnered to create South Group. He describes them as the ones at the site every day, doing the heavy lifting, while he has it easy in Portland. Williams also eagerly gives credit to Dame.

It’s not a surprising trait, considering that, when speaking with the press, Williams appears just as others describe him — anything but a traditional developer. He’s remarkably devoid of ego and is quick to laugh, though it sometimes comes out nervously. He jiggles a pen during much of an interview.

Still, when the subject turns to development, Williams is enthused. He returns to the theme of building neighborhoods so often that it’s clear this is what really drives him, and that economic gain is a far second, or maybe even somewhere after that.

This is not to imply, however, that Williams is anything less than serious about business. He just happens to have managed the rare feat of finding something that he enjoys and that makes money. It explains why he is still in the game after more than 30 years.

“Listen, I don’t confuse luck and brains,” Williams says. “The stars are pretty well lined up right now. It’s a fun time. Plus, we’ve got a lot of smart, young people in our office who make it a lot of fun. They’re gonna be doing this long after Dike and I are gone.”

Then Homer Williams laughs, again.

“But they’ll have to kick us out kicking and screaming.”

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—Homer Williams, developer

mentioned Williams noted his close working relationship with Mayor Katz, who served from 1993 to 2005 (Tom Potter is the current Portland mayor).

“He has a unique understanding of how to work with public agencies,” said Allen, who has been with the PDC



photo courtesy Williams & Dame Development

A fountain in Jameson Square, a park Williams developed as part of Portland’s Pearl District. The neighborhood, a former collection of low-slung warehouses and abandoned railyards, is one of the country’s defining urban revitalization projects.