WHO'S BUILDING L.A.

A Quarterly Look at Who's Building in the City of Angels

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Perfectly tucked away in the heart of Beverly Hills, Waldorf Astoria Beverly Hills exemplifies the very best of the California good life. The 12-story, 170-room hotel marks the brand’s first property on the West Coast, joining the legendary Waldorf Astoria portfolio of 25 landmark destinations.

Waldorf Astoria Beverly Hills will feature unparalleled accommodations and amenities, welcoming and streamlined service, unobstructed views from every room, exclusive dining from the acclaimed Michelin-star chef Jean-Georges Vongerichten, and an indoor/outdoor atmosphere that may be found only in Los Angeles.

**PROJECT HIGHLIGHTS**
- 975,000 sf of RBA
- 12-story structure in the heart of Beverly Hills
- Great views from every room
- Exclusive restaurant
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Porsche Cars North America, Inc. (PCNA) has just opened its second Porsche Experience Center (PEC LA) in the United States. The new $60 million facility will serve as the company’s premier West Coast destination for the public, including automotive enthusiasts and Porsche customers.

Located on the 405 Freeway in Carson, the 53-acre complex is also the new home of Porsche Motorsport North America. The PEC LA features a driver development track with eight educational modules totaling 4.1 miles, a changing racecar exhibit, and a fine-dining restaurant.

Guests and corporate groups visiting the new facility can hone their driving skills on courses built to demonstrate the power, responsiveness and safety of Porsche sports cars.
Los Angeles State Historic Park

Los Angeles State Historic Park, often referred to as the “Central Park West of Los Angeles,” is one of California State Parks most high profile and highly anticipated park projects in the state. It is now scheduled to open to the public this month.

California State Parks officially broke ground on the 32-acre parcel known as the “Cornfield” rail yards at Los Angeles State Historic Park on March 15, 2014. The transformation of this site into a world-class park nears completion and will connect more Californians to the State Park System and develop other compatible uses in the heart of L.A.

The project adds a welcome pavilion, additional parking lots, an amphitheater, a promenade for a farmers market, wetland areas, and infrastructure improvements, including permanent restrooms.

**PROJECT HIGHLIGHTS**

- 32-acre parcel
- The park is set at the midway point of an evolving 52-mile Los Angeles River greenway and is considered a catalyst for a river revitalization movement
- The park is the culmination of more than a decade of collaboration. California State Parks has worked hand-in-hand with surrounding communities and elected officials to develop a world-class park that will provide residents and visitors with new resources for environmental enrichment, educational, cultural, and recreational opportunities, historic remembrance and otherwise enhancing urban community life.

New year, new opportunities.

Skanska teams with customers and communities to build the places we work, live and play.
The new InterContinental Los Angeles Downtown hotel, set 73 stories above downtown Los Angeles at the site of the former Wilshire Grand Hotel will set the standard for innovation, hospitality and luxury in Los Angeles. This soon-to-be landmark will become a beacon for world travelers.

The project will feature a Sky Lobby – 70 stories above the city. On the 73rd floor will be the Sky Deck Lounge – a sleek, glamorous, upscale rooftop bar and lounge with breathtaking 360-degree views of Los Angeles spanning all the way to the ocean. Sure to be an exciting destination for tourists and locals alike. The 71st floor will feature an impeccable steak house for city fine dining. Set to be completed in Spring 2017.

PROJECT HIGHLIGHTS

- 1,100 feet high, the project will soon be the tallest structure west of the Mississippi
- Breathtaking and unique Sky Lobby 70-stories in the air
- Sky Deck Lounge on the 73rd floor will offer 360-degree views of Los Angeles
- Gourmet steak house situated on the 71st floor
- 889 state-of-the-art hotel rooms; 110 suites
- Pedestrian-friendly access to downtown and across the street access to local and regional transit stations
This Year’s Construction Trends Benefit Communities

By JAY WEISBERGER

We continue to watch as Los Angeles transforms in front of us. Transit expansion is already changing how Angelinos get to school, work, and fun. Future expansions will create even more possibility. With mobility comes redevelopment and better access to the distinctive neighborhoods that make the city great. A vibrant, growing downtown is already catching east coast visitors by surprise as more businesses and residents locate there.

In almost every way, Los Angeles is shattering the long-held stereotypes that have defined it among outsiders, and even among some Angelinos. As 2017 gets under way, more construction is coming that will continue the progress and also provide more opportunities for our city and its residents.

Most notable is how Angelinos are saying yes to these changes. No one likes traffic created from things like lanes closures, but we all like outcomes that give us more opportunities to travel. Measure R is fulfilling its promise: ask anyone on the Expo Line looking at traffic on the 10 rather than sitting in it. The approval of Measure M ensures the progress continues in a meaningful manner. New projects the Measure enables will not only provide new ways to travel, but also help Los Angeles absorb more growth, making for a more resilient city and county.

These projects don’t conjure themselves out of thin air, of course. It takes hands to build them and Measure M allows for a continuation of outreach to involve local labor and small contractors in every project. Measure R projects required this, especially to traditional-ly-disadvantaged businesses, as will Measure M opportunities. At Skanska, we see new work as an opportunity help show smaller construction firms how they can not only win work with large prime contractors, but also to give them the tools they need to sustain success for years to come. Our Small Business Academy and Boot Camp may end up creating our future competitors, but if it makes our entire market stronger, we all stand to benefit.

In 2017, we see continued support of local businesses and our communities as a key expectation of all contractors. It’s no longer enough to simply build a good project. In fact, good projects are ones that fully involve the communities where they take place.

This is true of major transit and infrastructure projects as well as with new buildings. One pivot we see on the building side, however, is the adoption of some of the alternative delivery methods that have made large-scale infrastructure projects so successful in our area. Project owners are realizing that putting their project teams into silos – the architects, the contractors, etc. – leads to friction in the field. More collaborative approaches like CM/GC, Design-Build, and Integrated Project Delivery (IPD) give owners the best value for their dollar. They also allow an integrated and collaborative team to rally around the owner’s desired project goals and outcomes to the ultimate benefit of the owner’s customers and the community as a whole.

We strongly believe this trend will continue and that, whatever the chosen delivery method, Lean construction methods will continue to take priority. As much as technology has the potential to change the way we build, many changes are happening simply by eliminating the waste in construction processes that have accumulated over decades. By taking a good look at how we work, we can shorten schedules simply by eliminating inefficient or redundant processes. Lean, when paired with a delivery method like IPD or utilizing prefabricated elements can mean bringing new facilities online faster – which means hospitals can treat their communities sooner, or businesses can unlock new opportunities earlier.

We also believe we’ll see continued adoption of sustainability standards like Envision and WELL, joining well-established ones like LEED. Envision is of special significance to our area as it provides a roadmap for sustainable infrastructure and puts a special focus on supporting local businesses. In our area, where our thriving base of local businesses and agencies tackle challenges like preserving our water supply, Envision is a welcome addition to our sustainability approach. Skanska’s Expo II project was the first light rail project to obtain Envision Platinum Certification.

Paired with LEED, Envision will encourage even the most progressive communities to incentivize regional level planning. Essentially, if a building is producing a lot of graywater, finding a way to use that for dust control on infrastructure projects or as a non-potable supply in adjacent buildings immediately lowers the overall water-use of a given area. It’s a tantalizing possibility.

Of course, those possibilities exist because of the priorities our City and County leaders have set for how construction is performed. Construction is no longer a commodity in SoCal; contractors are playing a key role in our region’s transformation and the trends point to that role continuing.

Jay Weisberger is Senior Director, Communications West for Skanska.
Facilitating Downtown L.A.’s Most Recent Renaissance

By SUSAN BOOTH

RATHER than allowing our cities to decline, real estate professionals have focused on creating positive trends, forward-looking energy and activity to generate renewal and redevelopment. An urban renaissance has overtaken this country. Nowhere is this renaissance more evident than in Los Angeles.

From the Southern Pacific Railroad, which enabled L.A. to grow from a town of 10,000 to a metropolis of more than four million, to the construction of the L.A. Aqueduct, which jumpstarted declining land values, to the creation of the San Pedro seaport, which sparked a waning manufacturing sector, real estate developers and government officials have bucked urban entropy on multiple occasions.

L.A.’s most recent renaissance is nothing short of spectacular, and Holland & Knight (H&K) is proud to be part of its success.

Two key events often mark L.A.’s most recent renaissance. The first is the 1999 opening of the Staples Center, which created demand for amenities to serve the large influx of patrons. Among the first of these amenities were The Ritz-Carlton®/PW Marriot hotels, whose developer was represented by H&K partner Doug Paw and his team. They successfully structured and negotiated an agreement with Los Angeles County that permitted the developer to offset many of its costs by sharing in the hotels’ transient occupancy taxes while still providing a generous boost to the county’s tax revenues.

At the same time, H&K helped The Ritz-Carlton navigate the complexities of developing and branding luxury condominiums at the site. H&K partner Joe Guay also represented The Ritz-Carlton in connection with the agreement for Wolfgang Puck’s widely acclaimed restaurant, WP-24.

The second impetus for L.A.’s most recent renaissance was the 2001 passage of the Adaptive Reuse Ordinance (ARO), designed to reverse the outflow of residents and businesses from downtown by facilitating the construction of innovative, attractive offices, housing and hospitality space through "the conversion of older, economically distressed, or historically significant buildings." Developers rushed to take advantage of the ARO, and again H&K was on the front line. Susan Booth, head of the West Coast Real Estate Group, led teams representing construction lenders in financing many of the earliest residential projects in the Arts District, including the Toy Factory Lofts, Biscuit Lofts and Barker Brothers Lofts.

In a more recent ARO project, H&K represents the owner of the Wiltern Center, a 25-story office building in connection with its efforts to convert the building’s lobby into a restaurant, bar and entertainment facility. A team led by partner Chelsea Maclean helped the client obtain the necessary entitlements. Partner Stacie Goeddel is now assisting the client with the hospitality management agreement for the innovative conversion.

In addition to ARO conversions, H&K has assisted clients with many new downtown developments, including two of the most significant: the Metropolis and the Wilshire Grand Center. Both are under construction and, when completed, each is expected to cover an entire city block with hotel, fine dining and retail facilities as well as numerous office spaces. At the Metropolis, Ms. Goeddel assisted the EB-5 lender in connection with the governing documents for the master and the condominium associations while partner Karl Lott is helping the EB-5 lender with the financing, including navigation of the EB-5 Immigrant Investor Program. At the Wilshire Grand, Mr. Guay and Ms. Booth represented InterContinental Hotels Group (BRO) in its negotiations as manager of the luxury Intercontinental Hotel.

On the other side of downtown, an H&K team led by Ms. Booth represented OUE Ltd. in connection with the acquisition and financing of the US Bank Tower. H&K continues to represent OUE in various matters as the US Bank Tower and its state-of-the-art OUE Skyspace transforms itself into one of Los Angeles’ great tourist destinations.

H&K has represented clients in connection with several other matters integral to the redevelopment of downtown Los Angeles, including the acquisition of multiple office buildings and hotels in L.A.’s Historic Core, an effort led by Mr. Lott. He also represents the landlords of several Class A office buildings in L.A., totaling over one million square feet of rentable space, on their leases.

Holland & Knight is the only firm to be named “Law Firm of the Year” in real estate law by U.S. News – Best Lawyers in its 2017 “Best Law Firms” listings. As such, H&K is undeniably a national real estate powerhouse, but also its integral role in many of the successes of L.A.’s current renaissance shows the depth of H&K’s roots at the local level.

Susan J. Booth is the head of Holland & Knight’s West Coast Real Estate Group. She has been recognized in Chambers USA – America’s Leading Business Lawyers guide, Real Estate every year since 2010 and The Best Lawyers in America guide, Real Estate Law, since 2013. She is a member of the American College of Real Estate Attorneys and Chairs the Los Angeles County Bar Association Real Property Section.
Virtually in the construction cranes and towering steel frames that increasingly dot Los Angeles’ landscape, one thing is clear: construction here is booming. In fact, according to a recent article in the Los Angeles Times, the City of Angels may be experiencing one of its biggest construction growth spurts since the 1980s and, potentially, since the 1920s.

With the new year, however, comes new laws and regulations — including those that affect Los Angeles’ many construction projects, both large and small. From green building requirements to dispute resolution, new requirements will impact every stage of commercial construction and property development. Below are just a few noteworthy examples.

PRE-BUILD: DESIGN
January 1, 2017, saw the implementation of many new environmental requirements that will affect Los Angeles construction. Implementing new choices will take place in the state, and what construction will look like. For example, California’s building energy efficiency standards (Title 24 of the California Code of Regulations) were modified to meet California’s goal, adopted by the California Public Utilities Commission (CPUC) in 2007, that all new residential construction will be zero-net energy (ZNE) by 2020, and all new non-residential construction will be ZNE by 2030.

Some of the standards for new residential construction include requiring high-performance insulation (§ 110.29), “high efficacy” light fixtures (§150.0(h)(1A)), and “solar-ready” building components (§110.10).

Non-residential construction must now include window sensors that shut off heating and cooling systems when windows are left open (§140.4(k)), elevators that have high performing lights and fans that turn off when the elevator is empty (§120.6(f)), and escalators that reduce speed when not in use (§120.6(g)).

PRE-BUILD: TEAM ASSEMBLY
The L.A. Area Chamber presented the 2016 Los Angeles City Council Districts Economic Report, which compared key economic indicators for each of L.A.’s 15 Council Districts including annual employment, average wage, tax revenue and building permits over the last year.

“ACCESS L.A. City Hall is about making business growth and attracted the number one priority for City Hall,” said L.A. Area Chamber President & CEO Gary Toebben. “The Chamber is committed to representing the voices of the business community in L.A. and building meaningful partnerships with City Hall to help the economic development of this region.”

After sharing the report findings, the Chamber went on to present an advocacy agenda featuring eight action items that can improve our economy during 2017 including:

- Making business growth and job creation the number one priority at City Hall
- Continuing LAX modernization and Metro connection progress
- Providing continued commitment to economic growth by continuing to reduce the Gross Receipts Tax
- Ensuring the Port of Los Angeles can compete and maintain market share in the competitive domestic and international goods movement economy
- Supporting the co-equal goals of water supply reliability and ecosystem restoration
- Maintaining momentum in addressing our homelessness crisis by supporting Measure HHH
- Ensuring a skilled workforce by supporting a credible-to-career approach
- Ensuring a reliable and affordable baseline supply of energy today and in the future.

The 2016 Los Angeles City Council Districts Economic Report found that a majority of districts experienced growth in private sector employment. While the county employment rate grew by 1.9 percent, the education sector dropped by 6.7 percent. The City’s wholesale trade employment went in the opposite direction of the county rate with a 1.2 percent decrease, while the county had a 1.2 percent decrease.

According to labor market and firm data, job growth rate is slowing down. Although a positive level of growth was maintained in nearly all districts, the rate of growth over the previous year is lower for seven districts. Districts 1 and 8 both had drops in the employment rate from positive to negative. District 7 saw the largest turnaround with 3.7 percent growth in 2015, up from a 0.04 percent decline in 2014.

The report also found that the average annual wage in the City of L.A. increased by 1.3 percent from 2014 to 2015 to $59,300. More than half of all industries experienced positive wage growth in 2015, with wholesale trade ranked the highest at 4.9 percent growth. Retail trade came in second with a 3.5 percent increase. The transportation and warehousing industry was the sole outlier, with a 2.8 percent decrease in annual wages. Over 500 positions increased in all districts, except for District 13.

Mixed-use construction projects are a vital component of efforts to combat the City’s housing shortage and continue to lead growth in construction permits. However, the total value of permits issued dropped by 2.8 percent from 2014 to 2015 to $7.4 billion. Home building remained steady, representing 48 percent of all building permits issued.

Despite designing the perfect project and diligently assembling a construction dream team, disputes sometimes arise between the project developers and contractors. In California, there are specific laws that affect how disputes between project developers and unlicensed contractors are handled.

The general rule in California has been that unlicensed contractors cannot sue to compel payment for work performed. In fact, persons that hire unlicensed contractors may bring a court action to disgorge the contractor of all money paid to him or her for the performance of work that required a license.

Unlicensed contractors, however, are not subject to disgorgement if they “substantially complied” with California’s licensing requirements. Previously, to establish “substantial compliance,” a contractor needed to show that:

1. The contractor had been duly licensed as a contractor in the state prior to the performance of the act or act at issue;
2. The contractor acted reasonably and in good faith to maintain proper licensing; and
3. The contractor did not know or reasonably should not have known that he or she was unlicensed.

New California laws impact every stage of construction and property development.