

Transformation of Miracle Mile

By Andy Fixmer – 6/13/2005

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L.A.'s Miracle Mile is attracting several large-scale projects that could reshape the corridor of museums and office towers.

The city of Los Angeles has approved six Miracle Mile projects that would add 757 units of housing and more than 100,000 square feet for ground-floor shops and restaurants.

"It's just ripe for development," said Renee Weitzer, chief planning deputy for Councilman Tom LaBonge, whose 4th Council District includes the Miracle Mile. "There hasn't been any good retail there and there's a lack of restaurants, but the people living there really want those things."

Some residents, however, are becoming uneasy about the impact that the development could have. Just to the north is Third Street, where the confluence of the Grove shopping center and several residential developments has added to the area's congestion. There are also environmental concerns, given the area's large deposits of methane gas.

While some urban planners salute the trend among developers to move inward instead of sticking to the outlying suburbs, there is general concern among homeowners groups and others about the inevitable effect of the additional population. The development activity has also spurred new design guidelines.

"There is no elasticity," said Bart Reed, executive director of the Transit Coalition, which advocates building more subway and light rail lines. "There is no more room on these streets."

Rickie Avrutin, who lives in the same house on Curson Avenue where she grew up, worries about the high cost of rents, given the lack of affordable housing in the neighborhood. And she's also concerned about the projects' impact on the area.

"The street I live on is a narrow street that is now used as a thoroughfare, even with the speed bumps." Said Avrutin, a neighborhood council member. "It is bumper to bumper during rush hour."

Weitzer downplays the potential for problems. "As these things come online, people are getting anxious about the added traffic," she said. "Wilshire is still a good street. You know, there's going to be traffic in this city and we try to mitigate it whenever we can."

Running between La Brea and Fairfax avenues, Miracle Mile is home to the Los Angeles County Museum of Art, the La Brea Tar Pits and a bustling office district

servicing as a base for numerous media companies. But the strip offers few amenities for residents in the neighborhoods to the north and south. Office workers clog the artery during the day but leave it relatively empty at night.

City planners have pushed for more housing, especially projects with shops and restaurants on the ground floor. That's where planners believe the added traffic and density can be more easily absorbed.

"We've been looking for a site close to the Miracle Mile for a long time," said Larry Scott, senior vice president in the Newport Beach office of AvalonBay Communities Inc., which is developing a six-story, 123-unit building with 10,000 square feet of retail. "It has very desirable characteristics."

AvalonBay intends to rent apartments for about \$1,500 a month for a one-bedroom to \$3,000 for a three-bedroom unit. "We think those are very attainable rates for that area," he said. "There's a lot of demand from people who want to live there." The Miracle Mile was developed in the 1920s as Wilshire Boulevard was being extended from downtown to the UCLA campus in Westwood Village and on to the ocean. As the rise of the automobile began to decentralize business in Los Angeles, downtown realtor A.W. Ross developed the commercial strip on the site of a vast oil field.

By the end of World War II, Ross's development attracted upscale department stores, including Desmonds, Broadway, Phelps-Terkel and May Co. But the district began to lose its luster as new areas further west began to open.

"It was what they called a red-line district," said developer Jerry Snyder, who bought a number of properties in the area in the 1980s. "Lenders wouldn't lend there and people were moving out."

Still, Snyder thought the area's central location could bring people back. He revamped the Museum Square building, home to the Screen Actors Guild, and across the street, built the 1 million-square-foot Wilshire Courtyard buildings, where the Los Angeles Business Journal is located.

Snyder also bought and renovated the former CalFed tower at Wilshire Boulevard and Masselin Avenue, which he sold earlier this year to Arden Realty Inc. for about \$93 million after signing a large lease to Viacom Inc. that brought the building to nearly full occupancy.

Starting at the intersection of Wilshire Boulevard and Highland Avenue and moving west, some of the large projects under way include:

- * Chandler Partners has nearly completed construction on a two-building, 104-unit apartment complex at Wilshire Boulevard and Detroit Street that includes an existing ground-floor store in its design.

- * Legacy Partners last month received approval to build a 197-unit condo that includes nearly 34,000 square feet of ground floor retail. The developer could begin construction this summer, which first requires razing the site--a former Office Depot store.

* Publicly traded apartment developer BRE Inc. has approvals for a 288-unit, six-story building on a city block bounded by Wilshire Boulevard, Eighth Street, Hauser Boulevard and Ridgeley Drive.

* J.H. Snyder Co. is building a one-story replacement building for Office Depot at the northeast corner of Wilshire Boulevard and Masselin Avenue.

* Developer David Schwartzman has approvals to convert a small office building at Wilshire Boulevard and Ogden Drive into 45 apartments, though it's unclear if he will proceed or convert the project to for-sale units.

Construction can be long and costly because of the high water table and deposits of methane gas and crude oil. Developers have to build extra-thick reinforced foundations to withstand pressure from the water table. They also have to install special methane gas venting systems.

The gas is filtered and then siphoned through a vent in the roof of the building. "It's not like an oil refinery where you have a constantly burning flame that bums off the gas," said Scott, the AvalonBay developer, who said the building's residents wouldn't notice the methane being vented from underneath the building. "You won't smell or see it."

Still, as AvalonBay was digging out the site for the building's foundation and underground parking, the developer had to pump out ground water. The water was laced with sulfur, and when it mixed with the air released a rotten smell.

Many Miracle Mile office buildings have to regularly pump oil out their elevator bays and underground garages. The weight of the buildings often pushes oil to the surface. "It's just one of the quirks," Snyder said. "Every now and then you have to bring in someone to pump out the tar."

Those conditions can lead to budget overruns. Even Snyder is having trouble with his Office Depot development, where the cost of construction has doubled to \$7 million.