

FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
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HELEN GINSBURG
Chief, Council and Public Services Division

04-2087

October 6, 2005

City Attorney (with blue sheet)
Councilmember Parks
Councilmember Perry
Councilmember Garcetti
Chief Legislative Analyst
City Administrative Officer
Housing Department
Community Redevelopment Agency
Housing Authority

Los Angeles Homeless Services Authority
453 South Spring Street, 12th Floor
Los Angeles, CA 90013
Housing, Community & Economic
Development Committee, Attn: J. White
Department of Neighborhood Empowerment
Department of Building and Safety
City Planning Department

Let's the Peace

RE: PRESERVATION OF AFFORDABLE RESIDENTIAL HOTEL AND SINGLE-ROOM OCCUPANCY HOUSING

At the meeting of the Council held September 30, 2005, the following action was taken:

Attached report adopted, as amended.....	_____ X _____
Attached amending motion (Garcetti - Parks) adopted.....	_____ X _____
Attached resolution adopted().....	_____ _____
Motion adopted to approve attached report.....	_____ _____
Motion adopted to approve attached communication.....	_____ _____
FORTHWITH.....	_____ X _____
Findings adopted.....	_____ _____
Negative Declaration adopted.....	_____ _____
Categorically exempt.....	_____ _____
Generally exempt.....	_____ _____

PLACE IN FILES

OCT 31 2005

DEPUTY

Frank T. Martinez

City Clerk
et

AA [Signature] 10/28/05



TO THE COUNCIL OF THE
CITY OF LOS ANGELES

File No. 04-2087

Your COMMITTEE HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT

reports as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	<u>—</u>

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the preservation of affordable residential hotel and Single-Room Occupancy (SRO) housing.

Recommendation for Council action, as initiated by Motion (Perry - Villaraigosa - Garcetti):

INSTRUCT the Los Angeles Housing Department (LAHD) to:

1. In conjunction with the Community Redevelopment Agency (Agency), the Los Angeles Homeless Services Authority, the Housing Authority of the City of Los Angeles, the Planning Department, and the Department of Building and Safety, and with the assistance of the City Attorney, to develop the necessary programmatic details and ordinance(s), including funding recommendations, needed to preserve residential hotel and SRO hotel units in Los Angeles.
2. Report to the Housing, Community and Economic Development Committee in 120 days with a draft residential hotel and SRO hotel preservation strategy, ordinance and/or program.
3. Include in its Residential and SRO hotel preservation strategy the following:
 - a. Recommendations to address the loss of residential and SRO units as a result of their conversion to market rate housing.
 - b. A citywide economic profile of residential and SRO hotel tenants and recommendations for maintaining and enhancing the long-term affordability of SRO units.
 - c. Recommendations to ensure that nuisance hotels identified in the course of enforcement activities to are brought into compliance thereby avoid closure.
4. Review residential hotel and SRO inventory data with each Council Office to ensure completeness and accuracy.

Fiscal Impact Statement: The Chief Legislative Analyst (CLA) reports that this action will not impact the General Fund.

Summary:

On October 8, 2004, Council considered Motion (Perry - Villaraigosa - Garcetti) relative to the preservation of Single-Room Occupancy housing. Motion states that preserving thousands of affordable SRO units is the best thing the City can do to address the serious lack of affordable housing and to prevent an increase in homelessness. Motion directs LAHD, with the assistance of the City Attorney, to recommend measures to be taken by the City to preserve affordable SRO housing units. Council referred Motion to the Housing, Community, and Economic Development Committee for consideration.

In a report to the Mayor dated August 22, 2005 (attached to the Council file), the LAHD states that additional study is needed. The Department proposes that it work with other City agencies and report back with a draft SRO housing preservation ordinance and program. The Mayor transmitted the LAHD report to Council for its consideration.

In a report to the Housing, Community, and Economic Development Committee dated September 27, 2005 (attached to the Council file), the CLA states that SRO hotels are structures with six or more guest rooms in which 30% or more of the units do not have a private bath and toilet within the unit, as distinguished from other residential hotels with private bathroom facilities. According to the CLA, the City has a history of taking measures to ensure the short-term preservation of such housing as an important component of the City's affordable housing stock.

The CLA reports that LAHD recommends that residential hotels be included in a preservation plan. The Department provides some options for consideration. These options are based on the Department's research, the experience of the Department's Residential Hotel Unit, and analysis of similar efforts of other cities, including San Francisco and San Diego. LAHD believes that the most effective method to preserve existing SRO housing is a comprehensive preservation plan that includes:

- Outreach and education for owners, operators and tenants of SRO hotels,
- Code enforcement,
- Compliance with existing tenant rental protections, and
- A Citywide ordinance requiring replacement housing or payment of an in-lieu fee for all SRO units lost to market forces.

Other policies proposed by the Department include a requirement for one-for-one replacement of existing residential hotel/SRO units currently housing very low income residents, or, an allowance for the payment of an in-lieu fee equivalent to the cost of replacing such units; education and outreach program to operators and tenants of residential hotel units relative to health and safety code and rent stabilization ordinance protections; enforcement actions to deal with health and safety violations; and, incentives for ownership of SRO properties committed to long-term affordability for current residents.

The CLA substantially concurs with LAHD, adding a recommendation that the Department of Building and Safety also participate as needed in the development of programmatic details relative to the preservation of residential hotel and SRO units inasmuch as the Department's inspection activities involve these facilities. The CLA also recommends that the preservation plan include specific actions to address the loss of SRO units as a result of their conversion to market rate housing as well as demolition. The CLA further recommends that the preservation plan include measures for maintaining and enhancing the long-term affordability of SRO units as well as ensuring that nuisance properties identified in the course of the proposed enforcement activities are brought into compliance and thereby avoid closure.

At its meeting held September 28, 2005, the Housing, Community, and Economic Development Committee discussed this matter with representatives of the LAHD and the CLA. During the public comment period, residents or resident hotels and affordable housing advocates expressed support for LAHD's report and urged the Committee to take action to preserve this stock of affordable housing. It was stated that residential hotels provide affordable housing to seniors, the disabled, and low-income tenants. The conversion of such housing into market rate for-sale and rental loft units has resulted in the loss of 1,000 units of affordable housing. Support was also expressed for an interim control ordinance to be implemented during the preparation of a permanent ordinance.

Requests were made by affordable housing and resident advocates to participate with City agencies to draft a preservation policy.

A representative of the Agency was present to discuss the conversion of residential hotels and SRO units into market-rate housing. It was stated, that approximately half of the owners of such properties opted to receive Agency financial assistance in exchange for preserving their units affordable for low-income tenants. The properties that did not receive Agency assistance are not subject to the same preservation controls, and as such, are being converted to market-rate housing.

The Housing, Community, and Economic Development Committee recommended that Council approve the CLA's recommendations for the preparation of a residential hotel and SRO preservation policy. Councilmember Garcetti further recommended that Council instruct LAHD to review the accuracy and completeness of its residential hotel and SRO inventory data with each Council Office.

Respectfully submitted,

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
GARCETTI	YES
REYES	YES
PARKS	YES

JAW
9/29/05

#042087.wpd

Rpt
ADOPTED
AS ATTENDED
SEP 30 2005


LOS ANGELES CITY COUNCIL
FORTHWITH
See Amending MO

MOTION

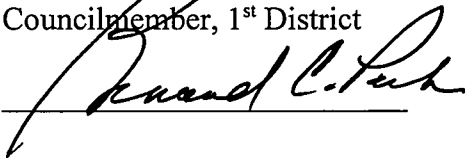
I MOVE that the matter of report of the Housing Community and Economic Development Committee, relative to the preservation of Residential and Single Room Occupancy (SRO) hotels, Item Number 15 on today's Agenda (C.F. 04-2087), BE AMENDED to include the following additional recommendation:

- “5. INSTRUCT the Los Angeles Housing Department to:
 - a. Report to the Housing, Community and Economic Development Committee with a Citywide policy for the distribution of Residential and Single Room Occupancy (SRO) Hotels across the City to include recommended criteria for siting of these hotel units; and
 - b. In cooperation with the Department of Neighborhood Empowerment, contact City Neighborhood Councils to obtain feedback on the policy; and
 - c. Return to the Housing, Community and Economic Development Committee and Council with the results of Neighborhood Council outreach and a final Citywide policy for the distribution of Residential and SRO Hotels for Council adoption.”

PRESENTED BY:


 Ed P. Reyes
 Councilmember, 1st District

SECONDED BY:



Amending MO
ADOPTED

SEP 30 2005

LOS ANGELES CITY COUNCIL
FORTHWITH

WB

September 30, 2005

COUNCIL VOTE

Sep 30, 2005 11:36:36 AM, #8

ITEM(S) **15**
Adopt as Amended

CARDENAS	Yes
GARCETTI	Yes
GREUEL	Yes
HAHN	Yes
LABONGE	Yes
PARKS	Yes
PERRY	Yes
REYES	Absent
ROSENDAHL	Yes
SMITH	Absent
WEISS	Absent
ZINE	Yes
*PADILLA	Yes
VACANT	Absent
VACANT	Absent

Present: 10, Yes: 10 No: 0

**HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT
COMMITTEE**

NOTIFICATION OF COUNCIL ACTION

Council File No. 04-2087

Council Member(s) 9, 13

Interested Department _____

Mayor (with/without file) _____

Chief Legislative Analyst _____

City Administrative Officer _____

Controller _____

City Clerk _____

City Clerk, Chief Administrative Services _____

Treasurer _____

City Attorney (with blue sheet / without blue sheet) _____

General Services Department _____

Department of Transportation _____

Personnel Department _____

Los Angeles Housing Department _____

Community Development Department, General Manager, Clifford Graves _____

cc: Contact Person _____

Community Redevelopment Agency _____

Board of Public Works _____

Workforce Investment Board _____

Workforce Investment Board, Youth Council _____

Housing Authority Planning Dept

L.A. Homeless Services Authority Building and Safety

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

04-2007
#15

September 27, 2005

TO: Honorable Members of the Housing, Community and Economic Development Committee

FROM: Gerry F. Miller *GFM & mpk*
Chief Legislative Analyst

Preservation of Single Room Occupancy Housing

SUMMARY:

In October, 2004 a Motion (Perry-Villaraigosa-Garcetti) was introduced directing the Los Angeles Housing Department (LAHD) to report with recommendations on measures which the City can implement to preserve the thousands of affordable Single Room Occupancy (SRO) housing units throughout the City. SRO hotels are described structures with six or more guest rooms in which 30% or more of the units do not have a private bath and toilet within the unit, as distinguished from other residential hotels with private bathroom facilities. The City has a history of taking measures to ensure the short-term preservation of such housing as an important component of the City's affordable housing stock.

LAHD has provided a report in response to the introduction of the subject Motion outlining the City's history relative to SRO preservation measures as well as measures taken by other cities to preserve their SRO housing stocks. LAHD recommends that residential hotels be included in the preservation plan it is instructed to prepare for Council due to their similarity to SRO hotels as a component of the City's affordable housing stock that is also often the "housing of last resort" to low-income tenants. Residential hotels that are not SRO's often include restrooms in their units and allow cooking and other activities that are not allowed in SRO hotels.

The Department recommends that Council:

1. Review the policy options detailed in their report;
2. Instruct LAHD to work with the Community Redevelopment Agency, the Los Angeles Homeless Services Authority, the Housing Authority of the City of Los Angeles, the Department of City Planning and the City Attorney to develop necessary ordinance(s) and programmatic details, including funding recommendations, needed to preserve residential and SRO hotel units in Los Angeles; and
3. Instruct LAHD to report to the Housing, Community and Economic Development Committee within 120 days with a draft residential and SRO hotel preservation strategy, ordinance and/or program.

While no specific plan is recommended by the Department at this time, options are provided for consideration. These options are based on the Department's research, the experience of the Department's Residential Hotel Unit (a unit within the Systematic Code Enforcement Program (SCEP)), and analysis of similar efforts of other cities, including San Francisco and San Diego. The Department reports that the

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CITY CLERK
BY DEPUTY

most effective method to preserve existing SRO housing is a comprehensive preservation plan that includes:

1. outreach and education for owners, operators and tenants of SRO hotels,
2. code enforcement,
3. compliance with existing tenant rental protections, and
4. a citywide ordinance requiring replacement housing or payment of an in-lieu fee for all SRO units lost to the market.

The Department also provides more detailed descriptions of potential individual components of the above comprehensive preservation plan, including:

- A citywide program which would, by ordinance, require one-for-one replacement of existing residential hotel/SRO units currently housing very low income residents, or, allow payment of an in-lieu fee equivalent to the cost of replacing such units;
- An education and outreach program to operators and tenants of residential hotel units relative to health and safety code and rent stabilization ordinance protections;
- Enforcement actions to deal with health and safety violations; and
- Incentives for ownership of SRO properties committed to long-term affordability for current residents.

We have reviewed the LAHD report and recommend approval of the LAHD recommendations. In addition, it is further recommended that the City's Department of Building and Safety also participate as needed in the development of programmatic details relative to the preservation of Residential and SRO hotel units inasmuch as the Department's inspection activities involve these facilities. We also recommend that the preservation plan to be developed by LAHD in conjunction with the named departments include specific actions to address the loss of SRO units as a result of their conversion to market rate housing as well as demolition. It is further recommended that the preservation plan also include recommendations relative to maintaining and enhancing the long-term affordability of SRO units as well as ensuring that nuisance properties identified in the course of the proposed enforcement activities are brought into compliance and thereby avoid closure.

RECOMMENDATIONS:

That the Council INSTRUCT the Los Angeles Housing Department (LAHD) to:

1. Work with the Community Redevelopment Agency of the City of Los Angeles (CRA), the Los Angeles Homeless Services Authority (LAHSA), the Housing Authority of the City of Los Angeles (HACLA), the Department of City Planning and the Department of Building and Safety, with the assistance of the City Attorney to develop the necessary programmatic details and ordinance(s), including funding recommendations, needed to preserve Residential and Single Room Occupancy (SRO) hotel units in Los Angeles;
2. Report to the Housing, Community and Economic Development Committee within 120 days with a draft Residential and SRO hotel preservation strategy, ordinance and/or program; and
3. INSTRUCT the LAHD to include in its Residential and SRO hotel preservation strategy the following:
 - a. Recommendations to address the loss of residential and SRO units as a result of their conversion to market rate housing;
 - b. A citywide economic profile of residential and SRO hotel tenants and recommendations for maintaining and enhancing the long-term affordability of SRO units; and
 - c. Recommendations to ensure that nuisance hotels identified in the course of enforcement activities to are brought into compliance thereby avoid closure.

FISCAL IMPACT:

There is no impact to the General Fund resulting from these actions.

BACKGROUND:

The study conducted by the Los Angeles Housing Department (LAHD) in response to the Motion (Perry-Villaraigosa-Garcetti) describes the history of City moratoria that have prohibited the demolition and/or conversion of SRO hotel units. Between 1987 and 1994, ten such moratorium ordinances were adopted by the City, two of which (165144 and 170399) were specific to Skid Row. The last of these ordinances expired in November, 1994.

All of these ordinances prohibited the demolition of SRO units, and required replacement of all demolished SRO units or payment to the Replacement Housing Trust Fund of an in-lieu fee in the amount of \$25,000 per unit demolished. While ordinances enacted after 1990 included prohibition of conversion of SRO units to other types of housing, the replacement and in-lieu payment requirements were not applied to conversions.

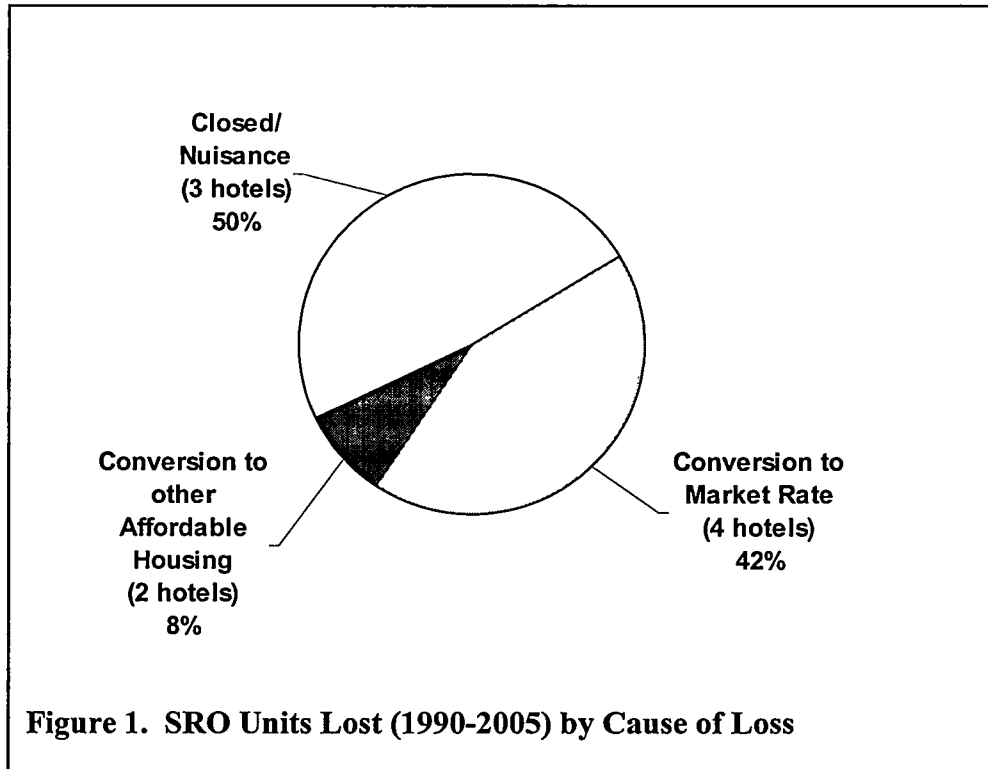
Analysis of demolition and conversion activities at SRO hotels:

In its report, the LAHD provides a list of SRO hotels with recorded demolition and/or conversion activity between 1990 and 2005. According to this data, all demolition activities completed during the times that moratorium ordinances were in effect were granted hardship exemptions, and therefore no in-lieu fee was paid. All SRO hotels demolished in the course of these activities were either rebuilt as SRO housing or rebuilt as other affordable housing.

The data describe twenty properties, twelve of which involve losses of SRO units. The activities undertaken on these twelve properties account for the loss of 1250 SRO units, which is offset by a net gain of 5 units across 5 SRO hotels that underwent rehabilitation and remained in use as SRO hotels. The data supplied by the LAHD is presented in Attachment 1 to this report.

Figure 1 below illustrates that the two largest causes of SRO units lost were closure and conversion to market rate housing. This is underlined by LAHD's report that they are monitoring seven additional residential and SRO hotels representing 2,270 units that are at risk of sale or conversion to market rate housing. It is therefore recommended that the preservation plan developed by LAHD pursuant to adoption of this report include recommendations that address both the loss of SRO units due to conversions to market rate housing as well as the ensuring that nuisance hotels are brought into compliance to prevent their closure.

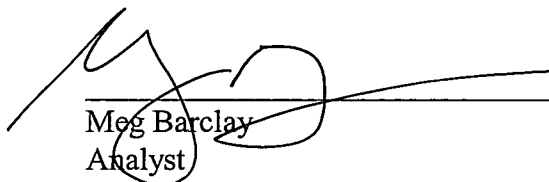
The LAHD reports that nuisance hotels are identified by the Residential Hotel Unit that operates within the LAHD's Systematic Code Enforcement Program (SCEP). This unit was created in July, 2004.



Of the specific components for inclusion in a potential preservation plan presented by LAHD, the ordinance requiring one-for-one replacement of existing residential hotel/SRO units currently housing very low income residents, or allowing payment of an in-lieu fee equivalent to the cost of replacing such units would address the loss of SRO housing units to conversion. The LAHD reports that this strategy is based on San Francisco's Housing Conversion Ordinance that has been recently upheld by the United States Supreme Court (*San Remo Hotel, L.P. et al. v. City and County of San Francisco, California, et al.*)

SRO Resident Profile:

The LAHD report includes a profile of residents of SRO hotels arrived at through consultation with two large SRO housing providers in Skid Row. It is reported that the average income of an SRO household served by these two providers is 10% of Area Median Income (AMI) or \$4,588 per year. Based on the housing affordability standard of 30% of income, this means that the average SRO household can afford to pay approximately \$114 per month. In another scenario, an SRO tenant whose only source of income is General Relief can afford to pay \$66 monthly for rent. (This figure was mistakenly reported for Supplemental Security income in the LAHD report.) The LAHD reports that SRO unit rents range from \$280-350. In neither of these cases is the rent for an SRO unit affordable to these tenants. We therefore recommend that the LAHD's SRO Preservation plan include a citywide profile of residential and SRO hotel tenants and options to ensure the long-term affordability of SRO units for these tenants.


 Meg Barclay
 Analyst

Attachment A: SRO Hotel Demolition and Conversion Activity (1990-2005):

Property Name:*	# of Units	Demolished		Not Demolished		Net Change in # SRO units
		Replaced with SRO	Converted	Replaced with SRO	Converted	
Winston Hotel	54			41		-13
1115 S. Wall St.	32		7 (3-4 br units)			-32
Weldon Hotel	60	58				-2
Selby Hotel	31			29		-2
Senator Hotel	90	99				9
Rector Hotel	72		190 Sr Units			-72
Yankee Hotel	80			80		0
Barbizon Hotel	55			55		0
Eads Apartments	36			36		0
New Terminal Hotel	44			44		0
Bristol Hotel	103				boutique hotel	-103
San Julian	25	38				13
Frontier Hotel	150				lofts (partial)	-56
El Dorado/Pacific Grand	264				lofts	-264
Clark Hotel	513				closed	-513
Rivers Hotel	76			76		0
Lyndon Hotel	62				62 (nuisance closing)	-62
Ross Hotel	40				40 (nuisance closing)	-40
La Salle Hotel**	108				adapt. re-use	-108
TOTAL:	1895	TOTAL NET LOSS OF SRO'S:				-1245
		PERCENT SRO'S LOST:				-66%

* One property included by LAHD (936 S. Wall St.) is not included due to lack of information on the number of units at the property.

** The La Salle property is reported as an adaptive re-use project being undertaken by the CRA. For the purposes of this report, it is assumed that there will be no SRO units included in the finished project, however this has not been confirmed at the time of this report.

CITY OF LOS ANGELES SPEAKER CARD

Date

9/28/05

Council File No., Agenda Item, or Case No.

16

I wish to speak before the

Housing Committee

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal

() Against proposal

() General comments

Name:

JIM DONAR

Business or Organization Affiliation:

Mental Health Assoc.

Address:

320 Pine Ave Long Beach CA 90802

Street

City

State

Zip

Business phone:

Representing:

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Phone #:

Client Address:

Street

City

State

Zip

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CITY OF LOS ANGELES SPEAKER

Date 9-28-2005

Council File No., Agenda Item, or Case No. 16

I wish to speak before the HCD Committee Department
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda?
Name: Larry Donald Richard
For proposal against proposal General comments

Business or Organization Affiliation: La Community
Address: 1002 East 7th Street Los Angeles CA
Street City State Zip

Business phone: Representing: Housing

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Client Address: Street City State Zip

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CITY LOS ANGELES SPEAKER BOARD

Date
September 28, 2005

Council File No., Agenda Item, or Case No.
16

I wish to speak before the HOED Committee
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? For proposal
() Against proposal
() General comments

Name: Esther Alejandro

Business or Organization Affiliation: LA CAN

Address: 622 So. Wall St. Los Angeles, CA. 90014
Street City State Zip

Business phone: _____ Representing: _____

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Client Name: _____ Phone #: _____

Client Address: _____
Street City State Zip

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CITY OF LOS ANGELES SPEAKER

Date
9-28-05

Council File No., Agenda Item, or Case No.
04-2087

I wish to speak before the HOUSING COMMITTEE
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal
() Against proposal
Name: BRETT TRABELL () General comments

Business or Organization Affiliation: INNER CITY LAW CENTER

Address: 1309 E. 7th St LOS ANGELES CA 90021
Street City State Zip

Business phone (213) 891-2880 x 201 Representing:

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Client Name: Phone #:

Client Address: Street City State Zip

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CITY LOS ANGELES SPEAKER CARD

Date 9-28-2005

Council File No., Agenda Item, or Case No. 16

I wish to speak before the HCED Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? [X] For proposal [] Against proposal [] General comments

Name: BARBARA PLANEK

Business or Organization Affiliation: LACAN

Address: 456 N. Main LA CA 90013

Business phone: 213-228-0024 Representing: NK

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CITY LOS ANGELES SPEAKER

Date 9/28/05

Council File No., Agenda Item, or Case No. 04-2087

I wish to speak before the HCEB Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? (X) For proposal

Name: MIKE ALVAREZ () Against proposal () General comments

Business or Organization Affiliation: SKIP ROW HOUSING TRUST

Address: 1317 E. 7TH ST LA CA 90021 Street City State Zip

Business phone: (213) 683-0522 Representing: SRA/T

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Client Name: Phone #:

Client Address: Street City State Zip

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CITY LOS ANGELES SPEAKER BOARD

Date 9/28/05

Council File No., Agenda Item, or Case No. 16

I wish to speak before the ~~Rosa Wilms~~ HCED Committee
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? [X] For proposal
[] Against proposal
[] General comments
Name: Rosa Wilms

Business or Organization Affiliation: LACAN

Address: 456 S. Main St CA CA 90013
Street City State Zip

Business phone: Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: []

Client Name: Phone #:

Client Address: Street City State Zip

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CITY LOS ANGELES SPEAKER D

Date

9/28/05

Council File No., Agenda Item, or Case No.

16

I wish to speak before the

HCED

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? (x) For proposal

() Against proposal

() General comments

Name:

Barbara Schultz

Business or Organization Affiliation:

Legal Aid Foundation of LA

Address:

1550 W 8th St
Street

LA
City

CA
State

90017
Zip

Business phone:

213 640-3823

Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

Client Name:

Phone #:

Client Address:

Street

City

State

Zip

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CITY LOS ANGELES SPEAKER BOARD

Date 9/28/05

Council File No., Agenda Item, or Case No. 16

I wish to speak before the HCED Committee
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? For proposal

Name: Rick Mantley
() Against proposal
() General comments

Business or Organization Affiliation: LACAN

Address: 456 S. Main St CA CA 90013
Street City State Zip

Business phone: 213 228 0074 Representing: NA

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: []

Client Name: Phone #:

Client Address: Street City State Zip

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CITY LOS ANGELES SPEAKER BOARD

Date

9-28-09

Council File No., Agenda Item, or Case No.

16

I wish to speak before the

HCED

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? (X) For proposal

() Against proposal

() General comments

Name: FARRIS SANDERS

Business or Organization Affiliation:

Address: 1246 south Hope St Los Angeles CA 90015

Business phone: Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

checkbox

Client Name: Phone #:

Client Address: Street City State Zip

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CITY LOS ANGELES SPEAKER BOARD

Date 9/28/05

Council File No., Agenda Item, or Case No. 16

I wish to speak before the HGED
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? [X] For proposal

Name: KUMIKO YAMAGUCHI
() Against proposal
() General comments

Business or Organization Affiliation: LTCC CDC

Address: 231 E 3rd St LA CA 90013
Street City State Zip

Business phone: Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: []

Client Name: Phone #:

Client Address: Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY ██████ LOS ANGELES SPEAKER ██████ RD

Date 9-28-05

Council File No., Agenda Item, or Case No.
#16

I wish to speak before the H, C & E D Committee
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? For proposal
 Against proposal
 General comments

Name: Sonia J. Brown

Business or Organization Affiliation: UCEPP

Address: POB 75833 LOS Angeles CA 90075-0833
Street City State Zip

Business phone: 818-693-6178 Representing: FORD Hotel tenant

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

Client Name: _____ Phone #: _____

Client Address: _____
Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY LOS ANGELES SPEAKER BOARD

Date 9/28/05

Council File No., Agenda Item, or Case No. 04-2087 #16

HCED

I wish to speak before the Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? For proposal

Name: USLIE CROOM () Against proposal () General comments

Business or Organization Affiliation: United Coalition East

Address: 804 E. 10th St. LA CA 90021

Business phone: 213 622 1621 Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: []

Client Name: Phone #:

Client Address: Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY LOS ANGELES SPEAKER D

Date 9/28/05

Council File No., Agenda Item, or Case No. Agenda #16

I wish to speak before the HCEID committee Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? () For proposal () Against proposal (x) General comments

Name: Mary M. Lee

Business or Organization Affiliation: attorney at law

Address: 3904 Roxton Ave Lt CA 90008 Street City State Zip

Business phone: 323 292-2535 Representing: Community Coalition and UCEPP

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: []

Client Name: Community Coalition Phone #: 323 750-9087

Client Address: 8101 S. Vermont LA CA 90008 Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY LOS ANGELES SPEAKER BOARD

Date

9/28/05

Council File No., Agenda Item, or Case No.

116

I wish to speak before the

HLED

Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? For proposal

Against proposal

General comments

Name: Lydia Avila Hernandez

Business or Organization Affiliation: East L.A. Community Corporation

Address: 530 S. Boyle Ave 90033

(913)

Street

City

State

Zip

Business phone: 269-4214 x240 Representing: ELACC

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW:

Client Name: Phone #:

Client Address:

Street

City

State

Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY OF LOS ANGELES SPEAKER BOARD

Date 9/28/2005

Council File No., Agenda Item, or Case No. 16

I wish to speak before the HCED
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? [X] For proposal
Name: Maria Elena Rivas

Business or Organization Affiliation:
Address: 1526 S. Hope St. LA CA 90015

Business phone: Representing:

CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: []

Client Name: Phone #:

Client Address: Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

CITY OF LOS ANGELES SPEAKER BOARD

Date 9/28/2005

Council File No., Agenda Item, or Case No. 14

I wish to speak before the HCED
Name of City Agency, Department, Committee or Council

Do you wish to provide general public comment, or to speak for or against a proposal on the agenda? [X] For proposal

Name: Agustina Ramirez
() Against proposal
() General comments

Business or Organization Affiliation:

Address: 1526 S. Hope St. LA CA 90015
Street City State Zip

Business phone: Representing:

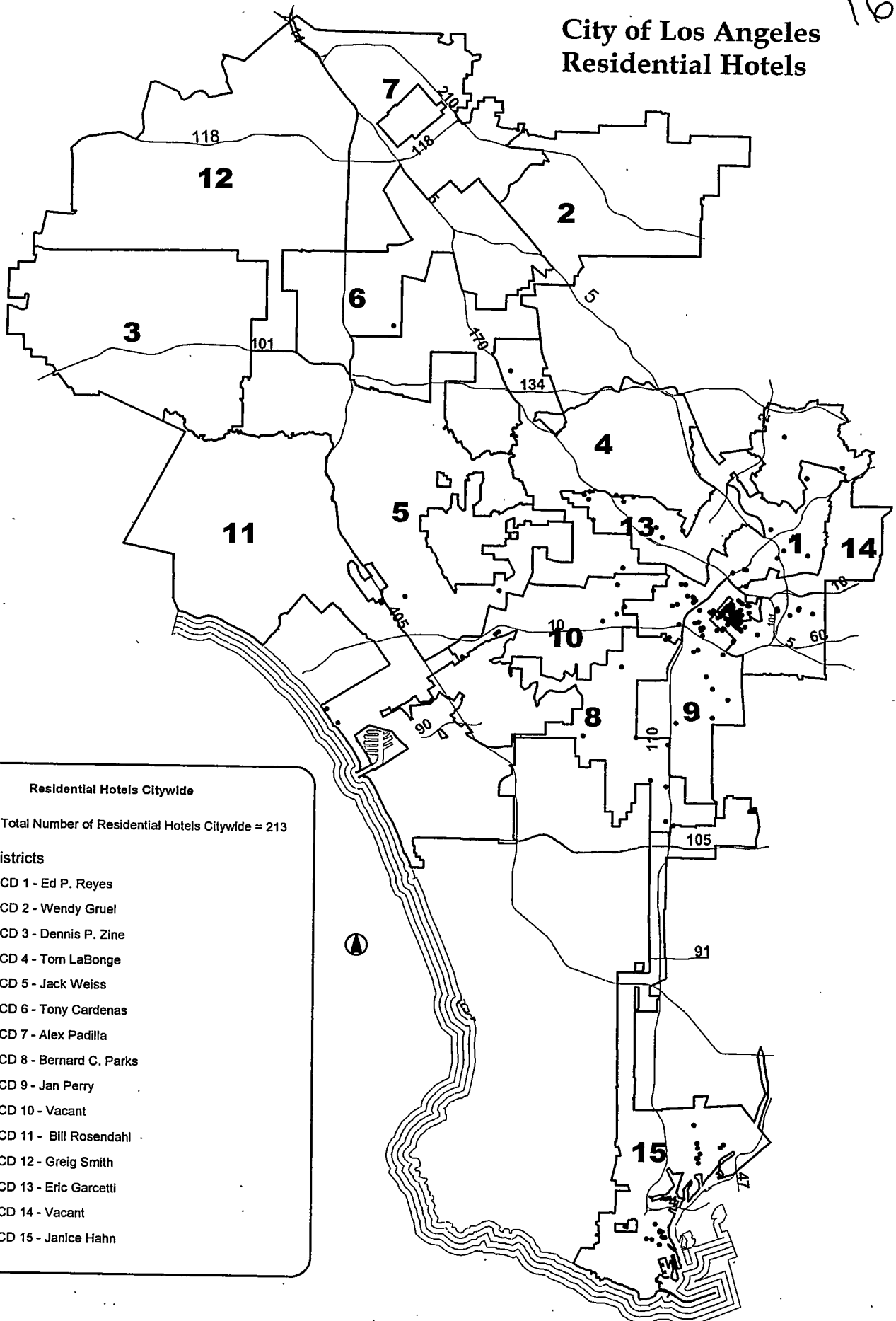
CHECK HERE IF YOU ARE A PAID SPEAKER AND PROVIDE CLIENT INFORMATION BELOW: []

Client Name: Phone #:

Client Address: Street City State Zip

Please see reverse of card for important information and submit this entire card to the presiding officer or chairperson.

City of Los Angeles Residential Hotels



Residential Hotels Citywide

Total Number of Residential Hotels Citywide = 213

Council Districts

- CD 1 - Ed P. Reyes
- CD 2 - Wendy Gruel
- CD 3 - Dennis P. Zine
- CD 4 - Tom LaBonge
- CD 5 - Jack Weiss
- CD 6 - Tony Cardenas
- CD 7 - Alex Padilla
- CD 8 - Bernard C. Parks
- CD 9 - Jan Perry
- CD 10 - Vacant
- CD 11 - Bill Rosendahl
- CD 12 - Greig Smith
- CD 13 - Eric Garcetti
- CD 14 - Vacant
- CD 15 - Janice Hahn

Attachment 1 - Updated

1. MORATORIA HISTORY - CITY OF LA

Ordinance #	Eff Date	Exp Date	Term	Other
Citywide				
162662/3	8/4/1987		6 Months	Also froze SRO rents at 4/30/1987 level and regulated increases. Extended provisions of 162662/3
163182/3		4/29/1988	90 Days	
163622		6/30/1988	60 Days	
164175		5/10/1989		
164827		9/6/1989	120 Days	
165145		9/7/1990	12 Months	
166238		9/19/1991	12 Months	
168268	11/6/1992	11/5/1993	12 Months	
Skld Row				
165144			24 Months	Approved 9/28/1989
170399	11/6/1992	11/5/1994	24 Months	

Definitions

SRO/Guest Room: Any habitable room except a kitchen, designed or used for occupancy by one or more persons and not in a dwelling unit. (Added by Ord.No. 107,884, Eff. 9/23/56.)
SRO Hotel Definition: A structure with =>6 guest rooms in which 30% or more of the units do NOT have private bath and toilet within the unit.
Replacement Requirement: 1:1 replacement of comparable type and affordability as what is demolished, must be built on same lot or within 1 mile of subject property; new CofO for new building held until 25% of replacement units are provided.
In Lieu Fee: Ordinance requires fee of \$25,000 per unit demolished, payable to Replacement Housing Trust Fund. ILF collections to date: TBD

Ordinance Findings

Unique form of housing that primarily serves residents at the lowest economic scale, including elderly residents and residents on fixed income. SRO housing is essential component of the low-income housing market. Shortage of SRO rooms resulting in low vacancy rate in such hotels. 90% of SRO's require upgrades to meet City's seismic safety and fire code standards and are therefore are increasingly slated to demolition due to combined effect of rehab cost and the increasing attractiveness of the land upon which they are located for conversion to other uses. Permanent loss of SRO's will exacerbate problems confronting the City with respect to homelessness. Providing adequate low-income housing is a priority function of the City. SRO's require funds for repair/rehab that are not yet available-City must ensure that SRO housing is not demolished prior to funds being made available. Large number of SRO units have been lost to demo and a trend to convert to other uses is evident. CDD and Planning were required to report on alternatives to demolition. Vital to create a preservation program while moratorium is in place.

2. Historical SRO Inventory Assessment

Name	Address	# of Units	Council File #	Demo?	Status	Loss/Gain
Winston Hotel	311 E. Winston	54	91-2266-S3	No	Rehab, reduced from 54 to 41 SRO units, HE*	-13
1115 S. Wall St.	1116 S. Wall St.	32	91-2266	Yes	Demo, repl'd with 7 units (3 and 4 bd units) on same site, HE*	-32
Weldon Hotel	507 S. Maple Ave	60	91-2266-S2	Yes	Demo and build 58 SRO units, HE*	-2
Selby Hotel	1740 N. Hudson Ave	31	90-1144-S1	No	Rehab into 29 SRO units, HE*	-2
Senator Hotel	729 S. Main Street	90	90-1144-S2	Yes	Demo and build 99 SRO units: 729 S. Main & 726 S. Spring, HE*	9
Rector Hotel	5447 Hollywood Blvd	72	90-2027-S1	Yes	Demo and build 190 senior units on site, HE* (loss of SRO units)	-72
936 S. Wall St.	936 S. Wall St.	Unknown	94-1614	Yes	Demo, HE*	
Yankee Hotel	648 S. San Julian, 501 E	80		No	Acquisition/rehabilitation of existing SRO	
Barbizon Hotel	1927-1931 W. 6th St	55		No	Acquisition/rehabilitation of existing SRO	
Eads Apartments	421 S. Bixel	36		No	Acquisition/rehabilitation of existing SRO family units	
	New Terminal Hotel	44		No	Acquisition/rehabilitation of existing SRO	
Bristol Hotel	421 W. 8th St.	103	04-0117	No	Emptied for conversion to boutique hotel	-103
San Julian	526 S. San Julian	25	05-0682	Yes	Demo'd by Union Rescue Mission for New SRO Construction	13
Frontier Hotel	111 W. 5th St	450		No	Top 2 floors are being converted into lofts. Approx. 56 units lost	-56
El Dorado/Pacific Gran	416 S. Spring ST	264	97-1972	No	Loft conversion (Tom Gilmore)	-264
Clark Hotel	426 S. Hill St	513		No	Building closed - unknown reason	-513
Rivers Hotel	1226 E. 7th St	76	C-100796	No	Nuisance Closing/Rehabbed by SRO Housing Corp, reopened in 2003	-62
Lyndon Hotel	413 E. 7th St	62	00-0770	No	Nuisance Closing/Emptied via evictions/refusal to accept rent	-62
Ross Hotel	640 S. San Julian St	40	02-0980,04-2089	No	Nuisance Closing/CofO was "pulled" - unknown reason	
La Salle Hotel	245-263 7th St, San Ped	108	00-0775	No	CRA adapt reuse project - Occpd units + com'l relocated	
*HE = hardship exemption from moratoria granted by City Council						Total Units Lost: -1097

Potential Losses:

Name	Address	# of Units	Status
Alexandria		472	verified
Huntington		200	verified
Rosslyn		264	No
Cecil		615	verified
Morrison		111	verified
Hayward		511	No
Carver		50	No
Total Units		2223	

Status
 Being marketed as potential loft conversion. LAHD GM Hearing Pending
 Property has \$3.2 million in CRA funding (currently in REAP)
 Plans to revert back to a hotel are in process for approximately 90 units
 Litigation by City, re: habitability. Owner applied to reduce property to 63 units
 Property vacant as of 12/2/04

Updated 9-27-05

ITEM NO. () - Motion Required

04-2087 COMMUNICATION FROM THE HOUSING PLANNING AND ECONOMIC ANALYST, LOS ANGELES HOUSING DEPARTMENT relative to the preservation of single-room occupancy housing.

(Housing, Community, and Economic Development Committee report to be submitted in Council. If a public hearing is not held in Committee, an opportunity for public comment will be provided.)

(For copies of related, staff-generated reports for this matter, please contact the Legislative Assistant for the Housing, Community, and Economic Development Committee at 213-978-1080.)

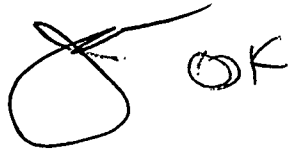
JAW
9/26/05

#042087.hdr.wpd

To: To Clerk

From: June Lagmay, Mayor Office

FYI, this has been sent to CAO for report back to the Council.

Handwritten signature and initials "OK". The signature is a large, stylized loop with a long tail extending to the right. To its right are the initials "OK" written in a simple, bold font.

TRANSMITTAL

To: **THE COUNCIL**

Date: **AUG 26 2005**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



ANTONIO R. VILLARAIGOSA
Mayor

AUG 31 2005

Housing, Community and Economic Development

RECEIVED
CITY CLERK'S OFFICE

2005 AUG 31 AM 8:47

CITY CLERK
BY  DEPUTY



Antonio R. Villaraigosa, Mayor
Mercedes Márquez, General Manager



1200 W. 7th Street, 9th Fl., Los Angeles, CA 90017
tel 213.808.8649 | fax 213.808.8999
www.lacity.org/lahd

August 22, 2005

Council File: 04-2087
Council District: Citywide
Contact Person & Ext.:
Claudia Monterrosa, 808-8656
Yolanda Chavez, 808-8405

The Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attn: June Lagmay, Legislative Coordinator

REPORT BACK ON MOTION REGARDING PRESERVATION OF SINGLE ROOM OCCUPANCY HOUSING

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully submits this transmittal for Mayor and City Council review and approval. In October, 2004, the Housing Department, with the assistance of the City Attorney, was asked to provide recommendations to the Housing, Community and Economic Development (HCED) Committee on measures the City can implement to preserve the thousands of affordable Single Room Occupancy (SRO) housing units throughout Los Angeles, including a discussion of measures taken by other cities for this purpose and their applicability to the unique needs and circumstances of Los Angeles.

The Housing Department had conducted extensive research on this topic. There are number of legal and financial facts to consider; the policy issues are complex.

RECOMMENDATIONS

The General Manager, LAHD, respectfully recommends:

1. That your office schedule this transmittal at the next available meeting of the appropriate City Council committee (s) for review and forward it to the City Council for review and approval immediately thereafter;
2. That the City Council:
 - A. REVIEW the policy options detailed in this report;
 - B. INSTRUCT the Los Angeles Housing Department, as lead agency, to work with the Community Redevelopment Agency, the Los Angeles Homeless Services Authority, the Housing Authority of the City of Los Angeles, Department of City Planning and City Attorney to develop necessary ordinance(s) and programmatic details, including funding recommendations, needed to preserve residential and SRO hotel units in Los Angeles;
 - C. INSTRUCT the Los Angeles Housing Department to report back to the Housing, Community and Economic Development Committee within 120 days with a draft residential and SRO hotel preservation strategy, ordinance and/or program.
3. That the Mayor concur with the actions of the City Council.

BACKGROUND

For many years the preservation of SRO hotels – for many the ‘last resort’ housing in the City -- has been of concern to the City of Los Angeles. From efforts to retrofit them for seismic safety, to demolition moratoria, earlier elected officials have acted to preserve this housing resource.

Previous efforts by the City of Los Angeles:

The LAHD conducted research on previous efforts by the City to preserve SRO housing, including demolition moratoria and City funding to rehabilitate existing or build new SRO housing. Additionally, LAHD has researched best practices by other California cities, including San Francisco and San Diego.

City of Los Angeles – SRO History

Recognizing the loss of SRO housing affects the poorest residents of the City; the City Council has historically passed moratoria prohibiting SRO hotel demolition or conversion. Attachment 1 details that history starting in 1987 through the expiration of the last moratorium in 1994, and provides a loss assessment. The Council File Index indicates that many of the moratoria were initiated due to pending demolition or conversion of a SRO property, with the intent of protecting all such properties. The City’s moratoria defined a SRO as a structure with six (6) or more guest rooms in which 30% or more of the units do not have private bath and toilet within the unit, distinguishing them from other residential hotels units with private bathroom facilities

and small kitchens. The moratoria generally prohibited any demolition or conversion of a SRO, unless a hardship exemption was granted. Those exemptions required a one-to-one replacement of housing units removed from the market, or an in-lieu fee (\$25,000/unit) for each unit removed from the market. In six of the ten cases, demolition or conversion was carried out to build new SRO housing, thus achieving the replacement-housing requirement, with a small net loss of housing units. In one case the residential hotel was demolished in order to develop an affordable senior rental property.

SRO Inventory Analysis

The City of Los Angeles currently has a citywide inventory of 202 residential hotels with a total of 15,947 units, of which 83 are SRO hotels with 6,528 units, of which 5,576 have affordability restrictions. Both residential hotels and SROs are primarily located in downtown Los Angeles (76% of all such units), in Council Districts 1, 9 and 14. Attachment 2 is a map showing all SRO properties in Los Angeles. From 1995 through 2003 the City lost ten SRO hotels with a net loss of 1,087 units, including five properties with 105 units between 1995-1999, and five properties with 982 units from 2000-2003. The losses were due to demolition and rehabilitation, nuisance closings and conversions to upscale lofts or boutique hotels. In many cases of new construction or rehabilitation, units were lost as a result of orders to comply with health and safety codes.

LAHD is closely monitoring seven additional at-risk residential and SRO hotels with 2,270 units. Several of these properties may be sold or 'repositioned' as market-rate housing opportunities, hotels or other uses, reflecting the changing real estate market in downtown Los Angeles.

Enforcement Actions

The City of Los Angeles provides several levels of enforcement for residents of SRO properties. Since July 2004, LAHD's Systematic Code Enforcement Program's (SCEP) inspected residential hotels and SROs, ensuring compliance with health and safety codes. This program is detailed more fully below. Additionally, LAHD manages compliance with the Rent Stabilization Ordinance (RSO), when applicable, providing tenant protections including evictions and relocation assistance.

The City Attorney operates the Citywide Nuisance Abatement Program (CNAP), a comprehensive program focusing resources on identifying repetitive safety and code violations and criminal activity at residential hotels and SROs. CNAP pursues legal action against property owners, including slumlords. This action is directed at providing safe, decent housing to residents. Unfortunately, one of the consequences of this program is that legal action may conclude with the ordered closure of a residential hotel or SRO, thus displacing the residents. When this occurs, the Housing Department works with other Departments and agencies to provide tenants with a wide range of resources including housing assistance and social services, but this creates stress on residents and puts them at risk of homelessness. LAHD is monitoring seven residential hotels with 797 units in CNAP, with the goal of preventing displacement.

Currently, the City Council's Planning and Land Use Management (PLUM) Committee are addressing two nuisance abatement motions. The first, CF #03-2035 (Perry), called for reports from various Departments in relation to the City's Administrative Nuisance Abatement proceedings process. The second motion, CF #04-2089 (Perry), requested an ordinance to be drafted that provides closure procedures for properties subject to discontinued use or revocation of a Certificate of Occupancy. In November 2004 the PLUM Committee referred these two Motions to the Nuisance Abatement Task Force, comprised of the Chief Legislative Analyst, Los Angeles Police Department, Office of the City Attorney, Department of City Planning (Planning), Department of Building and Safety, Los Angeles Housing Department, City Administrative Officer and Council District 9, for action. The Housing Department will be actively participating in this process to ensure that all policy recommendations and actions related to SRO housing are coordinated.

SRO Resident Profile

LAHD consulted with two of the large SRO housing providers in Los Angeles, Skid Row Housing Trust and SRO Housing Corporation to learn more about the residents to SRO hotels.

SRO residents are a predominantly male (78%), African American (72%) and Supplemental Social Security (SSI) recipients, with a monthly income of \$221. The average SRO 'household' income is approximately 10% of area median income (AMI), or \$4,588/year (based on current 100% AMI of \$45,875, for an individual). Only 10% of SRO residents are employed. Among SRO residents there is a high incidence of substance abuse (70%), mental illness (45%) and other disabilities. Many SRO residents have chronic illnesses, including contagious diseases but lack proper medical care.

What does a SRO hotel room rent for? Some of the SROs in Los Angeles utilize federal subsidy programs, including Section 8 Moderate Rehab Program and the Shelter Plus Care program. These programs require that residents pay 30% of their monthly income toward rent. Based on a SSI income of \$221/month that equates to \$66.30, leaving the resident \$154.70 for the month's living expenses. The rent for market-rate, or non-subsidized, SRO units range from \$280 - \$350 per month (most are below \$300/month).

Actions by Other Cities:

LAHD has researched the efforts of other California cities to preserve SRO housing and found that two of the largest, San Francisco and San Diego, enacted SRO preservation ordinances after losing a portion of their SRO inventories. Following is a brief discussion of each city's ordinance and general information.

San Francisco

Between the mid-1970s and the mid-1980s the City of San Francisco lost 23% of its SRO housing to demolition, orders to vacate and conversions. In 1979 San Francisco enacted a limited SRO housing preservation ordinance, and then re-enacted and modified it in 1990, to

protect this housing from further loss. In 2000 the ordinance was further amended, with an increase of the in-lieu fee language to bring it into compliance with the State's Ellis Act. The ordinance requires a detailed administrative process and alternative compliance options including: one-to-one replacement (new construction, acquisition/rehabilitation), or an in-lieu fee equal to 80% of the cost of replacement plus land acquisition costs. Further, the ordinance provides for notice requirements, annual usage reports and relocation benefits including a \$300 moving fee and \$1,000 displacement fee. The displaced residents have the first right of refusal (for replacement units).

San Francisco's ordinance, Section 41.1 of its municipal code, is unique in that it permits SRO property owners to rent a "percentage" of units at market rates. This "mixed-use" approach was intentionally created as an acknowledgement of the importance of the City's tourist trade. This component ensures that the City has ample tourist hotel rooms, while maintaining SRO properties. The ordinance exempts several uses, including nuisance closings, tourist hotels (those with 95% or greater use as tourist hotels), luxury rental units, illegal hotel conversions, low-income housing, and non-replacement housing.

According to Rosemary Bosque, Chief Inspector for the City of San Francisco's Building Inspection Department, the ordinance first slowed the pace of conversions and demolitions, and more recently has nearly stopped such actions. Since 1990 San Francisco has lost an additional 10% of its SRO housing stock. However, many of the demolitions have been for new SRO housing so the City's net loss has been low. Additionally, the ordinance's 1:1 replacement requirement and in-lieu fee, equal to the economic equivalent of providing the unit, add substantial cost to any potential conversion or demolition pro forma for non-SRO use. Discussions with housing advocates indicate support for the current ordinance.

San Diego

In 1987 the City of San Diego City Council approved the SRO Preservation and Relocation Assistance Ordinance. The ordinance was enacted in response to increasing demolition of SRO housing projects in downtown San Diego, primarily in the Gaslight District. The original ordinance required replacement housing or payment of an in-lieu fee. In 2000 the ordinance was further amended to comply with Ellis Act provisions, and currently there are changes pending with the San Diego City Council, including a revised in-lieu fee.

Municipal Code Section 143-0510, SRO Hotel Regulations, applies to demolitions or rehabilitation to all or part of a SRO hotel or SRO hotel rooms, or the conversion of all or part of a SRO hotel or SRO hotel rooms to another use. The ordinance requires a 1:1 replacement (new construction, rehabilitation, conversion of non-residential structures) within the community plan area in which the SRO hotel was located, and income restrictions to very low income households for a period of 30 years, or, payment of an in-lieu fee equal to 50% of the replacement cost of the SRO hotel to be demolished or converted. The ordinance exempts affordable housing developments targeted to low- and/or very low-income residents, and also allows an exemption for a redevelopment project, but still requires compliance with replacement and other ordinance requirements. Relocation benefits of an amount equal to two times the tenant's average monthly

rent for the proceeding 12 months for demolition or conversion, or one month's average rent for SRO rehabilitation, plus a rent rebate equal to \$10/month for each month the tenant has resided in the SRO hotel. Lastly, displaced residents are given first right of refusal (for replacement units).

The initial result of San Diego's ordinance was to stop demolitions and conversions in the gentrifying Gaslight area of the downtown. However, the City did not fully enforce the ordinance; during the late 1980s and early 1990s many SROs were demolished without providing replacement housing or pay the in-lieu fee. In fact, it is estimated that San Diego has lost 50% of its SRO housing since the 1980s to demolition or conversion. Further, the ordinance's in-lieu fee of 50% of the replacement cost is less than the economic equivalence to providing a comparable unit. Over the past five years there have only been a few demolitions, with some developers providing replacement housing, a few paying the in-lieu fee, and some developers requesting a hardship waiver.

Legal issues

San Francisco

Litigation has occurred regarding San Francisco's ordinance, with the courts upholding the City's ordinance. Specifically, in 1996 San Francisco was sued over its replacement requirements in the San Remo Hotel application to convert the SRO to a tourist hotel, paying an in-lieu fee of \$567,000 (fee based on an in-lieu fee of 40% of replacement cost of the 62 units). In April 2004 the U.S. Court of Appeals for the Ninth Circuit affirmed an October 2002 federal district court ruling that the North Beach-based establishment was barred from "re-litigating" its claim that the ordinance amounted to an unconstitutional "taking." The court upheld the City's replacement housing requirement. In June 2005 the U.S. Supreme Court upheld the San Francisco Ordinance, ruling that there was no constitutional takings.

In further support of SRO preservation ordinances in California's three largest cities, AB1217 (Leno) Residential Hotels, enacted in 2004, exempts residential hotels built before 1990 in Los Angeles, San Francisco, and San Diego from the Ellis Act. The Ellis Act, passed in 1986 and updated in 1999, states that jurisdictions cannot compel owners of rental property to remain a rental property. The Leno amendment means that Los Angeles could, if it chose to, completely prohibit residential hotel owners from going out of the rental business. The ordinances in both San Francisco and San Diego, however, act more as replacement housing ordinances, allowing an owner to demolish or convert residential hotel units only if they replace the units, or pay an in lieu fee for replacement.

San Diego

Over the past five years there has been renewed development and redevelopment in other parts of San Diego, bringing the SRO issue to the forefront again. The City has been sued over its lack of enforcement on the Maryland Hotel, and there is current litigation over a negotiated (reduced) replacement housing agreement on another development transaction. Based on

demands from both property owners and housing advocates, the San Diego City Council will be considering changes to the ordinance in September 2005, including a revised in-lieu fee (it is unclear if the revision is an increase or decrease), a waiver provision and increased relocation fees.

Los Angeles' Rent Stabilization Ordinance

The City of Los Angeles' Rent Stabilization Ordinance, which provides tenants with a variety of protections, covers residential and SRO hotels for buildings built on or before October 1, 1978. Hotel tenants are covered by Rent Stabilization when they live at the same address as their primary residence for 30 consecutive days. A longstanding problem has been the "28 Day Shuffle" in which residential and SRO hotel owners made residents temporarily move out prior to establishing tenancy in order to deny renters the protections of the RSO and of state rental housing law. In March 2005, the Los Angeles Municipal Code was amended to make violations of California Civil Code Sec. 1940.1, the state law prohibiting the "28-Day Shuffle", a misdemeanor offense that could be prosecuted by the City Attorney. The City Attorney's office is also considering the viability of civil actions by the City against landlords engaging in the "28-Day Shuffle."

DISCUSSION

Since preservation of SRO hotels requires financial investment as well as demolition moratoria, the City has committed funding over the years for this purpose. Resources of the Community Redevelopment Agency (CRA), the Housing Authority and the Housing Department have been leveraged with other federal and state resources to enable affordable housing developers, for for-profit and non-profit, to acquire and rehabilitate existing or contract new SRO housing units.

Since 1983, the CRA has financed the development of many residential hotel properties, with a total of 4,419 units, of which 3,699 are affordable. Most of these projects involved rehabilitation of existing properties, rather than new construction. Of these units, the affordability requirement has expired on 10 properties, with a total of 392 units, of which 348 had affordability restrictions. While these properties continue to operate as SROs, at the higher 'market' rent, real estate market forces may limit their long-term affordability, given the potential to earn higher profits with other uses.

From 1994–2005, LAHD invested \$47.4 million in the development and preservation of 37 SRO hotels with a total of 1,893 units. Financing resources from the Housing Department are accessed via a competitive Notice of Funding Availability (NOFA) for the Affordable Housing Trust Fund (AHTF) to provide City financing for affordable housing development, which includes SRO as well as other types of properties. The NOFA schedule corresponds with three primary leveraging sources: low income housing tax credits, State of California Multi-family housing programs; and the U.S. Department of Housing and Urban Development 202 and 811 housing program.

Affordable SRO housing can be preserved via acquisition and rehabilitation of existing property by an affordable housing developer, or it can be newly constructed. LAHD has invested in both types of projects. With acquisition and rehabilitation, the total development cost ranges from \$110-\$150/square foot, averaging \$138 per square foot. This cost can easily increase when all new systems, seismic retrofitting and other upgrades are added. For new construction of SRO properties, including facilities for on-site services, total development costs between 1994-2004 averaged \$185, and current total development costs range from approximately \$235 - \$300 per square foot. There has been a nearly 30% increase in construction cost over the past ten years, due to increased labor, material costs and real estate values, and the newer projects reflect these costs.

In addition, acquisition and major rehabilitation of existing SRO hotels can be more expensive than new construction, due to the need to remove toxic materials such as asbestos and lead-based paint hazards. However, rehabilitation is appropriate in some circumstances and there are some advantages as well. Limited parking and open space in existing buildings can be allowed -- 'grandfathered' -- so that costly improvements to bring the property up to current code, which may be impossible on the site, do not have to be undertaken. A number of historic hotels and apartment buildings have been preserved via conversion to affordable housing in the past 15 years, including the Sheraton Townhouse and Los Altos. Development of new SRO housing can be challenging, given various neighborhood concerns, so preserving SRO housing in its current location has many benefits. Higher income per development may be possible if the same number of units is maintained, and property taxes are lower with rehabilitation than new construction. Last, but not least, savings may accrue due to lower on-site and off-site infrastructure costs that are often included in new construction budgets, such as new curbs, sidewalks, and fire hydrants.

Some recent examples of SRO housing acquired and rehabilitated include:

- The Yankee Hotel - 80 SRO Units. Construction Cost = \$134/s.f
- The New Terminal Hotel - 44 SRO Units. Construction Cost = \$120/s.f.
- St. George Hotel - 86 SRO units. Construction Cost = \$257

The Yankee Hotel and New Terminal Hotel reflect lower construction costs from several years ago, whereas the St. George Hotel was recently completed and reflects higher materials and labor costs, as well as retrofitting and other improvements.

Such housing can also be newly constructed. Below are three examples of the cost of new construction SRO housing:

- The Abbey Apartments at 618 San Julian and 625-633 San Pedro Streets have been proposed by the non-profit developer Skid Row Housing Trust. For 113 efficiency units and two one-bedroom units, the estimated land cost is over \$3 million; estimated construction costs \$10.8 million for a total development cost (TDC) of \$22,145,990, at \$192,574 per unit or \$244 per square foot.

- The Job Corps Urban Campus (Housing, Constituent Center, and YWCA Offices) has been proposed by the YWCA of Greater Los Angeles at 1010 - 1038 S. Olive Street. To build 200 single units, estimated land cost is over \$3.5 million and nearly \$24 million for housing, the TDC is more than \$34 million, equal to \$120,643 per unit or \$302 per square foot. It should be noted that this cost reflects only the housing portion of the mixed-use development.
- Rainbow Apartments at 645 S. San Pedro Street. Currently under construction, project is an 89-unit SRO with a TDC of approximately \$15.1 million, equal to \$169,385 per unit or \$236 per square foot.

Because SRO hotel resident incomes, and thus rent levels, are so low, such properties require deeper (i.e. more) financial subsidies than housing provided for higher-income renters. To reach this level of affordability, it is critical that other resources, such as Section 8 and tax increment dollars, be available to leverage with the AHTF. Only then can such properties be financially feasible and continue to serve the City's poorest residents.

LAHD's Residential Hotel Inspection Unit

In mid-2003, the Housing Department was instructed by the Mayor and City Council (CF 03-1517) to conduct research and report back on the City's residential hotels, many of which are SRO properties. At the time, all residential hotels were under the jurisdiction of the Department of Building & Safety; but the motion called for action 'to ensure that tenants of eligible units benefit from the Rent Stabilization Ordinance (RSO) and the Systematic Code Enforcement Program (SCEP).' After research by the Department's Policy & Planning Unit, a working group was formed to design a code enforcement inspection program tailored to residential hotels.

On July 1, 2004, after the Housing Department was given legal authority, the new Residential Hotel Unit (within the Code Enforcement Division of the Department) started the inspection program. Nearly 76% of the 202 residential hotels, of which 83 are SRO hotels, are located in the downtown area. Due to the proximity and age of the residential hotels located there, a decision was made to start LAHD's inspection efforts downtown. One year later, nearly 70% of all SRO units have been inspected for health and safety codes, and SCEP is on track to complete inspections of all residential and SRO hotels by December 2005.

The program utilizes standard SCEP procedures, including advance notice to owners and similar timeframes for compliance of identified violations. In addition, inspection staff distributes information to tenants and advocates, to ensure all affected parties are properly informed. Workshops were organized to inform tenants of upcoming inspections and explaining what SCEP inspections involve. Non-compliance, the failure to correct deficiencies, is handled in the same manner as all other types of rental housing, with referrals to a General Manager's Hearing and REAP, if necessary. The Residential Hotel Unit works closely with the County Environmental Health Unit of the Health Department, City Fire Department and LAPD. Referrals are made to these and other agencies if needed.

This program will be an ongoing part of SCEP, with the goal of inspecting all residential hotels at least once every three years. The Residential Hotel Unit also investigates specific complaints if the building has previously gone through the SCEP process. The goal of the Residential Hotel Unit is to preserve the existing affordable rental units.

LAHD has learned that most of hotels were built in the early 1900s. The rooms are small, contain no cooking, bathing or toilet facilities and were meant to serve one or two guests for short stays. The code requirements for toilet and bathing facilities were much less restrictive at that time, and one toilet/bathing facility served as many as fifteen rooms. Today, due to the shortage of affordable housing, families have taken up residence in these hotels. In one of these hotels, SCEP inspectors found a family of eight, with three school age and three pre-school age children, living in a guest room with less than 90 square feet of floor space. They used a microwave to cook and an ice chest to keep their food cold. The common bathing and toilet facilities at the end of the hall were shared with 15 other rooms on the hall, some of which also housed families.

The Residential Hotel Unit inspectors have identified violations that are unique to these buildings. For example, cooking is not allowed in the rooms and tenants are not supposed to use small appliances such as hot plates and microwave ovens. Tenants concerned for their safety often install padlocks that can trap them in the event of a fire.

SRO PRESERVATION POLICY CONSIDERATIONS

The LAHD conducted a significant amount of research regarding the state of SRO hotels, operates the Residential Hotel Unit to inspect SRO hotels to ensure habitability and safety and has analyzed similar efforts by other cities. One conclusion that can be drawn from the research is that the most effective method to preserve existing SRO housing is a preservation program that includes outreach and education, code enforcement, compliance with existing tenant rental protections (RSO), when appropriate, and a citywide ordinance requiring developers to either provide replacement housing or pay an in-lieu fee equal to providing a comparable SRO unit, for all units lost to the market through 'repositioning', condominium or hotel conversion, adaptive reuse or demolition.

Therefore, the Housing Department suggests that should the Mayor and City Council choose to establish a comprehensive residential and SRO hotel preservation program, that it consider a variety of components including, but not limited to, the following:

- a. A citywide program based on the San Francisco model, which would, by ordinance, require one-for-one replacement of existing residential hotel/SRO units currently housing very low income residents, or, allow payment of an in-lieu fee equivalent to the cost of replacing such units;
- b. Develop and implement an education and outreach program to stakeholders of residential hotel units;

- c. Authorize enforcement actions to deal with health and safety violations, including but not limited to LAHD's SCEP Program and the City Attorney's CNAP program;
- d. Develop incentives for ownership of SRO properties committed to long-term affordability for current residents;

If such a comprehensive preservation program is not deemed desirable, then other options may be pursued, including, at a minimum:

- a. Rather than enact an ordinance, approve an enforceable policy for such requirements as are desired, to be designed jointly by the affected City departments, with uniform procedures and an analytic framework, to be applied to all such properties in order to provide certainty to residents, owners and developers;
- b. Coordination of City efforts related to these properties, to prevent unintended consequences and conflicting City policies.

In either case, the Housing Department suggests that the Mayor and City Council direct the Housing Department, as lead, to work with the CRA, LAHSA, HACLA, Planning and City Attorney to develop the desired preservation program.

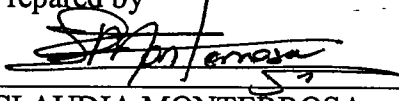
FISCAL IMPACT

There is no impact to the General Fund.

CONCLUSION

SRO housing provides homes for the City's poorest residents, many of whom are dealing with extreme poverty, chronic illnesses, substance abuse – and all vying for a limited resource. If this housing resource is lost, there is no simple alternative for the residents. Recent news about the number of homeless persons and the joint effort by the City and County, 'Bring LA Home', committing to address the problem demonstrates the importance of preserving the SRO hotels for current residents, as a preventative measure and as an important contribution to that problem.

Prepared by



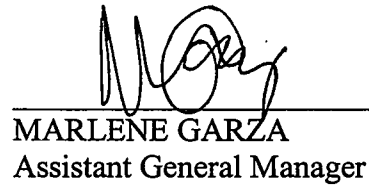
CLAUDIA MONTERROSA
Housing, Planning & Economic Analyst

Reviewed by



YOLANDA CHAVEZ
Director, Policy & Planning

Reviewed by



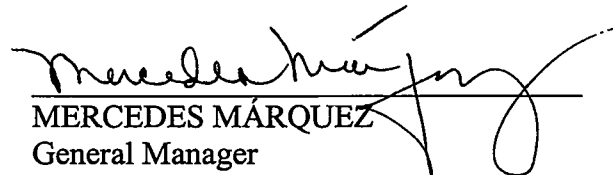
MARLENE GARZA
Assistant General Manager

Reviewed by



KEN SIMMONS
Assistant General Manager

Approved by



MERCEDES MÁRQUEZ
General Manager

Attachments

Attachment 1

1. MORATORIA HISTORY - CITY OF LA

Citywide	Ordinance #	Eff Date	Exp Date	Term	Other
	162662/3	8/4/1987		6 Months	Also froze SRO rents at 4/30/1987 level and regulated increases. Extended provisions of 162662/3
	163182/3		4/29/1988	90 Days	
	163622		6/30/1988	60 Days	
	164175		5/10/1989		
	164827		9/6/1989	120 Days	
	165145		9/7/1990	12 Months	
	166238		9/19/1991	12 Months	
	168268	11/6/1992	11/5/1993	12 Months	
Skid Row	165144			24 Months	Approved 9/28/1989
	170399	11/6/1992	11/5/1994	24 Months	

SRO Definition: a structure with =>6 guest rooms in which 30% or more of the units do NOT have private bath and toilet within the unit.

Replacement Requirement: 1:1 replacement of comparable type and affordability as what is demolished, must be built on same lot or within 1 mile of subject property; new CofO for new building held until 25% of replacement units are provided.

In Lieu Fee: Ordinance requires fee of \$25,000 per unit demolished, payable to Replacement Housing Trust Fund. ILF collections to date: TBD

Ordinance Findings

Unique form of housing that primarily serves residents at the lowest economic scale, including elderly residents and residents on fixed income.

SRO housing is essential component of the low-income housing market.

Shortage of SRO rooms resulting in low vacancy rate in such hotels.

90% of SRO's require upgrades to meet City's seismic safety and fire code standards and are therefore are increasingly slated to demolition due to

combined effect of rehab cost and the increasing attractiveness of the land upon which they are located for conversion to other uses.

Permanent loss of SRO's will exacerbate problems confronting the City with respect to homelessness.

Providing adequate low-income housing is a priority function of the City.

SRO's require funds for repair/rehab that are not yet available-City must ensure that SRO housing is not demolished prior to funds being made available.

Large number of SRO units have been lost to demo and a trend to convert to other uses is evident.

CDD and Planning were required to report on alternatives to demolition.

Vital to create a preservation program while moratorium is in place.

2. Historical SRO Inventory Assessment

Name	Address	# of Units	Council File #	Demo?	Status	Loss/Gain
Winston Hotel	311 E. Winston	54	91-2266-S3	No	Rehab, reduced from 54 to 41 SRO units, HE*	-13
1115 S. Wall St.	1116 S. Wall St.	32	91-2266	Yes	Demo, repl'd with 7 units (3 and 4 bd units) on same site, HE*	-25
Weldon Hotel	507 S. Maple Ave	60	91-2266-S2	Yes	Demo and build 58 SRO units, HE*	-2
Selby Hotel	1740 N. Hudson Ave	31	90-1144-S1	No	Rehab into 29 SRO units, HE*	-2
Senator Hotel	729 S. Main Street	90	90-1144-S2	Yes	Demo and build 99 SRO units: 729 S. Main & 726 S. Spring, HE*	9
Recto Hotel	5447 Hollywood Blvd	72	90-2027-S1	Yes	Demo and build 190 senior units on site, HE* (loss of SRO units)	-72
936 S. Wall St.	936 S. Wall St.	Unknown	94-1614	Yes	Demo, HE*	
Yankee Hotel	648 S. San Julian, 501 E	80		No	Acquisition/rehabilitation of existing SRO	
Barbizon Hotel	1927-1931 W. 6th St	55		No	Acquisition/rehabilitation of existing SRO	
Eads Apartments	421 S. Bixel	36		NO	Acquisition/rehabilitation of existing SRO family units	
	New Terminal Hotel	44		No	Acquisition/rehabilitation of existing SRO	
Bristol Hotel	421 W. 8th St.	103	04-0117	No	Emptied for conversion to boutique hotel	-103
San Julian	526 S. San Julian	25	05-0682	Yes	Demo'd by Union Rescue Mission for New SRO Construction	
Frontier Hotel	111 W. 5th St	150		No	Top 3 floors are currently being converted to lofts	TBD
El Dorado/Pacific Gran	416 S. Spring ST	264	97-1972	No	Loft conversion (Tom Gilmore)	-264
Clark Hotel	426 S. Hill St	513		No	Building closed - unknown reason	-513
Rivers Hotel	1226 E. 7th St	76	C-100796	No	Nuisance Closing/Rehabbed by SRO Housing Corp, reopened in 2003	
Lyndon Hotel	413 E. 7th St	62	00-0770	No	Nuisance Closing/Emptied via evictions/refusal to accept rent	-62
Ross Hotel	640 S. San Julian St	40	02-0980,04-2089	No	Nuisance Closing/CofO was "pulled" - unknown reason	-40
La Salle Hotel	245-263 7th St, San Pedi	108	00-0775	No	CRA adapt reuse proj(City Centre) - Occpd units + com'l relocated	
Total Units Lost:						-1087

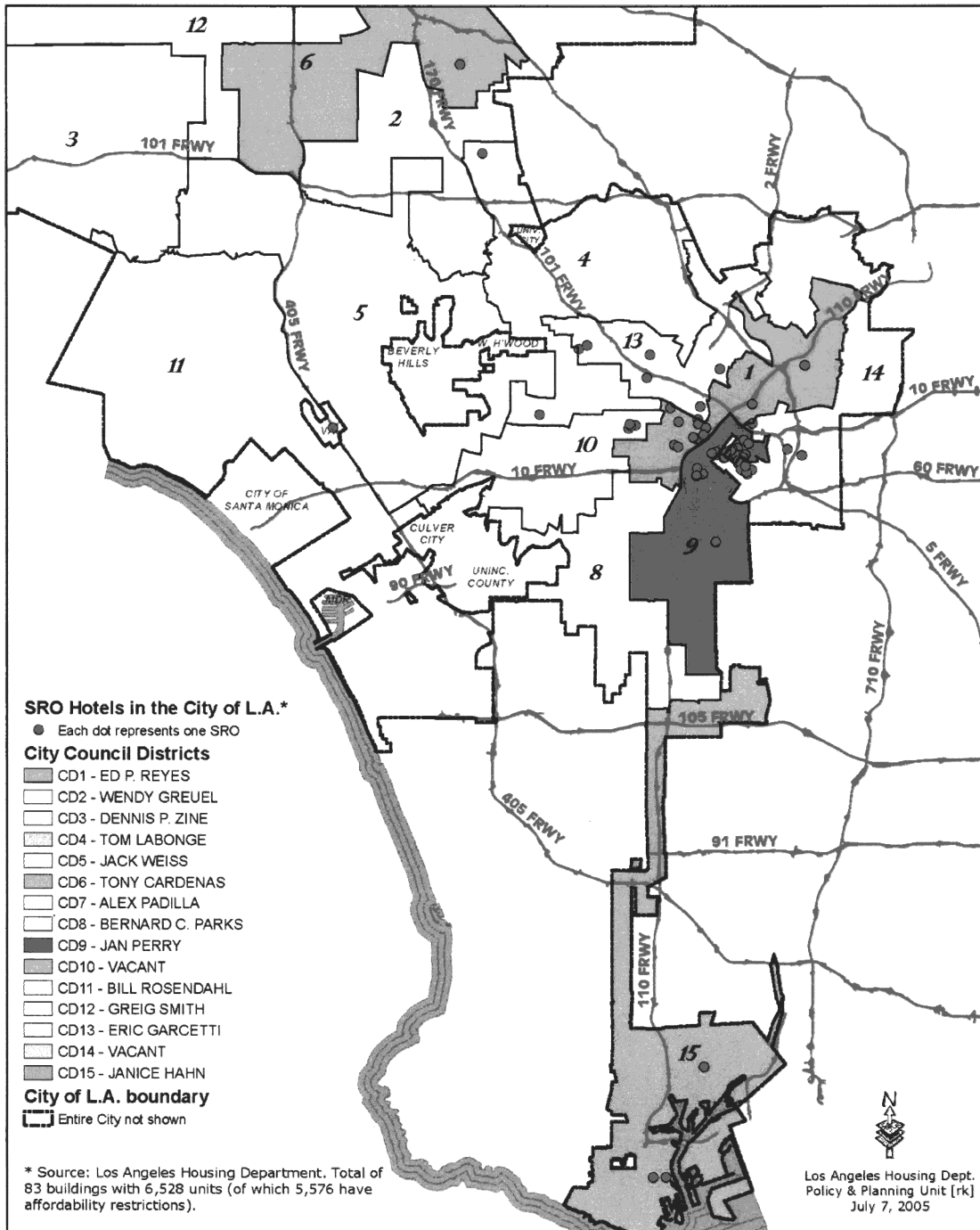
*HE = hardship exemption from moratoria granted by City Council

Potential Losses:

Name	Address	# of Units	Status
Alexandria	501 S. Spring St.	512	No Being marketed as potential loft conversion
Huntington	752 S. Main St.	200	No Property has \$3.2 million in CRA funding (currently in REAP)
Rosslyn	112 W. 5th St.	264	
Cecil	640 S. Main St.	613	No Plans to revert back to a hotel are in process
Morrison	1246 S. Hope St.	120	No Litigation by City, re: habitability. Owner applied to reduce property to 63 units
Hayward	206 W. 6th St.	511	
Carver	460 E. 4th St.	50	No Owner has sbmttd demo permit to LADBS (1 remaining tenant neg w/ owner)
Total Units		2270	

Attachment 2

Single Room Occupancy (SRO) Hotels in the City of Los Angeles



CITY OF LOS ANGELES

CALIFORNIA



JAMES K. HAHN
MAYOR

FRANK T. MARTINEZ
City Clerk

KAREN KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No. 04-2087

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040
HELEN GINSBURG
Chief, Council and Public Services Division

November 5, 2004

Mercedes Marquez, General Manager
Los Angeles Housing Department

Dear Ms. Marquez:

The Housing, Community, and Economic Development Committee requests that you, with the assistance of the City Attorney, prepare recommendations for measures which the City can implement to preserve thousands of affordable single-room occupancy units throughout the city, pursuant to the attached Motion (Perry - Villaraigosa - Garcetti). As stated in the motion, your report should discuss measures taken by other cities for this purpose and their applicability to the unique needs and circumstances of Los Angeles.

Please transmit your report, along with nine copies, to the Housing, Community, and Economic Development Committee, in care of the City Clerk's Office, City Hall Room 340.

Sincerely,


John A. White, Legislative Assistant
Housing, Community, and Economic Development Committee
(213) 978-1080
jwhite@clerk.lacity.org

attachment

cc: Bea Hsu, CD13
Rocky Delgadillo, City Attorney

#042087.lahd.wpd

14

HOUSING, COMMUNITY & ECONOMIC DEVELOPMENT

MOTION

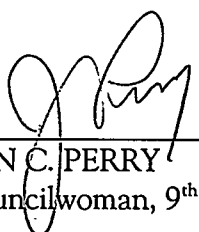
Single Room Occupancy (SRO) housing is often the housing of last resort for the thousands of people in the City of Los Angeles.

Seeking ways to preserve thousands of affordable SRO units throughout the City is the best thing we can do to address our serious lack of affordable housing and to prevent an increase in homelessness.


Preserving affordable SRO's has proven to be a successful way of addressing the homelessness crisis in many cities, including San Francisco and San Diego. The City of Los Angeles should follow along these lines to take steps to preserve our affordable SRO units. Preserving these SRO units will prove to be, a cost-effective way to minimize homelessness and address our affordable housing crisis.

I THEREFORE MOVE that the Housing Department with the assistance of the City Attorney be directed to report to the HCED Committee within 30 days with recommendations on measures which the City can implement to preserve the thousands of affordable Single Room Occupancy (SRO) housing units throughout the City. The report should include a discussion of measures taken by other cities for this purpose and their applicability to the unique needs and circumstances of Los Angeles.

CO-PRESENTED BY:




JAN C. PERRY
Councilwoman, 9th District



ANTONIO VILLARAIGOSA
Councilmember, 14th District

SECONDED BY:



ERIC GARCETTI
Councilmember, 13th District


OCT 8 2007