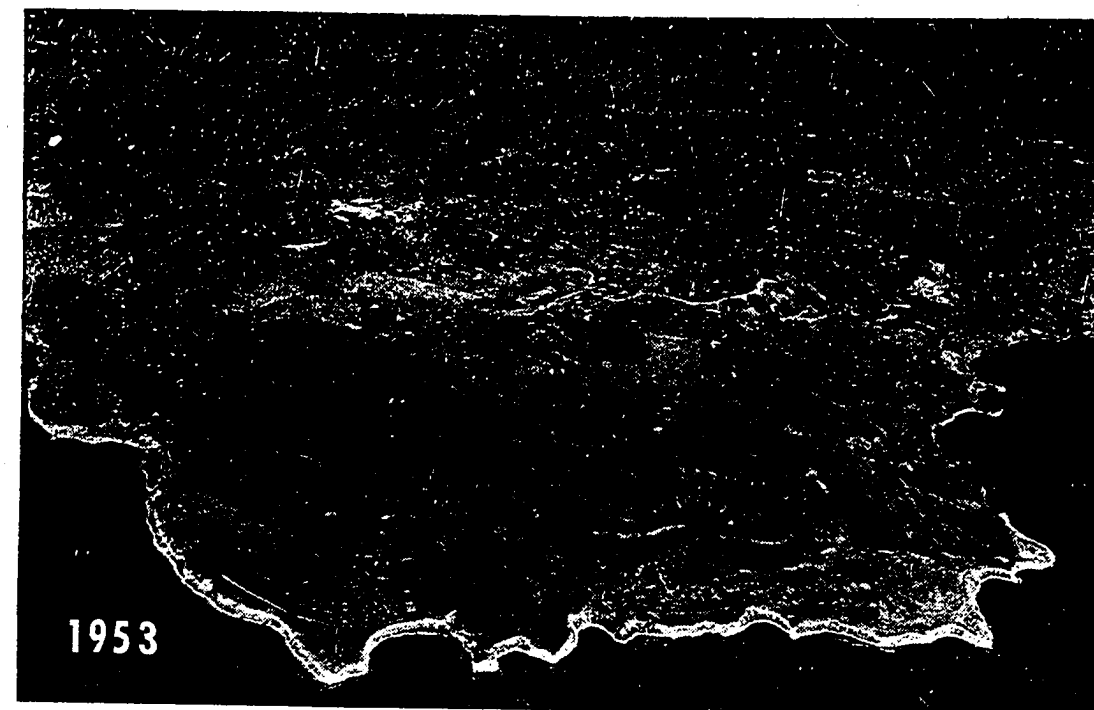


A Palos Verdes Boom With Diatomic Blast

HENRY SUTHERLAND

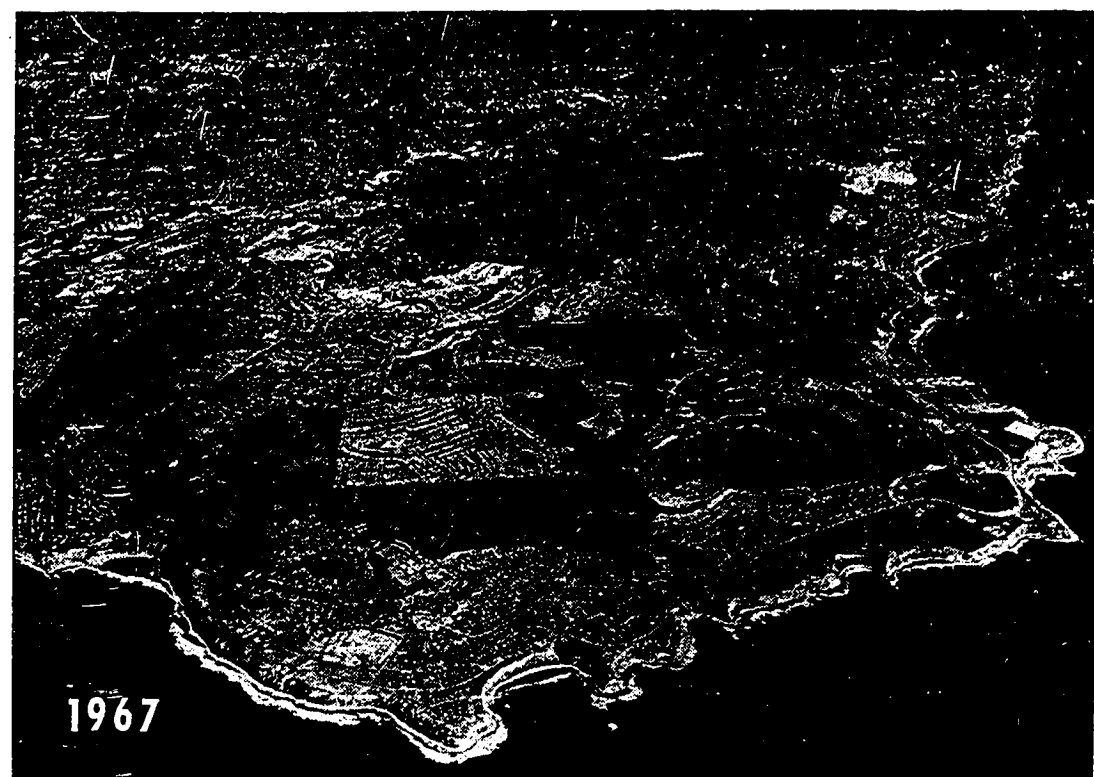
Los Angeles Times (1886-Current File); Jul 16, 1967; ProQuest Historical Newspapers Los Angeles Times (1881 - 1986)

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PENINSULA EXPLOSION. -Palos Verdes' 14-year expansion is shown dramatically in two photos. In 1953 (above) the peninsula had 6,505 residents

living in 2,188 houses, and its heart was largely inaccessible. In 1967 (right) 54,000 people live in 15,700 homes. Hawthorne Blvd. slices to the sea.



A Palos Verdes Boom With Diatomic Blast

BY HENRY SUTHERLAND

Times Real Estate Editor

A tremendous trifle was credited this week with touching off explosive development of the Palos Verdes Peninsula and perhaps changing the entire pattern of the Southland's real estate industry.

It was the diatom, a minute unicellular or colonial marine algae less than 1/200th of an inch in length and 160 to 200 million years old.

A search for sites in which to mine diatomaceous earth, the diatom's residual deposits of silica, impelled Great Lakes Carbon Corp. in 1953 to acquire 6,800 acres of Palos Verdes land for about \$7 million.

Great Lakes, a major corporation concerned with petroleum, coke, carbon and graphite products, had no background in real estate then.

But it commissioned studies of its purchase by Victor Gruen Associates which revealed unmistakably the potentialities of the peninsula. Gruen would later master-plan its development.

In the meantime Great Lakes formed a partnership with Capital Co., an experienced real estate firm, on a 79%-21% basis.

Capital was organized in the 1920s as real estate representative of the Bank of Italy, now the Bank of America.

In the late 1930s it became a subsidiary of the holding company, Transamerica Corp., since separated from the bank, and in 1964 Capital changed its name to Transamerica Development Co.

No one who lived in the Los Angeles area during the past 14 years need be told that the Great

Lakes-Transamerica Development combination was tremendously successful.

It transformed the previously inaccessible heart of the Palos Verdes Peninsula into one of the most dynamic communities in Greater Los Angeles, and to many one of the most attractive.

On April 1, 1950, the peninsula had 6,505 residents living in 2,188 homes. By last June 30, according to the County Planning Commission, population had soared to 54,000 and the number of dwelling units to more than 15,700.

Major boulevards, Hawthorne and Crenshaw had sliced southward through the hills, with Hawthorne extending to the sea. Miles of lateral streets and roads had been built.

These and the 725% plus surge in population are by no means the full measure of Palos Verdes' expansion, however.

Regional Shopping Center

A handsome regional shopping center featuring major department stores has mushroomed into being at Crenshaw and Silver Spur Rd., with a thriving business district extending northward along Silver Spur towards Hawthorne.

The Northrop Corp.'s Nortronics Division facility rises at 1 Research Park nearby in promise of further compatible light industry.

And at any given time 10 or a dozen independent builders are active in subdivisions scattered through the hills and along the coast.

But important as this development has been to the peninsula, it can hardly have been more so than to the Southern California real estate industry as a whole.

Since the mid-1950s real estate development here has tended to escalate from large local business to big business on the national scale.

The trend may or may not have originated in Palos Verdes, but at very least the success of the Great Lakes-Transamerica Development combination hastened and gave it impetus.

At least a score of major corporations currently

Please Turn to Page 16, Col. 1



PENINSULA CENTER. -This valley containing Silver Spur Kd. at its intersection with Hawthorne Blvd. has become Palos Verdes' business and com-

mercial heart. Headed by a handsome regional shopping center, the area accommodates a variety of offices and enterprises. Light industry is nearby.

PALOS VERDES DEVELOPMENT

Continued from First Page

are involved in Southern California real estate development, either in joint venture with locally established builders or through wholly owned subsidiaries.

The movement has been particularly evident since 1960, and it continues without apparent loss of momentum.

Macco an Example

One well known example is that of the Pennsylvania Railroad Co. which in October of 1965 acquired the locally owned Macco Realty Co. in a \$38.5 million transaction, retaining the firm's professional staff.

Through Macco as a subsidiary, the railroad is developing 87,000-acre Rancho California in equal partnership with Kaiser Aluminum & Chemical Corp. and Kaiser Industries Corp.

In the San Fernando Valley Macco is developing the 4,148-acre Porter Ranch, simultaneously with seven other subdivisions in Los Angeles and Orange Counties.

Also in the valley, American-Hawaiian Land Co., a subsidiary of American - Hawaiian Steamship Co., is developing the planned community of Westlake on the 12,000-acre former Albertson Ranch.

American - Hawaiian Steamship, no longer in sea-borne transportation, is now a New York-based investment firm.

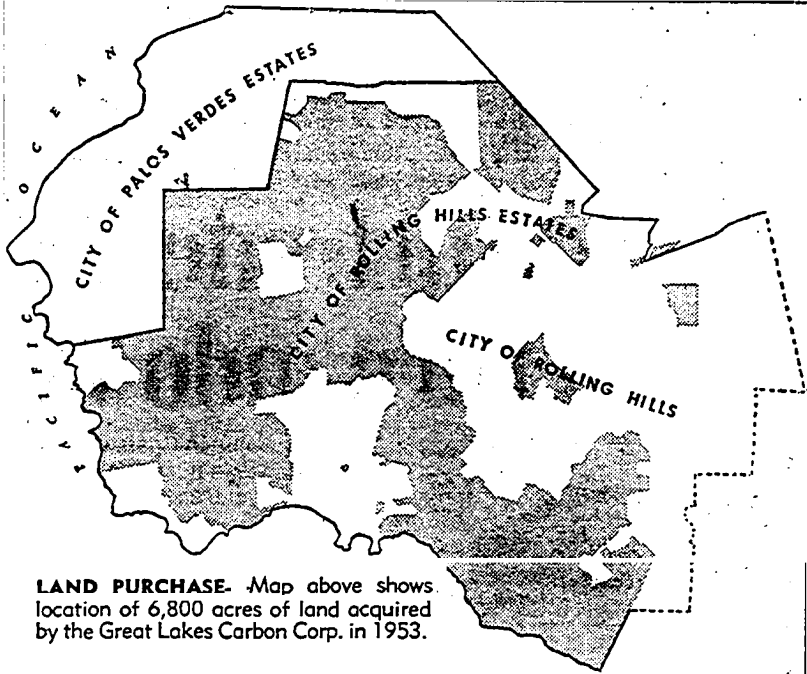
Oil Companies

Several of the major oil companies are active in real estate here, notably Atlantic Richfield, through its subsidiary Palomar Land Co., and through joint venture with builder Cedric Sanders.

A little less than a year ago Occidental Petroleum Corp. merged Deane Bros., Los Angeles residential construction firm headed by Ben C. Deane and active in Diamond Bar, Rancho Viejo and other areas.

Boise Cascade Corp., Idaho forest products giant, also has entered the Southland real estate picture through an equal partnership of its subsidiary, BWC Inc., with Ray A. Watt's Caroldale, Inc.

There are others, of course. Recently it was announced that American Radiator & Standard Sanitary Corp. has become a third partner with Janss Corp. and William Lyon's



LAND PURCHASE. Map above shows location of 6,800 acres of land acquired by the Great Lakes Carbon Corp. in 1953.

Luxury Homes in Potrero Homes, an 1,100-acre development at Thousand Oaks.

Since 1959 the real estate interests of Great Lakes Carbon have been handled by a subsidiary, Great Lakes Properties, Inc. Curiously, Great Lakes Properties and Transamerica Development were among the first to follow their own trend.

Great Lakes is developing the Del Amo Financial Center in Torrance and Ventura County's 4,700-acre Rancho Camarillo, and properties in Orange County, as well as expanding its real estate activities overseas to projects in Spain and Portugal.

In 1956, Transamerica bought the 8,000-acre Diamond Bar Ranch in Brea Canyon, southwest of

Pomona, and is developing the property in the same grand manner as Palos Verdes.

Carl C. Gregory, Macco Realty president, summed up advantages of such combinations recently when he said the association of his firm with Pennsylvania Railroad "has enhanced Macco's capability and strength."

Huge Land Blocks

In other words a realty company, when backed by a major corporation has the ability to buy land in huge blocks at relatively low prices and to develop it to best advantage over long periods of time.

Similar opportunities would be available to few independent developers, perhaps to none, and whatever else may be said of the present trend in real estate, this much is clear:

That without such powerful support few of the spectacular planned community developments which have become a Southern California trademark would have been possible.

Neither, probably, would

Please Turn to Pg. 17, Col. 1

PALOS VERDES PENINSULA

Continued from 16th Page
development of the Palos Verdes Peninsula in the magnitude of the past 14 years. For the history of attempts to develop the peninsula is a long one, previously marked by only qualified successes.

Part of Grant

Originally the peninsula and most of Southwestern Los Angeles County was part of the Rancho San Pedro, granted in 1784 to Juan Jose Dominguez, a Spanish colonial soldier.

During the early years of the 19th century Jose Dolores Sepulveda established a claim to the Rancho Palos Verdes which, after years of litigation, was recognized by the Mexican governor in 1846. The rancho at that time amounted to 31,629.43 acres.

Ownership of the land was vested in three sons and two daughters of Jose Dolores, of whom one, Jose Loreto Sepulveda, proved the longest lived and largest residual heir.

The Sepulvedas, however, proved unable to cope with the business intricacies of their time.

Holdings Reduced

Through the years the rancho was reduced by sales, tax delinquencies and other litigation until, when Jose died in 1881, almost all of it had passed into other hands.

In 1882 a court-approved partition awarded 17,031.91 acres, most of what we think of today as the Palos Verdes Peninsula, to Jotham Bixby, who would continue in ownership until 1913.

The modern history of the peninsula begins in that year, when Bixby sold 16,000 acres of the property, retaining the 1,000 acres which is now the site of Harbor City.

Frank A. Vanderlip, then president of the National City Bank of New York, was the buyer, and a syndicate was organized to develop the peninsula.

The group numbered some "50 millionaires," including representatives of J. P. Morgan and Co., Bankers' Trust Co. of New York, and the Chesapeake and Ohio Railroad.

Impressive plans were made to develop the peninsula as the "most fashionable and exclusive residential colony," but World War I intervened, and during the war years the syndicate lost interest.

E. G. Lewis, described as a "highly imaginative but quixotic" promoter, then attempted the development, in August of 1921 obtaining an option to buy the Palos Verdes property for \$5 million, or \$312 per acre.

His Commonwealth

Trust Co. proposed to build a "complete city, under one general plan" for an ultimate population of 200,000, to be financed by public subscription.

The fiscal structure was complicated. It encountered complicated difficulties, and eventually Commonwealth Trust Co. was able to buy only 3,200 acres, the present sites of Miraleste and Palos Verdes Estates.

Merger in 1923

Lewis resigned from management of the project, however, and Commonwealth Trust Co. merged with Bank of America in 1923.

Palos Verdes Estates was founded in 1924, and one of its first buildings was the still existing La Venta Inn, high on a hilltop. Venta in Spanish means sale. The inn was used as a sales tool.

The plan for development of the peninsula as a whole never was revived, and in 1925 Vanderlip formed the Palos Verdes Corp. to handle the remaining acreage.

Its first subdivision, the present city of Rolling Hills, opened 11 years later, in 1936.

Meanwhile, for many years The Dicalite Co. had been quarrying diatomaceous earth near the community of Walteria at the base of the peninsula.

All Stock Sold

Great Lakes Carbon bought the company and its property in 1945 and sought without success to acquire additional diatomaceous sites near the crest of the Palos Verdes.

In 1953, however, Frank A. Vanderlip Jr., heading Palos Verdes Corp., agreed to sell all the stock of the corporation and about 6,800 acres of land it controlled, retaining about 500 acres for the Vanderlip family.

Thus the present development of the peninsula by Great Lakes Properties and Transamerica Development Co. began.

Within a year or two, diatomaceous mining vanished entirely from the picture. Great Lakes found the deposits at the crest too damp for economic processing and abandoned them, devoting the peninsula entirely to real estate development.

'Same Answer'

According to James Anderson, resident manager for Great Lakes Properties, and Don J. Owen, Transamerica Development manager, about 1,600 acres of the peninsula remain to be developed, but Owen adds:

"Fourteen years ago we were calling this development a 10-year project. Now, if you asked, we'd have to give you the same answer."

The project managers say Palos Verdes sales amount to about \$3 million to \$4 million per year, but this can by no means be considered clear profit.

Investment in site pre-

paration amounts to about \$12 million. Great Lakes spent \$5 million for roads alone, also dedicating approximately 385 acres for this purpose.

A total of 1,158 dwelling units is currently under construction or projected in 10 separate subdivisions throughout the area.

View of Pacific

These do not include Monte Verde, a community projected by Great Lakes Properties and Transamerica Development themselves as a joint venture.

Master-planned for 536 residences on 244 acres overlooking the Pacific, Monte Verde opened in 1962 and is scheduled for completion in 1970. Its novel "idea house" at 30005 Avenida Esplendida attracts wide interest.

Of the remaining land available for building on the peninsula, 1,160 acres is zoned for single-family residences, Owen said. Another 250 acres is zoned for multiple residences, and 160 acres for future commercial development.

Another 60 acres is set aside in a holding zone for residential or limited commercial application, it was reported.

If the Palos Verdes story has a moral, it is probably this:

Never underestimate the power of a minute unicellular or colonial marine alga less than 1/200th of an inch in length and 160 to 200 million years old.