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Critics Say Measure Fails to Protect Poorest

L.A. Council Mulls Housing Ordinance Regulating Use of Residential Hotels

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LOS ANGELES - Two years ago, the Los Angeles City Council, concerned about the dwindling stock of last-resort housing for the city's poor, voted unanimously to halt conversions and demolitions of residency hotels.

The moratorium came on the heels of a booming downtown real-estate market that made the hotels, some of them slum properties by city standards, prime candidates for loft conversions.

The measure was to last one year with the possibility of two six-month extensions, giving the city's Housing Department time to draft a permanent ordinance.

The statute was to be based on a San Francisco ordinance requiring hotel owners to replace converted or demolished units with comparable units in the same community.

Last week, the Los Angeles Housing Department presented its ordinance at a City Council committee hearing.

But the community groups who pushed for the moratorium and hailed the council measure two years ago said the proposed ordinance fails to protect the hotels' tenants and contradicts the city's stated purpose for halting conversions in the first place

"The purpose of the moratorium was to ensure the very low-income tenants of downtown Los Angeles be protected, and the ordinance as it's written right now does not fulfill that goal," said Adam Murray, executive director of the Inner City Law Center. "It is not written in a way that ensures very low-income people currently living in these hotels will continue to be housed, and a majority of our clients in these building could very well end up on the street."

The Inner City Law Center is one of 30 community groups, nonprofit housing developers and legal aid organizations demanding that the Housing Department make key changes in the proposed ordinance, which allows developers to reduce the number of units and raise the rents as long as they develop affordable housing.

The department defines affordable housing as publicly subsidized housing for people earning up to 80 percent of the area's median income.

Residency hotel tenants typically earn only 25 percent to 30 percent.

"It's a loophole you can drive a truck through," said Mike Alvidrez of the Skid Row Housing Trust, a nonprofit developer.

"I develop affordable housing, and I love exemptions," Alvidrez said. "But not this one. This is going way too far."

The state will give tax credits only to affordable housing developers building housing for people earning up to 60 percent of the median income. Department officials said that would lessen the gap.

But those opposing the draft ordinance said 60 percent is far too high.

"We don't need to make those kinds of concessions," Alvidrez said.

The Housing Department estimates that the city has 333 residential hotels, totaling 18,000 units. Some of those

units are owned and operated by nonprofits like the Housing Trust, which has been buying and refurbishing blighted residential hotels and turning them into habitable permanent housing, some with supportive services for people with mental disabilities or drug problems.

But 13,000 units remain in private hands, half of those downtown

Housing Department spokeswoman Yolanda Chavez said department officials were unavailable for comment.

At the council meeting last week, housing officials said raising the affordability cap to 60 percent is necessary if the city is to renovate the privately owned properties, many of which are in disrepair.

But critics said the moratorium was meant to preserve the units for those on the verge of homelessness. And although the critics agree some of the buildings need renovation, they said that should happen over time.

They also said the buildings wouldn't be in such disrepair if the Housing Department had been enforcing habitability laws to prevent slum conditions

"If the city enforced habitability laws, we wouldn't need all this renovation," said Barbara Schultz, a Legal Aid Foundation of Los Angeles attorney who pushed the city to recognize the units as permanent housing and to pass the moratorium.

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"We can't convert all the units right now," Schultz said. "In the meantime, the city needs to use its enforcement power to make sure the units are habitable."

The exemption would make the hotels more attractive to for-profit affordable housing developers.

But those opposing the measure said it holds the private market to higher standards than it does developers building with public money.

Those developers, critics said, would have incentive to get rid of extremely low-income tenants in favor of those earning 60 percent of the median income who could pay higher rent.

As a recent cautionary tale, the advocates point to the Alexandria Hotel, the only downtown residency hotel owned by a for-profit affordable housing developer.

The Alexandria was bought in 2006 by a developer planning to renovate the hotel's 400 units and make them affordable to those earning 60 percent of median income.

The Alexandria's tenants, many of whom had been living in the building for a decade, were earning only 35 percent of the median income.

The development company was exempt from tenant protections under the city's Rent Stabilization Ordinance because it partnered with a tiny, Sacramento-based nonprofit that said it would provide tenant services when construction was complete.

But in the first year, the new owners evicted 100 tenants, most of them disabled and living on fixed incomes

"It turned into a big mess," Schultz said. "Their Web site seemed to indicate they were targeting a much younger, whiter crowd with more money than the people who lived there before they bought the building."

The Legal Aid Foundation, working with pro bono attorneys, sued the city and the Alexandria's owners. They recently won a temporary restraining order prohibiting further evictions.

Community groups fear the new ordinance would allow more buildings to go the way of the Alexandria.

Skid Row's LAMP Community, a housing and health care organization for homeless people with severe mental disabilities, used to house 60 clients at the Alexandria. Only five of those clients remain in the building.

LAMP director Casey Horan said she is worried about other clients in residential hotels.

"We house 350 people in privately owned units throughout the downtown area," Horan said. "If their rents are hiked, or if those units become available through turnover and we can't house any more of our client in those units, it would be devastating. Those units are hugely valuable to us."

Advocates for the poor said the ordinance would create affordable housing for low-income tenants at the expense of extremely low-income tenants.

"We don't want to see the residential hotels turned into housing for people making $40,000 to $50,000 a year," said the Rev. Kathy Cooper-Ledesma of Hollywood United Methodist Church.

"Not that those people are rich, but there are more options for them - not enough, but more," she said. "And there are very few options for the folks living in the hotels now."

"This is how we think Jesus would have wanted us to care for each other," she said, "by speaking out for policies that really help the poorest of the poor."

Although the ordinance was modeled on a similar statute in San Francisco, attorney Randy Shaw of the Tenderloin Housing Clinic said a situation like the Alexandria Hotel is unlikely to happen in that city.

"It could never happen in San Francisco," said Shaw, who helped draft the San Francisco ordinance. "That's because we have strong eviction protections, and we never let anyone get displaced. It's a smaller city, and we've been very active."

San Francisco has far fewer residential units and more legal resources for their tenants, he said. And in every instance in which a privately owned building was converted to affordable housing, the housing remained affordable for extremely low-income people, Shaw said.

Another key difference is that San Francisco's ordinance requires a one-to-one replacement of units.

The Los Angeles ordinance would allow for a reduction in the number of units if the renovated units contain additional amenities, such as bathrooms and kitchens, as long as the reduction "would not significantly decrease the number of available residential units in the city's housing stock," the ordinance states.

But community groups want to limit the reduction to 25 percent.

"You can have a 25 percent reduction if you're adding amenities," Shultz said. "But after that, you have to replace the units one for one."

Nonprofit developers agree that a 25 percent reduction is enough to upgrade the hotels and the units.

Those opposing the ordinance fear the two exemptions together could allow a developer to convert a 100-unit building for those living on less than $1,000 a month to a 50-unit building for families earning more than $50,000 a year, leaving 50 people on the street without options.

"Affordable housing funding is so limited," said Beth Steckler, executive director of Livable Places, a nonprofit assisting people with entry-level home ownership. "To the greatest extent possible, we should be looking at adding units into the mix."

"Rather than using the money to displace one group of people with another, use those tax credit dollars to get new units," Steckler said. "But don't push these people out."

City Council committee members Jan Perry and Eric Garcetti, who were unavailable for comment, asked the Housing Department to address the advocates' proposed amendments in a report that will be presented to the council committee April 9.