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NEWS RELEASE

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FOR IMMEDIATE RELEASE

Councilmember José Huizar Calls For New City Policy To Spark Commercial Reuse of Vacant Upper Floors on Broadway

Asks task force to come up with plan to reactivate more than 1 million square feet of long vacant commercial space on Broadway

LOS ANGELES (Oct. 22, 2008) – Councilmember José Huizar introduced City legislation today calling for a Bringing Back Broadway Commercial Reuse Task Force to develop recommendations for an ordinance aimed at encouraging and providing incentives for upper- and lower-floor commercial reuse on Broadway and in the Historic Core.

More than 1 million square feet of commercial space is vacant in the upper floors of Broadway's buildings and the vacancy rate on the ground floor – which has increased since the exodus of commercial businesses and employees to Bunker Hill – is estimated to be at least 15 percent and is on the rise.

“Unless the City does something to encourage the reuse of long-vacant commercial spaces, we'll be staring up at architectural ghosts all along Broadway,” said Councilmember José Huizar, who is heading the Bringing Back Broadway Initiative, a public/private effort aimed at revitalizing the Historic Broadway Corridor. “Tragically, too many of these beautiful historic high-rise buildings are completely vacant on the upper floors, and the City will continue to miss the opportunity for much-needed long-term revenue from millions of square feet of vacant commercial and retail space.”

Due to their 19th-Century design and functionality, Broadway's commercial and theatrical buildings have fallen to substandard levels of occupancy safety, especially in the upper floors. Much of that upper floor space cannot be legally occupied today after years – even decades – of vacancy.

(more)

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The task force will be convened by the City's Community Redevelopment Agency within 30 days and will include a wide variety of City departments and business leaders. The task force will then report back within 60 days with recommendations, including meaningful financial and program-based incentives for the consideration of a new ordinance.

The City's 1999 Adaptive Reuse Ordinance, which allows residential units to be built in underutilized commercial buildings, has been an estimated \$6 billion boon to development downtown and to the City's economy, exceeding the combined cost of the Staples Center, Walt Disney Concert Hall, the Cathedral, and LA LIVE, in addition to the projected cost of the Grand Avenue Project.

"Adaptive Reuse has changed the face of downtown and has jump-started revitalization that would otherwise not have been possible in the Historic Core," Huizar said. "Unfortunately, not all of the wonderful buildings on Broadway are suitable for conversion to housing and the low-hanging fruit for adaptive reuse have been plucked."

Due to market forces in place when many Broadway buildings were acquired, ground-floor rents continue to be sufficient to cover operational costs for many building owners, leaving little incentive to invest in the costly renovations necessary to legally reuse upper-floor commercial spaces.

At the same time, independent "Mom & Pop" businesses - especially restaurants and other amenity-oriented establishments - are discouraged from occupying vacant lower and ground floor spaces on Broadway due to costs and difficulties related to completing change of use projects within historic high-rise type buildings.

Huizar will call on the task force to move quickly and to think aggressively and creatively about how to capture the significant revenue the City is currently missing by creating commercial reuse incentives in the historic core and promoting business and job growth downtown.

"There are so many options, even for spaces which would not be appropriate for adaptive reuse for housing - we should look at creative office space and boutique hotels to find ways that restaurants and cafes can more easily get into the vacant spaces on Broadway," Huizar said.

The Bringing Back Broadway initiative intends to revitalize the historic Broadway corridor so that Broadway can once again serve the City of Los Angeles as a thriving entertainment, commercial and retail center. Planned public projects such as new parking facilities, a streetscape plan, the Downtown LA Streetcar and an entertainment-oriented overlay zone will help prevent this historic corridor from falling into further decline.

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