

Developer Scales Massive Project In Boyle Heights

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From left, Ian and Mark Sanders at Fifteen Group in Hollywood. Photo by Ringo Chiu.

It's one of the community's biggest apartment complexes: 153 buildings with 1,187 units spread out on 70 acres in Boyle Heights. And to say it's in need of renovation is an understatement.

The sidewalks are crumbling, orange paint is peeling off exterior walls, and the wiring is so outdated that residents can't turn on the TV and blow dry their hair at the same time.

Welcome to the Wyvernwood Garden Apartments, a Depression-era complex that – in fact – owner Fifteen Group

would like to demolish and replace with a \$2 billion complex of apartments, condos, shops and offices nearly four times larger.

“Our vision from day one was to reposition the property to potentially turn it into something that was better operating, safer, cleaner and a better place to live,” said Ian Sanders, co-owner of Fifteen Group, a Miami development company with local offices in Hollywood.

The company knows its proposal is ambitious and doesn't expect to carry it out overnight. Plans call for the development to be built out over the next two decades in five separate phases. Even so, the largely Latino, lower-income community hasn't seen a proposal this big in decades.

Reflecting that size, Fifteen Group said it has held more than 125 meetings with community groups and city officials to mold the proposal so that disruption to the current residents would be minimized – 15 percent of units will be affordable, and existing residents will have the option to

stay on at their current lease rate or take a financial package to relocate – while the final product will attract Boyle Heights natives.

“We realized that there was significant demand from people who grew up in that community and wanted to come back but didn’t really feel like the options were there in terms of new and modern housing,” Sanders said.

The efforts have attracted the support of the Boyle Heights Chamber of Commerce. Most recently, a draft environmental impact project was released in October, moving the project along. Fifteen Group first started work on the proposal in 2005 and talked publicly about it prior to the real estate crash, though no formal plans had been submitted.

Still, the company is facing some serious opposition. The local city councilman; the Los Angeles Conservancy, a leading historical advocacy organization; and a major community group oppose the project.

However, Albert Shilton, a senior managing director at Charles Dunn Co. in Century City who brokered the sale of Wyvernwood to Fifteen Group in 1998, said he doesn’t expect the developers will abandon the project at this point.

“These guys are fearless,” said Shilton. “I’m sure they’ll develop a product for that market and at a price tag that works.”

Historic garden apartments

Fifteen Group was founded by Sanders and his brother, Mark, in Miami in the early 1990s. The New York natives built the company’s portfolio by buying up and developing multifamily properties in working-class neighborhoods.

“We are looking for neighborhoods that are maturing, still finding themselves and have pockets of opportunity,” said Mark Sanders.

By early last decade, the company had spread its portfolio over 11 U.S. cities. But when the real estate market crashed, the portfolio was whittled down mostly to properties in South Florida and Los Angeles, including Wyvernwood, which Fifteen Group bought for \$25 million in 1998 as its entry into the L.A. market.

The property was one of the first garden-style apartment campuses in Los Angeles and preceded similar developments such as Park La Brea in the Miracle Mile area. Most of it was built in the late 1930s and early ’40s, and over the years it has grown to its current size.

Fifteen Group wants to raze virtually all the existing structures and build 4,400 residential units of multiple sizes, from studios to three bedrooms, with 1,200 for rent and 3,200 for sale. (No prices have been disclosed.) Buildings would range in size from two to 24 stories, but most would be no taller than seven, designed in styles ranging from Spanish colonial to contemporary.

“We started to recognize the size of the land we had and the opportunity to create something special in Boyle Heights where things like this have not historically happened,” Mark Sanders said.

Also planned is 300,000 square feet of retail and office space, as well as 25,000 square feet for civic use, such as meeting rooms, and more than 35 acres of open space. Construction would begin in 2015, with financing sought for each phase individually. The project is slated for completion in 2030.

Shilton, the broker, thinks the project could reinvigorate the working-class area.

“Was L.A. Live the right thing? It was the shot in the arm for downtown L.A., and a development of this size and scope has the capacity to create synergy in an area where other development will follow,” he said.

But while the Boyle Heights chamber sent a letter of support to the city, community development organization East L.A. Community Corp. believes the complex simply should be renovated with more community involvement.

“We acknowledge (Wyvernwood) needs to be improved, but we see a real big challenge in the complete demolition of an area that is critical to a neighborhood,” said Isela Gracian, the group’s associate director.

The community group has support in its position from the Los Angeles Conservancy, which also opposes the demolition of the historic units, which are eligible to be placed on the National Register of Historic Places. It wants the complex renovated according to historic guidelines.

Meanwhile, L.A. City Councilman Jose Huizar is concerned about the density and disruption to the long-standing community in the complex. He also believes the project doesn’t adequately address issues that come with adding people to the area.

Huizar wasn’t available for comment, but his office provided a copy of a letter sent in response to the environmental impact report, which concluded that most traffic or other issues associated with the development could not be resolved, except for a few nearby intersections that still need to be addressed.

However, the councilman's letter stated that the "city has a responsibility to ensure that the existing fabric of this community is not torn apart, nor to place additional onerous burdens on it."

Fifteen Group has its hands full as it tries to push redevelopment of the Wyvernwood along.

In July, the company paid \$8.2 million for a Silver Lake property where it plans to build 45 townhomes selling for up to \$600,000 each. Construction could begin in the fall.

In September, it bought a one-acre site known as Morton Village in Echo Park for \$1.65 million. The site is already entitled for 18 homes, and the company hopes to begin construction this spring, again selling the homes for as much as \$600,000. Meanwhile, the developers are scoping out other local space, including a creative office building in Santa Monica and other residential property on the Eastside.

"We were pursuing a business plan of following job growth and population growth and immigration growth," Mark Sanders said.

Still, for now, the biggest project on its plate is Wyvernwood, and the company is counting on the support of current residents.

Lucy Gonzalez is a 26-year resident who has volunteered to drum up support among other tenants for the project.

"At first, I was thinking about it twice but now I feel really secure (that the project will provide) for better living and for the future of our kids," Gonzalez said.

However, support at the Wyvernwood is far from universal.

Resident Jose Navarro said that many residents worry that rents, which range from \$735 to \$1,660 a month, will rise despite the promises.

"There are very high mixed emotions," said Navarro.