

Laguna Beach's \$1B Makeover



Hotel Laguna rendering: restoring to initial look, with modern flourishes (Photo Credit: Architects Orange)

Mo Honarkar Thinks Big for City Revitalization

By MARK MUELLER and KATIE MURAR

Mo Honarkar, a longtime Laguna Beach resident, businessman and investor in many of the city's best-known properties, has a \$1 billion plan to revitalize his hometown.

His proposal: a mix of new and redeveloped boutique hotels, hotel casitas and modestly priced apartments, art and education-related space and other commercial projects in a variety of spots

along Coast Highway and Laguna Canyon Road. It would be the largest undertaking of its type in the famed coastal city in decades.

It's a much-needed boost to the city's flagging downtown, which increasingly is seeing shops and other businesses close their doors, due to a longtime slow-growth mentality at the beach city that's gradually morphed into a no-growth one, Honarkar argues.

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Mo Honarkar and daughter Hasty: goal is to honor city's history while looking to future

Laguna Beach

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“It’s becoming a ghost town,” said Honarkar, among the city’s largest investors with a fortune the *Business Journal* estimates at around \$500 million, thanks to a collection of varied business interests he’s built up over the past few decades (see profile, page 37).

“For years, a vocal minority has made it difficult for anyone from outside the area to do any development.”

Local Flavor

That’s one reason Honarkar thinks his ambitious plan, now in the planning process, has a chance to succeed.

Honarkar—who has lived in the city for over



Hotel Laguna dates back to 1880s, first guest registry lists international dignitaries among visitors

20 years—has possibly assembled the largest collection of buildings and properties in Laguna Beach; he owns or controls numerous well-known sites including the **Royal Hawaiian** and **Terra Laguna Beach** restaurants, the **Seven Degrees** wedding venue and the **14 West** boutique hotel.

In January, he made his most prominent real estate deal yet, taking over seven properties along South Coast Highway, including the iconic **Hotel Laguna**.

That long-term land lease agreement gives his firm control of all but one building between Laguna Avenue and Legion Street in the Central Bluffs neighborhood of the city, all along Coast Highway.

The best-known site Honarkar is taking over is Hotel Laguna, a 64-room property next to the Main Beach Park in the heart of downtown.

It’s one of the oldest buildings in the city with roots dating back to the 1880s. Its current structure was reportedly built around 1930. It’s been closed since the end of 2017.

“We would restore it to its original look,” while also adding a pool, rooftop bar and casitas to the site, he said.

The design has input from the **National Register of Historic Places**; he plans on getting the hotel added to the list.

“That definitely adds a challenge, but we feel it’s important to get that designation, and honor the property’s history,” Honarkar said.

Honarkar has a plan to invest an additional \$250 million above the purchase price into the redevelopment of Hotel Laguna and properties immediately next to it; it wouldn’t be the most expensive of six different developments he’s trying to push ahead in the city.

A project in the **Laguna Arts District** that could cost twice that amount would, under his vision, hold a fair amount of apartments for students, seniors and downtown workers like police and firefighters.

Keeping these people in town has a lot of benefits, one of which is a reduction in traffic, he said. Furthermore, “there’s plenty of opportunity in the canyon.”

There’s been pushback to Honarkar’s idea to implement workforce housing, which he says is “desperately needed.”

“People in Orange County say we need more affordable housing, but they don’t want it in their backyard,” Honarkar said. “It needs to be done.”

Partner Possibilities

Money shouldn’t be an issue for Hotel Laguna or any of the projects being proposed, said Honarkar, who also said he’s already lined up financing: “me and the banks.”

Honarkar is undecided about whether or not to bring in an equity partner for the undertakings, but said he’s willing talk to anyone interested in helping turn the proposed projects into reality. “I’m happy to work with others.”

Ultimately, getting the developments through a labyrinth of the city, **California Coastal Commission** and other hard-to-please interest groups are likely to be the biggest challenge, not financing (see story, below).

If all were to go well—a big if—the Hotel Laguna project could start work next year, and the entire batch of development would be likely be built in phases over the next decade or so. They would be staggered to minimize work during peak busy seasons along the coast. ■



Museum Hotel



Canyon Acres

The Projects

Mo Honarkar's roughly \$1 billion investment plans for Laguna Beach includes six proposed projects, all currently under review by the city.

"We opted to share our plans with the city before officially submitting the proposals to ensure we are being transparent with the public," said **Hasty Honarkar**, Mo's daughter and vice president at **Laguna Creative Ventures**, the creative arm of **Laguna Beach Co.**, the entity overseeing the development.

The proposals include three hotel projects, one for housing, and two mixed-use redevelopments.

Here's what's been disclosed to date for six of the larger projects:

Hotel Laguna and Central Bluffs

Estimated Price: \$250 million-plus

Details: Restoration of hotel "to its former glory." Additional 20 or so more hotel rooms, plus some hotel casitas possible. New rooftop bar, expanded restaurant area among other improvements.

Notable: Would be first LEED certified hotel in city.

Cleo Hotel

Estimated Price: \$40 million

Details: A terraced, three-story, full-service hotel with 103 rooms above three levels of subterranean parking. Expected to hold 75,000 square feet of hotel space, and will hold small amount

of retail and restaurants.

Notable: Would replace two existing hotels, **Holiday Inn** and **14 West**.

Museum Hotel

Estimated Price: \$60 million

Details: Three-level, full-service boutique hotel with about 120 rooms situated above three levels of subterranean parking. Some 82,235 square feet of hotel space.

Notable: Would also include 8,300 square feet of free-to-the-public art exhibition space.

Laguna Arts Districts

Estimated Price: \$500 million

Details: A nearly blocklong development near the Seven Degrees events venue now envisioned to include student housing for nearby arts school, senior and workforce housing, expansive underground parking. Details still being worked on.

Notable: "I'm already into it \$75 million," through property buys, Honarkar said.

Canyon Acres Housing

Price: Undisclosed

Details: Located at the southeast intersection of Laguna Canyon Road and Canyon Acres Drive; plan is for two levels of apartment units over one level of parking.

Notable: Intention is to provide senior and workforce housing.