

Urban Land

The historic home of the entertainment industry, Hollywood is finding new life, new residents, and new business thanks to ambitious redevelopment plans.

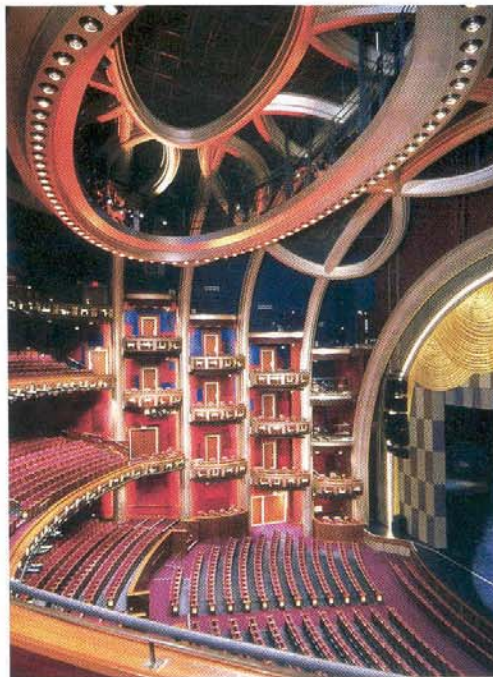
HOLLYWOOD'S Time to Shine



PHILIP S. HART AND MAUREEN MCAVEY

Hollywood, California, is one of the most famous and recognizable communities in the world. It is also a historic district, primarily associated with the movie industry. From the early days of the film industry up until the late 1960s and early 1970s, Hollywood remained at the center of the film, television, and music industries.

Around the mid-1970s and on into the 1980s, the area fell on hard times, with much of the entertainment activity that had been centered in Hollywood moving further west and north, leaving behind a few vestiges—Capitol Records, Paramount Studios, and Sunset Gower Studios. During this time, Hollywood gradually declined, gaining the reputation of being crime



With about 117,000 boardings every weekday, the Hollywood and Highland Red Line station (left) is the busiest Metropolitan Transit Authority line and is part of a mixed-use transit-oriented development. One of the most significant elements of the Hollywood and Highland development is the Kodak Theatre (above), home to the Academy Awards, which are seen by a billion people worldwide each year.

ridden and seedy. Despite this reversal of fortune, the neighborhood continued to be a key destination for tourists from around the world, and remains so to this day. During the mid- to late 1970s, it was increasingly recognized that a concerted effort would have to take place to revive this moribund community.

The city of Los Angeles's Community Redevelopment Agency (CRA), along with local organizations such as the Hollywood Group—urban planners and architects located in the Pantages Theater offices on Hollywood Boulevard—and the Hollywood Chamber of Commerce, began focusing on revitalization strategies for the area. On May 7, 1986, the Hollywood Redevelopment Plan was adopted by a Los Angeles city council ordinance. The plan specified the project area boundary and legal description, redevelopment plan goals, and proposed redevelopment activities. The Hollywood Redevelopment Project area (as drawn by

the CRA) encompasses 1,107 acres in the heart of Hollywood.

Along with Hollywood's longtime booster and honorary "mayor" Johnny Grant, city councilwoman Jackie Goldberg was a strong advocate for revitalization of the neighborhood. The late John Ferraro, in his role as city council president, also worked hard to direct resources to his Hollywood district. The residential communities around Hollywood, such as Hollywood Hills, Hancock Park, and Los Feliz, remained strong bastions of middle-class and upper-middle-class residents. The city council successors to both Goldberg and Ferraro—Eric Garcetti and Tom LaBonge—took the Hollywood baton effectively and helped move revitalization plans ahead.

Today, after years of starts and stops (including the 1992 riots), a number of major redevelopment projects are either completed or underway. More than \$2 billion of commercial and residential

development within the boundaries of this historic Los Angeles neighborhood either has been completed or is on the drawing board. This mix of developments includes over 2 million square feet of space encompassing mixed-use commercial and residential, historic rehabilitation, entertainment company, and other sector expansion and relocation, as well as public improvements. There are three Red Line subway stops in Hollywood connecting the community to the San Fernando Valley and downtown L.A., and tourists continue to arrive by the millions each year.

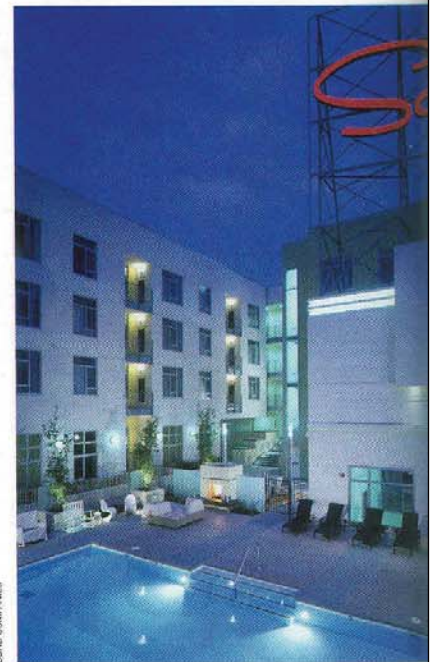
In March 2001, an Urban Land Institute (ULI) advisory services panel visited and looked at market potential, planning and design issues, development strategies, and implementation plans for Hollywood. The report published after this visit, titled *A Strategy for Hollywood's Comeback*, is helping guide the revitalization efforts now underway. Since the time of the visit, the 9/11 terrorist attacks threw the local and national economies into a tailspin, affecting Hollywood as well. On a positive note, in March 2002 the new Kodak Theatre in the Hollywood and Highland complex became home to the Academy Awards, returning the venerable event, once hosted at Hollywood's Roosevelt Hotel, to the neighborhood most closely associated with the movie industry.

Although Hollywood was incorporated as an independent city in 1903, it was annexed by the city of Los Angeles in 1910. A secession referendum seeking to restore Hollywood's independence appeared on the ballot on November 5, 2002, but was voted down. On May 17, 2005, a new Los Angeles mayor, Antonio Villaraigosa, was elected, defeating incumbent James Hahn. Mayor Villaraigosa,

who took office on July 1, has clearly signaled the importance of Hollywood to the city of L.A.—one of his first visits as mayor-elect was to Hollywood, taking a stroll down Hollywood Boulevard with Hollywood's "Mayor" Grant to deliver a speech at the historic Roosevelt Hotel on "runaway production," or how to keep TV and film production in Hollywood.

Since the March 2001 ULI panel visit, several fairly significant events have taken place in Hollywood, greater Los Angeles, the nation, and the world. These transforming events seemingly did not alter Hollywood's march toward renewal. The Hollywood Economic

Incorporating residential units within mixed-use developments is becoming a trend in Hollywood. The mixed-use Sunset and Vine project, which includes 300 apartments, was completed in 2004 for \$120 million, and sold the following year for close to \$165 million.





Development Update 2005, titled *The Status of Development in Hollywood*, released by the Hollywood Chamber of Commerce at its June 17, 2005, annual economic summit, captures this vitality. The report briefly describes 19 new commercial/retail projects; 16 new nightclubs/restaurants; three new or renovated hotels; 21 new residential/mixed-use projects; six office rehabilitations/new tenants; two medical facilities; and four educational facilities.

The Hollywood and Vine project, to be developed by Legacy Partners of Foster City, California, and Gatehouse Capital of Dallas, is the largest project currently in development in Hollywood. The proposed project would occupy 4.56 acres. A \$325 million project is planned, which will include a 296-room W Hotel (managed by Starwood Hotels and Resorts Worldwide), 350 apartment units (20 percent of which are slated to be affordable housing), 145 luxury condominiums, approximately 60,000 square feet of ground-level retail space, an international transit plaza, and 1,219 spaces of below-grade parking. Ground breaking is expected to take place in mid-2006, with occupancy beginning in 2008.

Adjacent to the Hollywood and Vine project is the proposed Nederlander site and the mixed-use entertainment-themed development—estimated to cost \$300 million—to be erected there. Under a 99-year ground lease of this seven-acre site, the New York City-based Clarett Group plans to build a large-scale, mixed-use project featuring up to 1,000 residential units on land adjacent to the Pantages Theatre. The project is planned to be built in phases following a 12- to 14-month entitlement period. To the maximal degree possible, it is important for area planning purposes that the developers of these two large-scale projects just across the street from each other engage in a collaborative planning and design process so that appropriate integration can be achieved in

the built environment at Hollywood and Vine.

The project at Hollywood and Highland can be instructive as to how to proceed with the proper execution of these two large projects. Hollywood and Highland, a \$615 million mixed-use project developed by Trizec Properties, Inc., of Chicago (formerly TrizecHahn), was hurt by the impact of 9/11 on tourism. The retail uses at the project had been geared more to the tourist market than to the local market, so between the time of the attacks and the November 2001 opening of Hollywood and Highland, the priority market

for its retail offerings had dried up. The mall itself has design problems, beginning with the vertical nature of the retail space and its confusing layout. Further, the parking rates at opening were much higher than L.A.-area retail customers were used to paying, despite the ULI panelists' recommendation in March 2001 that accessible and affordable parking would best serve the development; the rates have since been lowered. By spring 2004, Trizec had sold Hollywood and Highland to the CIM Group for a mere \$201 million, which was not good for Trizec, but was good for Hollywood.

Despite its flaws, the development at Hollywood and Highland represents a significant investment at this location, and helped stimulate other interest and activity—tourists are coming back to Hollywood in droves, the Oscars are seen by a billion people worldwide each year from the Kodak Theatre, and the CIM Group is a local owner/developer/financier that can make Hollywood and Highland work. The relatively strong restaurant, movie theater, entertainment, and hotel components in this development can only grow stronger once the retail segment strengthens.

These days, real estate professionals are expressing their optimism for Hollywood and the neighboring West Hollywood and mid-Wilshire area. Increasingly popular among investors, mixed-use developments are becoming more attractive in high-density areas such as the Hollywood market. Residential units within a mixed-use context also are becoming a trend in Hollywood, as evinced by the recently completed Sunset and Vine project. In 2004, the Bond Companies of Santa Monica and Canyon Johnson Realty Advisors of Beverly Hills completed this mixed-use project with 300 apartments in 2004 for \$120 million and sold it in 2005 to SSR Realty Advisors—now Black Rock Realty Group, based in Morristown, New Jersey—for close to \$165 million.

Smaller residential projects are also moving forward in Hollywood. Hollywood Hillview, LLC, is rehabilitating a historic building on Hollywood Boulevard to restore its 54 residential units. In addition, there will be 2,000 square feet of retail space on the ground floor and 10,000 square feet of commercial space in the basement. The Cosmo Street Lofts, an adaptive use project being developed by Creative Environments of Hollywood, consists of an existing four-story, 40,000-square-foot warehouse being converted into 47 live/work lofts. The Broadway Building at the corner of Hollywood and Vine is another adaptive use project now under construction by the KOR Group of Los Angeles. This former department store will be converted into 96 condominiums with 152 on-site parking spaces along with ground-floor retail. At the corner of Sunset and Vine, the CIM Group is planning an adaptive use project in the Sunset Vine Tower that will feature 90 residential units and 15,000 square feet of retail space.

These residential developments reflect the ULI panel's view that demand exists for 500 to 1,000 multifamily housing units at various price points. If the residential developments that either have been completed or are in the pipeline reach the market, then this demand, it is hoped, will have been more than met. The ULI panel also suggested that Hollywood plan for a new upscale boutique hotel. While some of the multifamily housing demand will be met by residential units at the Hollywood and Vine mixed-use project, the project includes a W Hotel, too. The panel also recommended that existing hotels be rehabilitated. Indeed, a \$25 million renovation of the Roosevelt Hotel is nearing completion. Given its rich cinematic history, this 248-room hotel, which opened in 1927, may be poised to become a destination for the Hollywood glitterati.

With its three Red Line subway stations, Hollywood is uniquely positioned to benefit from transit-oriented development (TOD). The tools that aid in the implementation of TOD include the following: a market-based site and phasing plan; land assembly; infrastructure investment; shared parking; expedited permits and reviews; and direct financial participation. The Hollywood and Highland station was the first out of the box, which with about 117,000 boardings every weekday is the busiest Metropolitan Transit Authority (MTA) line. This project scored fairly high in its execution on each of these six TOD criteria. Design flaws and external events have affected the success of this mixed-use project, but it remains a viable example of TOD within an urban context. Hollywood and Western is the second station where TOD is taking

24-Hour Shine © Poet-broker

Developers are tinkering with a tinsel town toolkit chiseling clues from foundations of urban places, they've tightened up synergy in boulevard spaces, and smoothed diverse urban energies into grooves. The past is preserved in Egyptian and Pantages restorations the future is foreshadowed on the rails of three transit stations at night workers race to bars over walk of fame pavement then throw off their shoes in lofts above the rail tubes.

The barely lit sun shines on reborn deco buildings where youth rests before stumbling past steamy cafés up to loft offices or down Hollywood and Vine escalators to catch red neon Metro to downtown or San Fernando gigs, looking back above them at glass towers where elevators mix women in nurses whites with sisters in St. John knits.

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place. Either completed or in the pipeline is a mix of retail, residential (both market rate and affordable), and parking. Finally, at Hollywood and Vine, right across Hollywood Boulevard from the Nederlander's Pantages Theatre mentioned earlier, is a \$325 million mixed-use project that grades high on these six TOD criteria. Taken together, these three Hollywood Red Line stations are an example of well-thought-out TOD in this historic neighborhood.

Even with the recent TOD successes in Hollywood, the challenge of leveraging the power of mass transit remains. As the ULI panel report notes, the subway system is a powerful resource for the community. Hollywood can advance its revitalization efforts through TOD and public transportation incentives. Few communities in the United States have three subway stations at their front door. The existing subway and light-rail systems, which connect to an exten-

Hollywood Hillview, LLC, is rehabilitating a historic building on Hollywood Boulevard to restore its 54 units, and to add 2,000 square feet of ground-floor retail space and 10,000 square feet of commercial space in the basement.





CAROL M. HIGGINS/SMITH

sive bus network, provide Hollywood with regional access superior to that of any other community in the Los Angeles basin. Finally, the challenge of leveraging the power of mass transit ties into the increasing traffic congestion in Hollywood that is attendant to its redevelopment success. As traffic congestion worsens, the Metro Rail will become even more of an asset. If the Metro Rail is marketed appropriately, it has the potential to become a major tourist convenience, serving many who wish to visit multiple sites over a period of several days without the burden of renting a car or riding a tour bus.

On the medical front, between Children's Hospital and Kaiser Permanente Hospital, over \$800 million of construction either has been completed or is in the pipeline. (See "Community Hospitals," page 142.) Both of these medical facilities are looking to 2007 as the completion date for their ambitious expansion plans in their east Hollywood locations. This construction activity will bring both hospitals up to current seismic codes, as well as add a combined total of 735 beds.

The success of the redevelopment of Hollywood is partly attributable to the two strong business improvement district (BID) organizations there. Launched in December 1996, the Hollywood Entertainment District BID is a property-based BID spanning an 18-block stretch of Hollywood Boulevard and 180 property owners. The purpose of the BID is to attract entertainment-related busi-



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Retail at the Hollywood and Highland development is geared to the tourist market, and thus far the restaurant, movie theater, entertainment, and hotel components of the development have performed well. Now that tourism has picked up following a post-9/11 dropoff, the retail segment of the project is expected to strengthen.

nesses back to Hollywood. The second successful BID in Hollywood is the Hollywood Media District, a benefit assessment district that represents more than 200 property owners. The success of these two BIDs has led to the development of two other BIDs, one in east Hollywood and the other on Sunset Boulevard. Though not yet operational, it is anticipated that both BIDs will be up and running in the near future.

Hollywood nightlife is red hot. Nightclubs and restaurants are hopping up and down Hollywood and Sunset boulevards, as well as on Cahuenga Boulevard and Vine Street. People young and old are in the street and on the sidewalks, sometimes club-hopping on foot, defying the myth that Angelenos always drive from place to place. Some of today's young stars populate these Hollywood venues, sometimes as investors. The trick in the Hollywood nightclub business is to continually reinvent yourself: although you may be hot today, you could be left out in the cold tomorrow as the action moves on, usually to another spot in Hollywood.

What is next for Hollywood? Having seemingly reinvented itself, this historic neighborhood is now viewed as a desirable place to do business, to live, to party, to eat out, to be entertained, to worship, and to shop. It is no longer regarded as seedy and dangerous, though crime, drug use, and homelessness remain issues of concern. Indeed, Hollywood is renewing itself to the extent that local stakeholders have positioned the community to possibly be the site of the Academy of Motion Pictures' proposed 200,000-square-foot museum.

By all appearances, Hollywood has turned the corner and is on the way back up. Much has been accomplished, but much more remains to be done. Indeed, it is now Hollywood's time to shine. ■

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