

By Hunter Drohojowska

Wayne Ratkovich bought the landmark Wiltern building just before his fortieth birthday. At a party in his honor, he was presented with a model of the Empire State Building that a friend had labeled "The Ratkovich Building." On it was also the inscription: "Maybe someday you'll own a building that doesn't have someone else's name on it."

But it is unlikely that Ratkovich will ever be so memorialized. As the man best known for his renovation of L.A.'s landmark structures, including the mid-Wilshire Wiltern building, the downtown Oviatt Building and, most recently, the Global Marine Building (also downtown), he isn't interested in erecting monuments to himself. "My interest is much more in participating in bringing L.A. those qualities that make it exciting, enriching, human," he says. For a moment he forgets to feel embarrassed, as he usually does when revealing his idealism — a quality not often associated with hard-nosed developers. Indeed, a drawing of Don Quixote hangs on his office wall.

But idealism is not all there is to Wayne Ratkovich; he has a healthy dose of pragmatism, too. He insists that he chose his particular brand of real estate as a way to make a contribution to society but "still make money." With partner Don Bowers, cofounder of Ratkovich, Bowers, Inc., he seeks to show the world that it is possible to preserve both history and the bottom line. "We think one of the really important things about remodeling these buildings is that we dispel the notion that these are either philanthropic or government-sponsored enterprises. I try to underscore that we have done this profitably."

Perhaps Ratkovich has managed to reap financial rewards from his idealism because he was brought up on the American Dream. The son of Yugoslavian immigrants, he grew up in the San Gabriel Valley with five siblings. One summer, instead of driving a Coca-Cola truck, as he had done every summer to make money for school, he sold real estate for the firm of a family friend. "Instead of \$400 I made \$2,000, which was a lot of money for a college kid. So it really got my attention." Since Los Angeles brought him financial success, he is repaying the debt, acting the responsible citizen. "It would make a richer city if more people would do it," he says.

But as a self-acknowledged anomaly in the severe business of real estate development — especially in L.A., the land of raze and rebuild — Ratkovich knows all too well why people don't see things his way. "First," he says, "L.A. is the land of constant growth and milk and honey, new freeways and new freeway off-ramps, and another suburban area every decade. It is sort of our pattern as developers to be racing off to the next freeway off-ramp. We really haven't turned back inward to say, 'What can we do to repair some of the worn out areas that are behind us?'"

"The second reason is that there's a certain pride in having your own building. Developers have their own ideas on how a building can be better than the one down the road. Also, it is a lot neater to do a new building. It is cleaner, simpler, safer, more predictable, more concise, more organized and consecutive, and much less management intensive. So there's a legitimate fear in getting involved in the rehab process."

But Ratkovich claims that renovation can be the

least costly form of development, and cites his own Oviatt Building as an example. He points out that the \$50-per-square-foot renovation price was a third of what it would have cost to build yet another glass box of the same size. What's more, there are tremendous tax benefits in preservation. By a Congressional act passed in 1982, a developer will receive a hefty 25 percent investment tax credit with the renovation of any building designated a landmark by the National Register of Historic Places.

Even so, Ratkovich's stance as the pragmatic idealist will be tested by the purchase of the poorly situated Pellissier Building, more commonly called the Wiltern.

The green, ziggurat-shaped tower of the Pellissier was built in 1931 on the corner of Wilshire

had acquired the 4.4-acre block of land it was situated on. He plans, after completing renovation, to develop a \$140 million mixed-use compound with hotel, office, parking and possibly condominium space. Meanwhile, he claims that he has already leased most of the 80,000 square feet of office space in the tower, at \$20 per square foot, and that all of the retail ground floor space is committed. His plans for this area are typically ambitious.

A 20,000-square-foot emporium will house formal, private and informal dining rooms; espresso, piano and wine bars; pastry and ice cream stands; a gourmet deli; a flower stall; and an international newsstand. All will be arranged along a spacious, well-lit corridor, and much attention will be given to plants, decor and atmosphere. A single, massive kitchen will serve the entire operation to avoid

THE MAN WHO'S SAVING OLD L.A.

Wayne Ratkovich is a developer you could learn to love

Boulevard and Western Avenue — at the time, an uptown area with wide sidewalks, elegant stores and spacious parks. The building, named after the grandfather of the architect, Henry de Roulet, featured a tower and shops covered in terra-cotta tiles, and housed an opulent art moderne movie theater that transported audiences to a world of visual fantasy even before the film rolled. Murals decorated the walls, and the chandeliers illuminated gold and silver plaster reliefs. However, in time, the building, like the neighborhood, began to deteriorate.

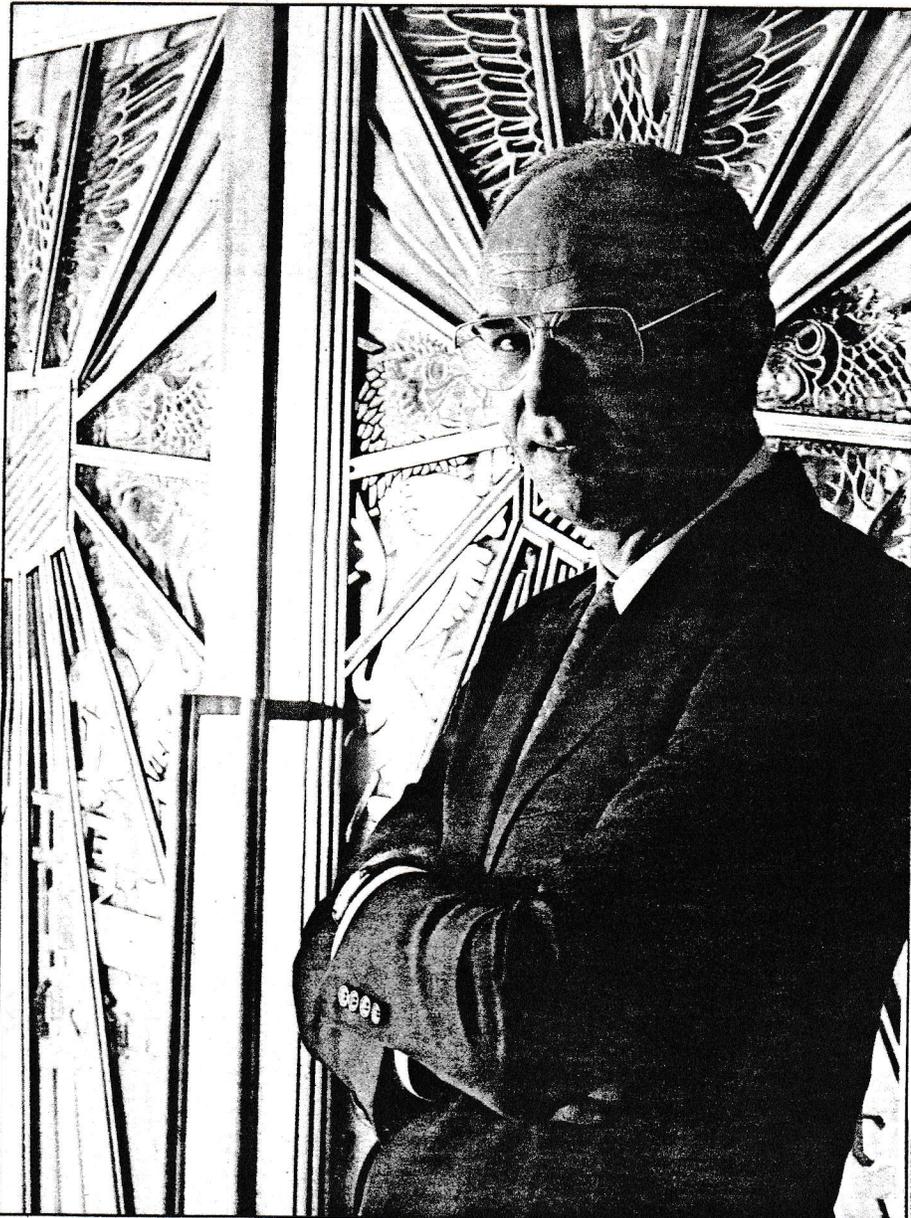
In 1960, Franklin Life Insurance Company, the building's absentee landlord, no longer saw the building as profitable and wanted to demolish it. But because of the building's historic significance, literally thousands of citizens and preservationists, supported by city councilman John Ferraro, fought the action. Then Ratkovich, in collaboration with Bronco Ltd. (an investment concern made up of members of the philanthropic Braun family in Pasadena), bought it for \$6.3 million, and budgeted an additional \$5.7 million for its renovation, exclusive of the theater. He immediately became quite a hero. (Unfortunately, Franklin Life had already allowed the beautiful original seats and light fixtures to be sold at a fraction of their value. They could have been saved, had the deal with Ratkovich closed just a few months earlier. Speculators regularly try to sell the stuff back to Ratkovich at inflated prices. They are told that the Wiltern accepts all donations.)

Ratkovich had not only saved a landmark, he

waste, and a single chef, Joachim Splichal, formerly of business tycoon David Murdock's chic and private Regency Club, will own and operate it, thereby ensuring tight control over the quality of the food and service.

Unfortunately, plans are not going nearly so smoothly with the Wiltern Theater. When the subject is brought up, Ratkovich sighs and says, "Our approach to the project was to say to ourselves, 'Look, you are paying nothing for the theater. The price you paid for the property can be considered the cost of the land.' I have always felt that part of this project belongs to the people of L.A. who were out there marching with their placards and who basically stopped the demolition of the building. We had hoped that through the development process we could match up with someone and return the theater to L.A., make it a performing arts center, a place that had civic identity."

Ratkovich didn't realize how cumbersome a gift the theater would turn out to be. He has been willing to give the Wiltern to any group able to come up with the nearly \$5 million its renovation would cost. At first, UCLA was interested, but was financially handicapped. Next, Broadway producer David Merrick negotiated to open the Wiltern with the musical *42nd Street*, but after he had a stroke earlier this year, the project was suspended. Currently, there are ongoing negotiations with several concerns, including Radio City Music Hall and Harry Rigby, the producer of *Sugar Babies*, to manage the place, but still "no commitment to



They said it couldn't be done: Wayne Ratkovich in front of the renovated Oviatt Building, in downtown L.A.

anyone," Ratkovich says. Yet, Ratkovich hopes to open the restaurant complex and the theater at the same time, around spring of 1984.

If Ratkovich seems fatigued with the whole business of the Wiltern, the only topic that pains him more is discussion of its neighborhood, the Mid-Wilshire District. Ever the optimist, he compares the situation to that of downtown in 1976, when he

bought the Oviatt Building. The art deco building had been running at 30 percent occupancy, and the ground floor had been empty for ten years when his firm bought it for \$400,000. Against the caveats of many, Ratkovich spent \$5.5 million on renovation and then leased an elegant two-story space, with its carved oak paneling and crystal light fixtures, to the exclusive Rex restaurant. The Oviatt quickly

became one of the most prestigious of all L.A. office buildings and now generates \$1.26 million a year.

"I don't think anyone knew there was going to be a revitalization of downtown," says Ratkovich, "but beauty is in the eye of the beholder. The same is true of the Mid-Wilshire corridor. I agree there are parts of it that should be more attractive than they presently are. But that is also because there are lower expectations than ought to exist. I think that someone has to provide an example, and we probably have the best opportunity with the theater and the restaurants. Once there is an example of success, then I think people's expectations will change."

Still, his friends have doubts. Says Jim Alexander, vice president of investments at the Ralph C. Sutro Company, the large mortgage banking firm that financed the renovation of the Oviatt, "If it's not the right location, you can't attract tenants. If the Oviatt had been on Broadway, you wouldn't have done it no matter who was involved."

And William Puget, vice president of Cushman Realty and a former employee of Ratkovich, shrugs and says, "Wayne and I have agreed to disagree on this." He points out that Cushman Realty was asked to sell the Union Bank Building, across the street from the Wiltern, when the owner, Getty Oil, moved its headquarters to a 36-story tower in Universal City. Puget says, "The Mid-Wilshire location is perceived as having a terrible reputation. Wayne thinks that as everyone is trying to bail out, that's the time to move in. But we see more people moving out than in. I'm a big fan of preserving old buildings where appropriate — I've sold several historic buildings and have a great affection for them — but it's so damned hard to find the right location."

In betting on the success of the Wiltern — indeed, on the entire future of the Mid-Wilshire District — Ratkovich has undoubtedly gambled that the proposed Metro Rail system, which is currently planned to run west along the Wilshire corridor, will be constructed. He has been active on the transportation task force, as well as on Partnership for Progress, a committee founded by the late Harvey Perloff, former dean of the UCLA school of architecture and urban planning. And he is trying to bring together leaders in private enterprise, government and nonprofit institutions to tackle a few of L.A.'s many civic problems, not the least of which is transportation.

As an apologia for the proposed Metro Rail system, Ratkovich defends Mid-Wilshire as the most densely populated area in the entire city. He points out that fully 18 percent of L.A.'s population lives within three miles of the Wiltern and that more than 40,000 employees work in the Wilshire corridor. "It seems to me that if this city has a future, it had better recognize the opportunities in the places where people live. I see that area as one of the few places in L.A. where people live within walking distance from an intensely developed commercial corridor. You've got to stop running sometime and deal with the issues that cause concern, whether it's crime, congestion, housing or ethnic groups. I think those factors are all opportunities to make a very vibrant, interesting, stimulating, diverse city."

Even though Ratkovich was one of the first to recognize the potential of the downtown area, he still seems a little startled by how this recognition

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EIGHT MORE WORTH SAVING

What are the most desirable buildings to renovate in L.A.? Developer Wayne Ratkovich gives his choices and comments:

1. Mayflower Hotel

Grand Avenue, between 5th and 6th, downtown.

"This hotel has a great location, overlooking the library. It would make a wonderful 'boutique' hotel, a small, personal hotel like the Whitehall in Chicago."

2. Los Altos Apartments

Wilshire and Norton, Mid-Wilshire.

"These apartments have interesting architecture and history. Marion Davies lived in the penthouse. It's one of the few buildings where one could do a mixture of retail and office on the ground floor, and residence above."

3. Federal Reserve Building

Olympic and Olive, downtown.

"Significant architecture. It was built by James Parkinson, the architect for city hall and Bullock's Wilshire. The location allows it to be marketed."

4. Ambassador Hotel

Wilshire and Catalina, Mid-Wilshire.

"This is one of the largest remaining sites in the urban core of L.A. It's suitable for major mixed-use development incorporating the existing hotel, which was a lovely building."

5. E.L. Cord Building

Wilshire and Mariposa, Mid-Wilshire.

"Underneath its recently constructed concrete facade is a magnificent building, a mixture of deco and romanesque. It used to be an automobile showroom with high arched windows when the Cord car was developed."

6. Embassy Hotel

9th and Grand, downtown.

"This building will be overlooking a park being developed by the CRA between 9th and Olympic and Grand and Hope. It offers an interesting mix of hotel, retail and theater."

7. Sheraton Townhouse Hotel

Wilshire and Commonwealth, Mid-Wilshire.

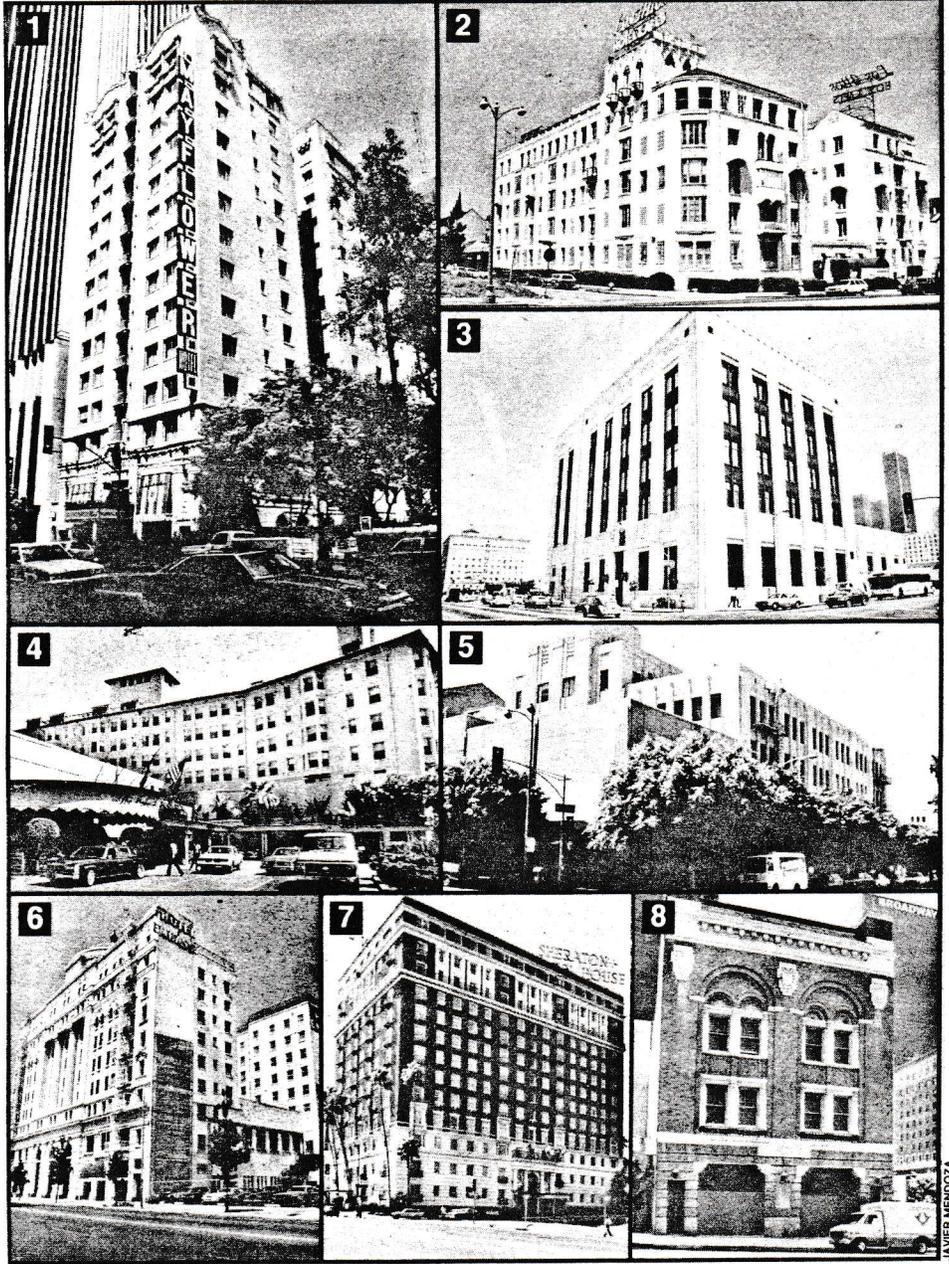
"This has an opportunity to be a lovely California hotel in the middle of an urban area, in proximity to both downtown and Mid-Wilshire. And it overlooks Lafayette Park."

8. Engine Co. #28

Figueroa, between 7th and Wilshire, downtown.

"A nifty little piece of nostalgia, well located. It provides relief from the high rises around it. A good place for a restaurant with offices above."

— H.D.



JAVIER MENDOZA

has changed the direction of his life. He started out at Coldwell Banker, rising through the ranks from trainee to vice president and director of marketing for industrial real estate. But as Coldwell Banker began to grow, he realized he was faced with becoming a cog — albeit an important one — in a big wheel, or leaving. "I felt more like being a real estate wheeler and dealer, so in 1972 I decided to

leave and become a developer.

"Originally, we started out in the industrial real estate business, doing very simple rehabilitations of concrete tilt-up buildings. It was out of necessity. In the mid-seventies, it was a terribly depressed market. One could not borrow money to build and there was no reason to since the city was already overbuilt. Our guess was that the need for office

space in downtown L.A. in the ensuing business cycle of '76, '77, '78 would have to be met through existing buildings."

In doing just that, Ratkovich inadvertently discovered that people had grown tired of sterile glass high rises, that they yearned for the homey

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qualities of craft — paneling and brass, marble water fountains and liveried elevators. "The Oviatt taught us a great deal about orienting our business toward people," says Ratkovich. "It changed our company. Now, we define our business as 'producing environments for people.'"

Today, Ratkovich's partner, Don Bowers, continues to oversee the company's industrial and suburban developments; Ratkovich, conversely, has taken his experience to the city, "creating value" in older buildings. But he is



ANNE KNUDSEN

Dreaming the impossible dream: Architect Brenda Levin, of Levin and Associates, and Ratkovich go over renovation plans for the Wilern Market.

developing more than real estate. He's taking on the very mind-set of L.A., encouraging an upscale, urbane, urban view. "I think one of the joys of L.A. is that there are so many bloody choices," he exclaims. "When you are talking about an area like Mid-Wilshire, with 24,000 people per square mile, let's not talk about suburbs! That's almost the density of New York City. We need to function like a city in those areas so we can have other areas that are less populated. Density is not all bad. We ought to look at where density has virtue in L.A. and allow it to happen. That allows open space to happen in other areas."

As Ratkovich prepares for his next business appointment, he thinks over what he has just said and adds, "The urban core of L.A. is ripe. If we can't make that into a positive experience, and an enriching opportunity, we don't have a very optimistic outlook about our future. I do, and maybe that's too idealistic or ambitious, but what choice do you really have? You've got to have faith in people. Those are the things that turn me on much more than a 60-story building with my name, reputation or ego hanging on it." ■

Hunter Drobojouska's last piece for California Living was on Japanese massage.