

Los Angeles Times

Developers of Grand Avenue's Gehry project say work will begin this month now that financing is secured

Related Cos. has secured construction financing for the Grand, a nearly \$1-billion complex with apartments, condominiums, theaters, restaurants and shops.

November 5, 2018 | By ROGER VINCENT



Since Related Cos. first got the contract in 2004 to build the massive Grand Avenue project, there's been a housing boom and bust, a financial crisis and a new explosion of residential construction downtown.

Yet throughout that period, the \$1-billion complex designed by world-renowned architect Frank Gehry has failed to materialize at its coveted site across from the Walt Disney Concert Hall.

On Monday, the New York developer took a giant step to finally kick off the project considered by many to be the last large piece of the redevelopment puzzle that is Bunker Hill.

Related said it has \$630 million in construction financing from German lender Deutsche Bank in hand, and work on the project will begin this month.

“The last major hurdle has been crossed,” said Rick Vogel, a senior vice president at Related. “We now know that this project is going to get built.”

The complex scheduled to be completed by 2021 has long been viewed as a potentially transformational addition to the Bunker Hill neighborhood, which has lagged behind in the nearly two-decade renaissance that has rejuvenated much of downtown.

The open-air complex of apartments, condominiums, movie theaters, restaurants and shops promises to enliven a city block that has been mostly dead for half a century. It will replace an aging parking structure — sometimes known as the Tinker Toy garage — located between 1st and 2nd streets along Grand Avenue, just across the street from the Gehry-designed Disney Hall.

The Grand will have a mix of shops and restaurants spread among a series of landscaped open terraces, along with a roughly 430-seat cinema complex on the east side above Olive Street. There will be a 20-story Equinox hotel with 309 rooms and a 39-story residential tower with 113 condos and 323 apartments. Related will offer subsidized rents to low-income tenants for 20% of the apartments.

The project got a financing boost last year when a Chinese company infused the project with \$290 million of capital, but there were doubts about its viability amid repeated postponements and massive residential, retail and hotel construction downtown in the years since it was first approved.

Construction financing is a loan used to help pay for construction and is typically secured just before work begins. In this case, construction will begin late in a real estate cycle that began after the last recession, but it's not unusual for projects of this complexity and duration to come together without regard to cycles that influence smaller developments.

Related is developing the Grand with its partner Core USA, a joint venture of China Harbour Engineering Co. and CCCG Overseas Real Estate. CCCG Overseas is a subsidiary of China Communications Construction Group, one of China's largest state-owned companies.

Gehry released new renderings of the project in January and at the time Related executive Ken Himmel said that he expected construction to begin by early fall.

“We are excited that this important milestone has been achieved,” Himmel said Monday in a statement. “We look forward to celebrating with all of Los Angeles as we commence construction on this dynamic, transformational project that promises to remake and enliven the Grand Avenue artistic and cultural center of downtown.”

Los Angeles County Supervisor Hilda Solis and City Councilman Jose Huizar, who represent the Bunker Hill neighborhood, both released statements of support Monday for the long-planned project.

“I am pleased that the Grand has closed financing and we are moving to the next stage of this development,” said Solis, who also serves as the chairwoman of the Los Angeles Grand Avenue Authority, the joint-powers authority comprised of city and county officials overseeing development on Bunker Hill.

Other projects built through the authority since the Grand's approval include the 12-acre Grand Park, the Broad art museum and the 19-story Emerson apartment tower next to the Broad.

"This project will create permanent jobs and build much-needed affordable housing in my district," Solis said. "With Frank Gehry's visionary design supporting a variety of community-supporting mixed-use development, I am excited for the future of Grand Avenue and the larger neighborhood."

Los Angeles philanthropist Eli Broad, who has supported Grand Avenue improvements for decades and was instrumental in the erection of Disney Hall, noted Monday that the Grand has been in the works for 14 years and "will help complete the cultural-civic district" that includes the concert hall, Museum of Contemporary Art, Colburn School of performing arts, the Broad, Music Center and Ramon C. Cortines School of Visual and Performing Arts.

"This was a long time coming and will be a great addition to the entire region," Broad said.

With financing, plans and permits now in place, Vogel said work on the Grand will get underway starting with preparations to demolish the Tinker Toy garage.

The shabby open-air parking structure was intended to be temporary when it was built after Bunker Hill's once-fancy residential neighborhood was bulldozed in the 1950s and 1960s in an urban renewal project intended to create a new corporate and cultural center for the city.

Urban renewal brought cultural institutions like the Music Center and a crop of impressive high-rise office towers to the hill but left yawning gaps that the Grand Avenue Authority was set up to fill.

For many years, Bunker Hill has been "really just a big office park" with a cultural center at the north end, said office landlord Christopher Rising, whose company Rising Realty Partners owns buildings there. "Now it will be a real community like a New York borough."

The Grand "is going to open up Bunker Hill so it's not an island," Rising said. "It will be a nice bookend" to the booming South Park neighborhood being built near Staples Center, he said, and the two will be connected by rail.

It will take about a year to knock down the parking garage, dig a hole deep enough for a five-level underground parking garage and bring the foundation of the Grand level to Grand Avenue, Vogel said. Another year will be spent topping out the tallest tower at 39 stories and the year after that completing the interior work on the project.

"We have done what many people said would be impossible," Vogel said, "to finance a Frank Gehry-designed mixed-use project in downtown L.A."