Buyer May Home In on Times Mirror Property

REAL ESTATE: Residential plan could drive up cost for Onni to $115 million.

By DAINA BETH SOLOMON
Staff Reporter

With the sale of the Times Mirror complex downtown complete, attention now turns to the future of the storied collection of buildings.

Much is at stake. Developer **Onni Group**, the new owner, is expected to seek permission from the city to replace at least a portion of the facility with a residential building. If that request, which as of last week had not formally been made, is approved, Onni would have to pony up an additional $10 million on top of the $105 million it paid to seller **Tribune Media Co.** for the property.

It would also likely mean the end of the William Pereira-designed building from 1973 at the northwest corner of Broadway and First Street, which sources familiar with Onni's plans said the Vancouver developer wants to replace with a multifamily building.

Also in question is the future home of the Los Angeles Times, which has occupied all or part of the building since 1935. It became a tenant in the 750,000-square-foot complex when Tribune Co. rebranded as Tribune Media, splitting its publishing units off into Tribune Publishing, now called **tronc Inc.**, and retaining the more lucrative broadcasting and real estate assets.

The Times has a lease until 2018 and two five-year options to renew. Tronc spokeswoman Dana Meyer said the paper has no immediate plans to move.

The sale to Onni, which has a slew of projects downtown, marks the first time that the property has traded out of the hands of a media company.

Sam Parrotta, the developer's chief financial officer, last week confirmed that the transaction had closed.

"We've been in the L.A. market for a number of years, and we're excited about the prospects of all our projects," he said.

He declined to discuss specific plans for the Times building.

Gary Weitman, spokesman for Chicago-based Tribune Media, declined to comment, as did the broker marketing the property, **Stephen Somer** of **Eastdil Secured**.

Major redevelopment plans are also in the works for the Times printing plant, a 26-acre site in downtown's industrial district that Tribune sold for $105 million to **Harridge Development Group**. Tronc holds a lease though 2023 with options to renew. **David Schwartzman**, Harridge's president, said he would consider building retail and office space, beginning with seven vacant acres. **Jones Lang LaSalle** broker **Carl Muhlstein**, who represented Tribune, said the size of the parcel in a rapidly developing neighborhood attracted about 10 serious bidders.

Tribune Media last week also spun off another trophy asset – the Tribune Tower in Chicago, which it sold to **CIM Group**, based in Mid-Wilshire. CIM bought the 35-story neo-Gothic building and a neighboring parking lot for $205 million and might pay up to $35 million more contingent on certain conditions, a CIM spokeswoman said.

CIM's redevelopment plans have not yet been revealed, but the site is zoned for office, hotel, residential, and retail uses.

Pasadena Wades Into Debate On Streaming Levy

By KRISTIN MARGUERITE DOIDGE
Staff Reporter

Subscribers of streaming video services in Pasadena and other local cities could soon be taxed in the same way as cable TV customers. But then again, they might not.

After the City Manager's Office sent out an email in late September saying subscribers of over-the-top video services such as **Netflix** and **Hulu** would be subject to the same 9.4 percent utility tax applied to cable TV customers, City Council members and residents made their stance on the issue known. And they aren't happy.

Thanks to public backlash, the proposal is now on hold in the City Attorney's Office, according to Pasadena City Councilman **Tyron Hampton**.

The City Manager's Office sent out an update on Sept. 29, saying that over-the-top services would only be included in the utility tax after "a full and complete review of the matter," according to the newsletter signed by City Manager **Steve Mermell**.

Paul Little, chief executive of the **Pasadena Chamber of Commerce**, said the city acted prematurely in extending the utility tax.

"A lot of questions still need to be answered," he said.

Other local cities that apply a utility tax to cable TV customers include Glendale, Santa Monica, and Culver City. They are among the many cities and states across the country that have been looking for ways to tax cord-cutters.

Chicago last year became the first major city to enact a 9 percent "cloud tax" on digital entertainment services, which the city said would generate $12 million a year in revenue. The city considers the tariff an extension of an existing amusement tax covering entertainment activities, such as movie tickets and sporting events. In August, Pennsylvania extended its 6 percent sales tax to cover digital downloads and subscription services.

Because Pasadena would be adapting an existing tax – such as the one levied on cable subscribers – voters would not have to approve it.

But that doesn't mean it will go unopposed.

"The internet is supposed to be free," said Councilman Hampton, who said he would ask that the proposal be put up for a City Council vote if the city manager eventually approves it. "Cities should work more effectively to save money, not try to figure out how we can tax the residents."