

REAL ESTATE

Santa Monica Project to Break Ground

Development of a \$350-million housing and retail complex signals city's growth.

BY ROGER VINCENT

In another sign that commercial real estate is thawing in choice markets, construction will officially get underway Thursday on a \$350-million residential and retail development on Ocean Avenue in Santa Monica.

The complex, called the Village at Santa Monica, which mixes luxury condominiums and affordable apartments, has been in the works for more than six years. The project is being built by New York developer Related Cos. on a 3-acre site once owned by think tank Rand Corp.

The Village is the first major residential development to be built on Ocean Avenue in two decades and one of only a few condominium complexes under construction in Los Angeles County.

"It's very difficult to finance condos right now," said Bill Witte, president of Related California, a subsidiary of Related. "The reason we were able to is because the financial community saw this correctly as a unique animal."

The seaside location is the lure. Santa Monica has some of the most desirable real estate in the region and it is a challenge to get projects approved by local officials.

Related was one of 14 competitors vying to develop the property, which the city purchased from Rand for \$53 million in 2000. The city then sought a developer for the site.

Rand, meanwhile, built a new headquarters in 2004 on a piece of its former campus. The Village will rise west of Rand's building and on both sides of an office built by Santa



Moore Ruble Yudell

THE VILLAGE at Santa Monica complex, shown in this rendering, is scheduled to open in January 2014.

Monica developer Robert Maguire in 2002.

The Village will have 158 condos and 160 apartments in a cluster of buildings up to 10 stories high. Shops and restaurants will line much of the ground floor.

"We really want to activate the street," Witte said. There will be public plazas and gardens and a large public walkway through the Village connecting Main Street to Ocean Avenue.

Condo prices probably will start at \$700,000 or \$800,000, Witte said. Sales will begin in 2013 and the Village is scheduled to open in January 2014. Apartment occupancy will be restricted to tenants whose annual incomes are less than 60% of the local median, which is now \$50,580 for a family of four.

Rents are expected to run from less than \$600 a month for a studio apartment to about \$1,300 for a three-bedroom unit. Prospective tenants will take part in a lottery and screening process starting in summer 2013.

"The city's commitment to affordable housing is an integral part of this development," Mayor Richard Bloom said. "It will help ensure that Santa Monica is an accessible and welcoming community that fosters economic diversity."

The city will also build the \$55-million Palisades Garden Walk & Town Square on 7 acres north of the Village. The park that will connect Ocean Avenue and City Hall is being designed by James Corner Field Operations, the New York firm that designed the popular High Line elevated park in Manhattan.

Santa Monica is experiencing a burst of growth on the commercial property front that easily surpasses the slow, ragged comeback taking place in most Southern California neighborhoods. The office vacancy rate in downtown Santa Monica is a fraction of the county average and rents are among the highest in the state.

"The Santa Monica market reads more like San Francisco and the Bay Area than the rest of L.A.," Witte said, with job growth in technology and social media companies leading the way.

Santa Monica Civic Auditorium, a block away from the Village, is slated for substantial renovation followed by a relaunch with new programming by the Nederlander Organization. The Art Deco-style City Hall is scheduled for a \$50-million restoration.

There is also a rush of real estate activity surrounding the expected 2016 arrival of a Metro Rail train

line, designed to connect the city with downtown Los Angeles.

Near the end of the line, a Denny's restaurant site at Lincoln Boulevard and Colorado Avenue recently sold for \$11.25 million to make way for a new apartment and retail complex. Another parcel at the same intersection is expected to sell for more than \$30 million as commercial property prices return to pre-recession levels.

The Village is also close to the planned train line.

Related has begun excavation on the Village's underground garage. The condos and apartments will mark a return to housing on the site -- the city sold it to Rand for \$250,000 in the early 1950s after using it for an emergency housing project serving local World War II veterans and their families.

Related is developing the condos in partnership with Los Angeles real estate investment firm Resmark Cos. and the apartments with nonprofit developer Community Corp. of Santa Monica.

Santa Monica architecture firm Moore Ruble Yudell designed the master plan and the condos, and another local firm, Koning Eizenberg, designed the apartments.

Related is one of the country's most prolific developers. Its portfolio includes high-end projects, such as the massive Time Warner Center in New York and the Century luxury condo tower in Century City, as well as market-rate apartments and affordable housing such as Pueblo Del Sol in Los Angeles.

It is developing the \$56-million Civic Park in downtown Los Angeles set to open in June and plans to break ground by the end of the year on a 20-story mixed-income apartment tower near the Broad Museum on Bunker Hill, Witte said.

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