

Interest In Metro Rail Joint Development On Rise As Crown Jewel 'Hollywood & Highland' Project Opens

By GARY WOSK
(Nov. 16, 2001) Hollywood & Highland, developer TrizecHahn's \$615 million retail/entertainment complex, which opened above the MTA's Metro Red Line station, Nov. 9, is the

crown jewel of MTA joint development efforts to date. Overall, close to \$1 billion has been spent on joint developments at Metro Rail stations with more projects looming on the horizon.



Visitors tour new retail center on opening day of 'Hollywood & Highland' PHOTO: LUIS INZUNZA

See also: [Metro Rail Ticket Sales Peak with Hollywood & Highland Opening](#)

"At Hollywood & Highland, we have an ideal partnership, a destination for millions, and the public transportation system to get them there, including the development's many employees, some of whom live in surrounding communities and do not own a car," says Board Chairman John Fasana. "Signposts up ahead signal this as being just the beginning of other joint development projects that will be beneficial to both private investors and taxpayers.

"Hopefully a large percentage of the people who wind up using Metro Rail for traveling to Hollywood & Highland because it is safe, fast and convenient, and are using public transit for the first time, will decide that the train can have other applications in their lives, including work and play, thereby reducing traffic congestion and improving air quality."

The 1.2 million square foot development will feature six new movie screens called the Chinese 6 Theatres, over 70 retail shops, restaurants, a Grand Ballroom operated year-round by Wolfgang Puck, and a TV studio. It will also host the Academy Awards® ceremonies in the 3,500 seat Kodak Theatre, and will include the 640-room Renaissance Hollywood Hotel and a 3,000-space underground parking garage.

TrizecHahn is leasing 1.35 acres of MTA land for 55 years at a rate of \$492,000 per year (with additional increases added every five years based on the Consumer Price Index) and four 11-year optional extensions. The project was the result of two years of negotiations among the MTA, Los Angeles Community Redevelopment Agency, and the City of Los Angeles.

Vital component of development

"Joining Hollywood & Highland with the Metro Red Line subway is the perfect public-sector marriage," says TrizecHahn President Lee Wagman. "The ability to deliver over 9 million visitors a year to Hollywood via the Metro Red Line was a vital component of our development. I would hope and expect other developers will seek out the MTA as partners at other Metro Rail stations."

At the nearby Hollywood/Vine Metro Red Line station, MTA is currently

reviewing joint development proposals.

At the Hollywood/Western Metro Red Line subway station, McCormack Baron Salazar has already built 60 affordable housing units at a cost of \$11 million. A tentative ground lease agreement has been reached to build 60 more affordable housing units, a daycare center and 10,000 square feet of retail space for \$12.5 million. Construction is expected to begin on the second phase in early 2002.

Last summer, the MTA Board of Directors agreed to enter into six months of exclusive negotiations with a developer who wants to build a \$36 million mixed-use complex at the Wilshire/Western Metro Red Line subway station. If, at the end of the period, the MTA Board approves a joint development agreement with Wilshire Entertainment Center LLC, which would also include a ground lease, the four-story complex would feature 50,800 square feet for retail stores, 182 apartment rental units, 564 parking spaces and a bus transit center.

Wilshire Entertainment Center LLC is one of an increasing number of developers who have proposed joint developments at Metro Rail stations, a reflection of a shortage of commercial real estate and realization that Metro Rail locations can be quite profitable.

Exclusive negotiations are also underway with developer MacLeod Partnership to jointly develop the Westlake/Macarthur Park Metro Red Line subway station.

Retail space and restaurants

If a final deal can be consummated, the station would feature 52,000 square feet devoted to retail and restaurants, a 50,000 square foot market, 6,500 square feet for retail kiosks, a possible charter middle school for 350 students plus park-and-ride spaces and an area where passengers can be picked up or dropped off.

Joint development has also taken place at two other Metro Rail stations. Home Savings of America constructed a major portion of the MTA's 7th/Metro Center/Julian Dixon Metro Rail station portal at private expense.

Meanwhile, at the Willow Metro Blue Line station, the MTA and the Long Beach Redevelopment Agency leased land to the parent company of Luckys Stores (now Albertson's) who constructed a shopping center and a 700-space parking structure for Metro Blue Line passengers. In addition, the MTA, in conjunction with Catellus Development Corp., constructed its headquarters building, transit center, and prepared building pads for future development around Union Station.

On Nov. 29, the MTA Board will consider entering into a six-month exclusive negotiations agreement with developer Legacy/Olson for a mixed-use, transit-oriented joint development at the North Hollywood Metro Red Line subway station. If selected by the Board, developer Legacy/Olson would proceed with plans to construct 28,000 square feet of retail space and between 424 to 534 residential units on the 12-1/2 acre site.

In addition, exclusive negotiations for joint developments at Wilshire/Vermont and Hollywood/Vine Metro Red Line stations are expected to begin in January or February 2002.

"Creating joint developments around Metro Rail stations, which can include housing units and office space as well as retail and recreational

activities is something the MTA Board has set its sights on, especially since Metro Red Line expanded to the San Fernando Valley in June 2000," says Fasana. "We are very optimistic that agreements similar to Hollywood & Highland and as ambitious will be realized."

Economist Jack Keyser of the Los Angeles County Economic Development Corp. says Metro Rail "certainly helped" TrizecHahn decide to build at the Hollywood and Highland location and will carry both out of state visitors and residents to the complex.

"Business people who attend conventions in Los Angeles and Long Beach will want to take Metro Rail to Hollywood & Highland as well as tourists, and residents who are looking to have fun in their own backyard," says Keyser.

[Back to MTA Report](#)