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Econ 2 – Macroeconomics
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Professor Chin

HOMEWORK #1

Summary

The article discusses the construction of the Wilshire Grand Hotel in downtown Los Angeles and the impact of the shine or brightness of the building's exterior on its neighbors. The neighbors are complaining that the windows reflect sunlight and heat which causes glare into adjacent buildings, including associated heat. The heat causes nearby building to use their air conditioning more, causing higher electricity bills than would otherwise occur without the additional glare and heat from the Wilshire Grand Hotel building being erected.

Analysis: Costs

Costs to the developer of the Wilshire Grand Hotel include additional expenses to alleviate the brightness and reflection of sunlight off of its windows that were not accounted for in the initial construction estimate. These costs are actual expenses that the developer must incur to remediate this problem. There may also be costs to the developer if no action is taken, such as facing a possible lawsuit by affected parties to force the developer of the hotel to remedy the issues brought up by its neighbors. Lawsuit costs include hiring legal representation and the time and expense seeking a court and jury solution.

Costs to the neighbors or affected parties of the increased reflection and heat from the sun beaming off of the Wilshire Grand Hotel include increased electricity bills

from heightened use of their air conditioning systems. Moreover, the affected neighbors may have to spend monies to tint windows to reduce the affects of the glare reflecting off of the hotel.

Analysis: Benefits

Benefits to affected neighbors of the Wilshire Grand Hotel, according to the neighbors who are complaining, are none. They would like the hotel to reduce the glare and heat reflecting off of the hotel.

Benefits of doing nothing for the Wilshire Grand Hotel is not having additional costs to remedy the issue by reducing the reflection, maintaining the shine and look of the hotel, which presumably is more aesthetically pleasing and may positively impact its real estate value to leave "as is."

There may be benefits to the Wilshire Grand Hotel to remedying the problem, by avoiding possibly higher costs of a legal suit in the courts. Addressing the neighbors' concerns without going to court may be a cost minimizing approach, as presumably going to court may risk losing the fight and be forced to reduce glare anyway, with the additional expense of court fees. Benefits to the pursuing a resolution with the affected neighbors also include saving time in not engaging in a protracted legal fight and resolve the issue more quickly so that the hotel can continue its business operations from any distractions related to its windows negatively affected its neighbors. The opportunity cost of engaging in a legal fight to avoid addressing the neighbors' concerns, which is a negative externality or spillover effect to coin a phrase from economic theory, may be greater than addressing the issue straight away since the hotel developers time may be better spent on making the hotel business profitable.

Some Wilshire Grand neighbors say the tower's glass surface creates too much glare



Wilshire Grand under construction. (Video by Ox Blue/Wilshire Grand Center)



By **Hugo Martin**

NOVEMBER 17, 2016, 7:00 PM

Neighbors of the Wilshire Grand tower have a billion-dollar view — but some complain that they can't enjoy it when sunlight bounces off the nearly completed building's glass surface.

“That is annoying as hell when the light is coming straight through the window at your face,” said Jeffrey Hurst, an attorney who works across the street from the architecturally acclaimed skyscraper. “It's nearly blinding.”

The Wilshire Grand, the tallest building west of the Mississippi River, has been rising at Figueroa Street and Wilshire Boulevard in downtown Los Angeles since February 2014. The 900-room hotel joins a growing roster of modern reflective structures, such as downtown's [Walt Disney Concert Hall](#), that have been asked to hit the dimmer switch.

EYP Realty, a real estate management firm that owns a building next to the \$1-billion project, has filed a protest with the city of Los Angeles, asking that the project's building permit be revoked. The company wants owner Korean Air to stop construction and replace the glass exterior of the 1,100-foot structure, which is scheduled to be finished in four months.

"The installation of the very reflective glass is a clear violation of the conditions of approval for the Wilshire Grand project," Ryan Leaderman, an attorney representing EYP Realty, wrote to the city's Department of Building and Safety this summer.

The department studied the complaint and issued a report last week saying it did not violate city environmental rules in approving the original building permit. Leaderman said EYP will appeal the decision to the city's planning department.

A representative of Wilshire Grand's developer said EYP has failed to offer any details, such as the time of day when the glare is worst and which part of the building is causing the problem.

"We would be willing to work with them, but they have provided no evidence of anything specific," said Lisa Gritzner, a spokeswoman for AC Martin, which is building the hotel tower for Korean Air.

AC Martin consulted experts and reviewed several types of glass before deciding on the material that covers the building, Gritzner said. Representatives from the city's planning department were consulted about the glass chosen by AC Martin, she added.

The fight over the glare shines a light on an increasing problem with modern buildings encased in reflective material.

Workers had to use hand sanders on parts of the stainless steel facade of the Walt Disney Concert Hall in 2005 after neighbors in nearby condominiums complained about a reflective glare from the building.

In London, a glass-sheathed office building named 20 Fenchurch Street garnered the nickname "the fryscraper" a few years ago because the building was reflecting so much glare onto the streets that pedestrians were able to fry eggs on the sidewalk even on overcast days.

The Vdara Hotel in Las Vegas installed a thin film on 3,000 glass panes on the building's exterior and erected giant poolside umbrellas in 2010 to cut down on the intense reflection of sunlight off the curved, glass-coated structure.

In Dallas, a 42-story residential building began in 2011 to reflect so much sunlight on the adjacent Nasher Sculpture Center that critics said it risked damaging the art inside. After five years of meetings on the problem, no solution has been proposed.

Experts say building glare has become more prevalent because developers are more likely to use new glass technology that controls how much light enters a building. But that technology means more light is bounced

away toward neighbors.

Marc Schiler, a USC architecture professor, said computer-assisted designing also makes it easier for developers to create buildings with curves.

“The combination of all of those things means that we live in a world where there are more opportunities for surprises,” he said.

In Los Angeles, EYP Realty, a subsidiary of Brookfield Property Partners, operates out of a 41-story building on South Figueroa Street, south of the new Wilshire Grand tower.

“

What they are asking us is to remove all the glass on the building. There are a myriad of solutions that have nothing to do with removing our glass.

— Lisa Gritzner, a spokeswoman for AC Martin

In a June 14 letter to Los Angeles’ chief code enforcement officer, EYP Realty said the tower’s exterior is highly reflective and “creates severe glare and reflective conditions several hours a day.” The letter also says that the Wilshire Grand had up to 95 types of glass to choose from and selected “the one with the absolute highest exterior reflectance.”

Inside the 725 S. Figueroa St. building owned by EYP Realty, tenants say the glare comes and goes, depending on the time of day and the angle of the window panels on the Wilshire Grand.

Paralegal James Swanson said he and his co-workers are forced to pull the blinds in the 27th-floor break room because of the glare.

“It’s a shame because that is such a great view,” he said.

A Brookfield Property Partners spokesman declined to elaborate on the problem, offering only a statement that “the safety, comfort and productivity of our tenants, our building staff and visitors to our property and the surrounding area is our top priority.”

Gritzner said the Wilshire Grand tower is convex shaped so that the reflection of light off the building’s surface is dispersed, not concentrated on any particular area. Already, 85% of the glass exterior has been installed, and construction of the building is expected to be completed in April.

“What they are asking us is to remove all the glass on the building,” she said. “There are a myriad of solutions that have nothing to do with removing our glass.”

Gritzner added that the project developer has a Facebook page and a Twitter account but has received no other complaints from neighbors or pedestrians about glare from the building.

Dave Balassi, who works in a title insurance company on the second floor of 750 S. Figueroa St., was standing in front of the building Thursday. On some days, he said, the reflection from the Wilshire Grand has been so intense that “it feels like a heat lamp out here.”

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UPDATES:

7 p.m. Nov. 17: This article was updated with additional comments from neighbors.

2:05 p.m.: The article was updated to say that EYP plans to appeal the Department of Building and Safety’s decision on Wilshire Grand Center’s building permit.

12:15 p.m.: This article was updated to elaborate on what the Department of Building and Safety had to say about issuing the building permit.

1:50 p.m.: This article was updated to include the news that EYP Realty plans to appeal the Department of Building and Safety’s ruling about the building permit for Wilshire Grand.

This article was originally published at 11:15 a.m. on Nov. 16.

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