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Hollywood Park About to Ride Into the Sunset

DEVELOPMENT: Gates to open for big project.

By DAVID HALDANE Staff Reporter

The owner of Hollywood Park intends to close and begin demolishing the iconic Inglewood track by Aug. 1 so it can move ahead with an ambitious \$2.1 billion mixed-use redevelopment.

The decision means that **Stockbridge Real Estate Funds**, a San Mateo based investment fund, was serious when it threatened earlier this year to halt racing at the track if state voters allowed Indian casinos to install more slot machines.

Hollywood Park and other race tracks statewide have complained that Indian casinos – the only legal operators of slots in the state – have lured away gamblers. They unsuccessfully sought to defeat compacts on the Feb. 5 ballot that allowed Indian tribes to install 17,000 more slot machines.

Still, the massive mixed-use development is no sure thing, especially given the state of the commercial real estate market, which has stymied big projects in Los Angeles and

Development: Hollywood Park Hits Finish Line

elsewhere. Stockbridge, however, is betting that the market will have recovered by the time major portions of its project are ready to open.

"When you do projects on this scale they take 10, 15 years," said Chris Meany, a partner at Wilson Meany Sullivan, a development firm handling the project for Stockbridge.

In interviews late last week, Meany and other representatives of the company discussed details of the massive development that have not been widely reported.

Plans call for the project to be completed in three phases, beginning with the construction of streets, sewer lines and sidewalks. Also included in the first phase are 620,000 square feet of retail space and the renovation of the park's 120,000-square-foot card club, which is not slated for demolition.

The first phase is supposed to be completed within 24 months, once demolition of the track and surrounding structures is finished on the 238-acre site. Eventually, Stockbridge wants to build 2,995 new dwellings – mostly condominiums and townhomes priced from \$350,000 to \$600,000 – as well as department stores, 75,000 square feet of office space and an expansive park system featuring a lake. The homes are expected to go on sale in three to four years.

The company has enough capital on hand to begin work in August, Meany said, and is confident of acquiring any necessary funding later, though he and other company executives declined to discuss financing in detail.

Stockbridge is already in the process of knocking down the other track it owns – the 83-acre Bay Meadows Race Track in San Mateo, which was closed Aug. 17. That development is slated to have 1,200 homes, 800,000 square feet of office space and 92,000 square feet of retail space. Stockbridge wants to complete it by 2011.

Still, the developers face a tough market. The \$3 billion Grand Avenue redevelopment in downtown Los Angeles, for example, has failed to secure a construction loan, even though developer Related Cos. of New York is respected nationally.

"Certainly financing is a challenge for any developer today," said Mark Tarczynski, senior vice president of urban development at **CB Richard Ellis Group Inc.**, the large Los Angeles commercial real estate services firm. "There are projects all over going in search of construction loans."

Los Angeles mall developer Rick Caruso, on the other hand, last week won approval to transform the aging Miramar Hotel, in Santa Barbara County's Montecito, into a luxury seaside hotel after many delays. Caruso said he does not expect the economy and credit crunch to slow the project, with construction starting in 2010.

The proposed Hollywood Park development could have the same outcome.

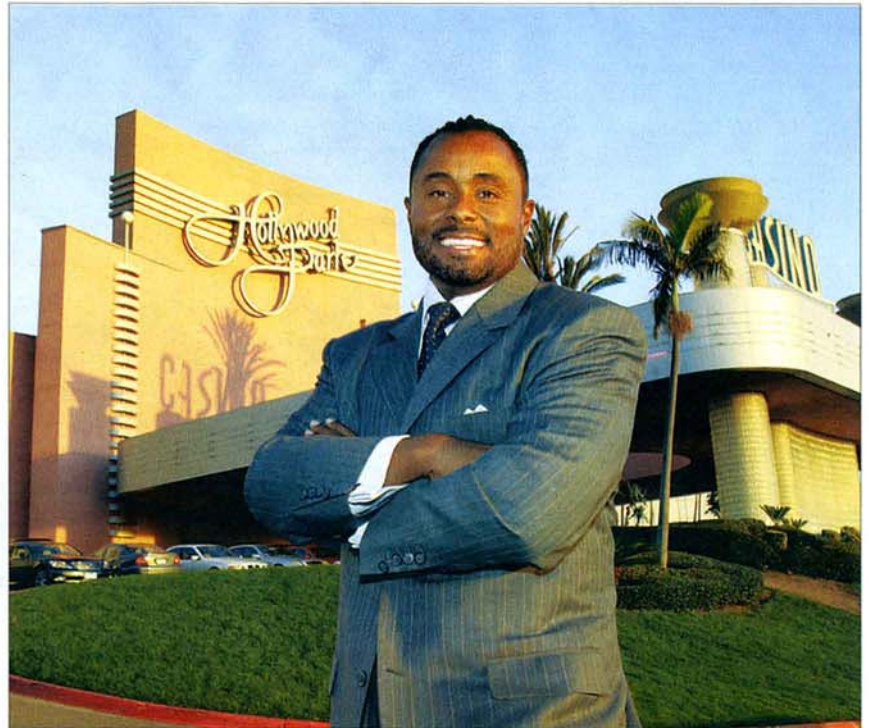
"The good news," Tarczynski said, "is that, despite the downturn in housing prices and rents, you also have a downturn in construction costs, so more than likely this project will pencil."

Decline of racing

Stockbridge bought an interest in Bay Meadows in 1997, and in 2005 bought Hollywood Park from **Churchill Downs Inc.**, the Louisville, Ky., owner of the historic Churchill Downs race track where the Kentucky Derby is run.

At the time, most observers viewed Stockbridge's acquisition as little more than a real estate play, especially given that it came just one year after California race tracks and card clubs failed to win approval of slot machines for their establishments.

The tracks and card clubs were heavily outspent by the Indian tribes operating casinos in a campaign leading up to a statewide



Transformer: Gerard McCallum II, project manager of the race track redevelopment project, in front of Hollywood Park.



Rendering: Plans for this cinema plaza at Hollywood Park have been submitted.

ballot measure and California voters turned down the idea. At the time of Hollywood Park's purchase, however, Stockbridge promised to give the track three years to become more successful.

Not only has that time passed, but the tribes were able to convince voters earlier this year to allow them to add 17,000 more slot machines to their casinos in exchange for giving the cash-strapped state more revenue.

"The track is not making money," said Gerard McCallum II, the project manager of the race track redevelopment project at Wilson Meany Sullivan.

The plan, for which developers recently submitted a preliminary environmental impact report, could be approved by the city early next year. Representatives of the company have held dozens of community meetings in recent

months to get input on the plan.

The recently submitted environmental report predicts that the new project will generate substantial traffic, but the developers are promising to improve several surrounding intersections and widen some streets. A final environmental report is expected to be submitted by the end of the year for approval in February or March.

When all is said and done, developers and city officials said the project will create some 19,000 jobs – more than 500 of them permanent – and contribute perhaps \$1.5 million in new retail and property taxes into Inglewood coffers each year.

That injection, along with the housing and retail to generate it, is long overdue in the "City of Champions" that once hosted two major professional sports teams. When both

the Los Angeles Lakers pro basketball and Kings hockey teams left the Inglewood Forum for the newly constructed downtown Staples Center in 1999, the city went into something of a decline.

"We realized that we had to roll out the red carpet to invite businesses in," said Mayor Roosevelt Dorn. Faced with the decreasing patronage of visitors from out of town, he added, city leaders decided to "move forward to develop a business tax base."

Little opposition

The only organized opposition has come from thoroughbred horserace lovers who operate the Web site SaveHollywoodPark.com and see the track as one of a kind.

"For 70 years," they declare on the Web site, the facility "has brought excitement, history-making racing and beauty to Southern California. Let's keep it going for another 70 years!"

Members of the group could not be reached for comment.

Opened in 1938, Hollywood Park has a historic association with Tinseltown as its name implies. The park's original chairman was Jack L. Warner of Warner Bros. studios, and shareholders included Walt Disney, Samuel Goldwyn and Ralph Bellamy, big Hollywood players all. Back in 1951, Citation became racing's first \$1 million-earning horse by winning the Hollywood Gold Cup. And during the track's heyday, such stars as Telly Savalas and Fred Astaire were said to regularly attend.

Some hint of that former glory can be gleaned from a visit to the place. Like relics of a bygone era, a flock of pink flamingos graces a manmade lake inside the track. In the upper grandstands, elegant tables evoke the specter of parasols on a sunny day. Glancing over the expansive lawns framed by yellow marigolds, one almost expects to see Humphrey Bogart smoking a cigar by the track.