Developer Related Hopes to Break Ground on $650 Million Project in 2015

DOWNTOWN LOS ANGELES — The Related Companies, the developer of the long-delayed project to reimagine Grand Avenue as a hub of residences, hotel rooms, restaurants and retail complementing Frank Gehry's Walt Disney Concert Hall, took a major and surprising step forward this morning: The company submitted a new conceptual plan for the project and, for the first time in years, Gehry is back in the fold.

Just as importantly, the proposal aims to develop the entire parcel at once. In January, Related had elected to pursue a phased approach, starting with a residential tower, then adding other elements as the market evolved.

The new proposed $650 million development would rise on the site known as Parcel Q, which is currently a parking structure across the street from Disney Hall and Eli Broad's under-construction, $140 million art museum. Bill Witte, president of Related California, said it would be anchored by a residential tower and a hotel.

Although he cautioned that plans are in the early stage and could change, he said the former building would likely be between 420 and 480 feel tall, and would have 380-450 units; they would be apartments with some for-sale condominiums on the upper floors. Twenty percent of the units would be set aside as affordable housing, he said.

Related is negotiating with the upscale SLS chain to create an approximately 300-room hotel, he said. That building would be shorter, in the range of 350 feet.

The development would also create a stacked mix of shops and restaurants that would be situated around a central plaza that opens to Grand Avenue.

The goal, said Witte, is to break ground in 2015 and open in 2019.

Witte said that plans to tackle the entire block, instead of taking a phased approach, became feasible over the summer, when negotiations picked up with a hotel operator.

"In order to develop the whole block at once, we needed the hotel anchor," Witte said in an interview with Los Angeles Downtown News this morning. "Now we appear to be close to having that and are planning accordingly."

Addressing the entire site at once, he said, also allowed Related to begin working again with Gehry. Witte noted that he and Related Chairman Stephen Ross began speaking with the architect about that possibility during the summer. Ross met with Gehry in September to discuss the plan.

The new proposal has been delivered to the Grand Avenue Authority, a joint powers panel of the city, county and the successor agency of the now defunct Community Redevelopment Agency. Witte said that members of the panel have been briefed on the change in concept, and that the proposal has been "very favorably received."

Recession Blues

The shift is the latest in a long, twisting path for the project.

The plan was hatched early in the millennium, when the city and the county, which each own parcels on Grand Avenue, began discussing how to maximize the land. In part the goal was to capitalize on the momentum of Gehry's Walt Disney Concert Hall, which opened in October 2003.

The JPA was formed, and after an extensive bidding process Related was selected to develop the parcels, with Gehry handling designs. In February 2008, city, county and redevelopment officials approved updated designs for the first phase of what was then a $3 billion project. At the time, the goal was to open the initial elements in 2011.

The recession, when lending markets froze, thwarted that vision. As a groundbreaking was pushed further and further back, Related instead adopted a piecemeal approach. It ultimately relințhished one parcel to Eli Broad; his art museum, being designed by the New York firm Diller, Scofidio + Renfro, is slated to open next year. Related also is constructing a $120 million, 19-story apartment tower directly south of the museum.

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Witte said that the progress of The Broad “definitely increases the visibility and marketability of the whole area.” He noted how the context of the entire neighborhood — including the apartment tower and Grand Park, which opened in 2012 after Related paid $50 million up front for the Grand Avenue development rights — has changed.

“A former bleak bridge will be the streetscape,” he said. “It is very different from when we started this eight years ago. Back then very little had happened Downtown in general.”

As part of the effort, Gehry is designing a gradual slope that will extend down to Olive Street, in the back of the project, through the central plaza. That will spread the stores and restaurants over several levels. Witte would not reveal which potential tenants Related is speaking with, but did say that the restaurants would be at a variety of price points.

Gehry took an expansive view of the future of the area.

“Our plan is to enrich what we consider the emerging arts and cultural district in Los Angeles,” he said in a prepared statement. “What’s been missing is the excitement and fun of a hotel, nightclubs, restaurants, shops, places to hang out. Now our plan has the potential of becoming an incredibly dynamic partner to the Walt Disney Concert Hall and the other arts and cultural institutions on Grand Avenue.”

Witte noted the importance of having Gehry involved again, pointing out that, in addition to designing Disney Hall, the architect has been looking at the street for more than two decades.

“Frank brings an ability not just to design this block, but to think outside the box on what the area could become, how it would link to the Music Center, the things we, the city and the county all want to achieve,” he said.

The new Gehry plan arrives after some previous designs were blasted by figures including County Supervisor Gloria Molina, who chairs the JPA. Witte said that those designs, by the firm Gensler, were intended only as site planning for the parcel, and were not meant to be built.

He also touted the backing the development has received throughout the years, even during the slow period, from Downtown Los Angeles stakeholders.

“Despite the various ups and downs, we are really appreciative of the support we have gotten from the Downtown community, the neighborhood council, CCA, Grand Avenue stakeholders, labor unions and others,” he said. “They never wavered from their support. It has been great to have that.”

Witte said the next step is to get the blessing on the plan changes from the JPA. After that, the parties will return to the negotiating table to formally move from a phased project to a single-phase development. If that is approved, Related and Gehry will begin working on more refined, schematic designs.