Communication from Public

Name:	Kim Cooper & Richard Schave
Date Submitted:	08/21/2022 12:41 PM
Council File No:	22-0794
Comments for Public Posting:	Dear clerk, We are writing because, despite our request on 8/9/2022 (LINK: https://clkrep.lacity.org/onlinedocs/2022/22-0794_PC_AM_08-09-2022.pdf), the attached blog post, "Scoop: What the hell is happening at the Hotel Cecil?," has not been included in the online documents that are attached to the case file for the August 24, 2022 vote. Other public comments and Neighborhood Council communications are included on this agenda (LINK: https://lacity.primegov.com/Portal/MeetingPreview?compiledMeetingDocumentFileId=40491). Please include our attached comments on the agenda for Council File: 22-0794. The original source is https://esotouric.com/hotelcecil thank you, Kim Cooper & Richard Schave / Cultural Historians / Esotouric

Scoop: What the hell is happening at the Hotel Cecil?

by **Kim Cooper** | Jul 25, 2022 | **The Esotouric Blog** | **4 comments**

Things are a little *weird* at the Hotel Cecil in Downtown Los Angeles these days. No, not serial killer tenants and unexplained death weird, though we've covered those narratives for **years** through our **true crime tours**, appearance as Skid Row crime historians on **that Netflix series** about Elisa Lam and in a **spin-off webinar**.



The Cecil's current weirdness reveals a very different type of true crime mystery, involving thousands of legally protected affordable **SRO housing units** in the heart of Skid Row, held **perpetually vacant** by real estate speculators.

Six years after a **much hyped announcement** by leaseholder Simon Baron Development that the Cecil would be restored to its 1920s splendor and split into an unholy mix of affordable housing and hipster hotel, the enormous building remains almost empty, with no sign of the $100 Million restoration that is supposed to be subsidized by Mills Act property tax relief.

Below are a few photos showing the unfortunate state of the place with its tacky 2003 remodel (by then-owners John Deluca and Dale Lohrer of Street Wise Investments LLC), taken during the Cultural Heritage Commission's tour prior to the 2017 landmarking **vote**. Despite five years of deeply reduced property taxes meant for restoration, the hotel still looks this bad today.



There's a lot going on here, and we have some previously unreported facts to share. Let's talk signage first.

THE WHITEWASHED ROOM RATE SIGN & ILLEGAL BILLBOARD

Around April 12, 2022, the Cecil's protected south facing room rate sign, one of the landmark's character defining features, was suddenly **whitewashed**; we encouraged people to **complain** to the city and an **investigator** was dispatched. Then a newly painted Cecil Hotel logo **appeared** in the wrong bay. Soon the white walls were covered with an illegal, **unpermitted Postmates billboard**, which was cited as a code violation by LADBS before it was finished. And then the illegal billboard was also whitewashed, **replaced** in late May with a mocking blue heart symbol and the neighborhood hashtag **DTLA**.

During the six weeks this spring as the Cecil's historic sign was destroyed and twice defaced, we made several site visits, and shared our own photos and those of others distressed by this abuse of an historic resource.





We also produced a **short video** with Cranky Preservationist Nathan Marsak, explaining the potential $4,125,000 **penalty** that leaseholder Simon Baron Development (dba SB Hotel LA LLC) and property owner Richard Born (dba 248 Haynes Hotel Associates) could face for willfully violating Born's Mills Act contract with the city. Nathan followed this up with a blog post, *The Cecil is the City's Fault* **part one** and **part two**. The video and blog posts are recommended for anyone seeking to get their head around the legal and ethical quagmire into which leaseholder Matt Baron stumbled when he decided to destroy a protected sign to put up an illegal billboard.

While we were making public statements about the wrecked Cecil sign, we were also working quietly behind the scenes to try to fix it.

We've never met leaseholder Matt Baron, and had no reason to like him. Seven years after his company signed a 99 year ground lease to return the almost empty residency hotel to at least 50% affordable housing use, that housing remains unavailable. He's got a reputation in New York real estate circles for **threatening** tenants. And his wanton destruction of one of L.A.'s coolest signs was infuriating. But we figured he was a reasonable person, and that there must be a win/win solution that could include replacement of the lost, and honestly quite shabby, 1940s-era sign for a high quality, hand painted recreation of the 1920s version, using some of the Mills Act property tax savings.

So we reached out and on April 19 had a long phone conversation with Matt. He's a talker, as are we, but we weren't able to get much into the conversation. Matt shared his financing challenges in somewhat shocking detail, glossed over destruction of the protected sign as something that was necessary to get advertising income to offset his otherwise failed business plan, and pushed the narrative that if the pieces could just come together, he was going to be providing much needed affordable units on Skid Row, because it was just the right thing to do. Didn't that make us happy? Yeah, sure, but you gotta put the sign back, man.

He asked if "our team" would be willing to have a Zoom conference with his design team to talk about options for putting the sign back in a way that the preservation community could live with. Please note, unlike his team, everybody on our side is volunteering their time, getting paid in heartbreak and aggravation. Of course, name the date. He did: May 5.

Ahead of this meeting, Nathan did even more research into the history of the Cecil's signage, and produced a slide show to support our argument that the hotel could get its sign back on the correct westernmost bay of the south facade, leaving space where an aesthetically appropriate and *permitted* billboard might also be installed.

The Zoom conference was awful. There were people on screen from Matt Baron's team, but they weren't design professionals or from the ad agency that inked the Postmates deal. Matt wasn't visible at all. Nathan tried to present the slide show history lesson we'd been asked to prepare, leading into a conversation about options for sign restoration, but Matt immediately interrupted with sarcastic remarks about naive preservationists. Nathan, who grew up around developers and is a businessman himself, graciously tried to get the conversation back on course, but the man who called the meeting wasn't having it. Finally, Kim reminded Matt that he'd pocketed hundreds of thousands of dollars in tax breaks in return for protecting the landmarked building. Oh yeah, well he was going to get out of that Mills Act contract, because he didn't have to pay property taxes at all under his new plan! Voices were raised. Matt referred to Kim derisively as "Richard's wife." Then he hung up.

We were just trying to help. But now we wanted to understand what the hell was going on. Because this supposed businessman, sitting on one of the biggest empty affordable housing properties in Los Angeles for nearly a decade, was either completely unprofessional or under great pressure. If he couldn't be nice in a Zoom meeting he requested, where else was he stepping on toes, and was it contributing to the continued misuse of the Cecil's affordable housing units?

We put in California Public Records Act requests for emails from every public agency we thought might be concerned with the Cecil, and waited while they trickled in.

BROKEN PRESERVATION PROMISES

On December 8, 2017, a signed **Mills Act contract** between Richard Born (dba 248 Haynes Hotel Associates LLC) and the City of Los Angeles was recorded by the County of Los Angeles Recorder's Office. The property owner's contact email address is that of leaseholder Matt Baron.

Included is Exhibit "A", which spells out in explicit detail the specific rehabilitation / restoration and maintenance projects that will be undertaken in order to qualify for property tax relief, estimated completion year(s), and their costs —$21,000,000 in total. This is $79,000,000 less than the number **provided to the media** in 2016, but still represents a serious investment in the historic property that would merit Mills Act property tax relief.

On November 7, 2019, two and a half years after the hotel was declared a landmark in response to a nomination initiated by leaseholder Matt Baron (**PDF link**), his consultants appeared before the Cultural Heritage Commission with an update on the planned rehabilitation project. Original restoration architecture firm **Omgivning** was out and **Marmol Radziner** was in. The city posted the audio of this presentation after the meeting; we requested the accompanying slideshow and stitched the two pieces together. You can see and hear it **here**.

In this informational presentation, the commissioners were briefed on work Matt Baron hoped would be approved by Office of Historic Resources, including restoration of the now whitewashed wall sign. Here's the list, from slides 7-8.

• Remove non-historic storefronts, decorative features, signage, awnings and marquee
• Clean and repoint face brick
• Clean and repair terra cotta details and metal entablature
• Repair fire escapes
• Restore blade signs
• Install new aluminum storefronts that match wood originals
• Install new double-hung metal windows that recall originals
• Remove glazing and restore entrance loggia
• Install new wood entrance doors to match originals
• Construct new elevator tower on north façade
• Restore painted sign on south façade
• Remove non-historic flooring, wainscot, brackets, laylights, front desk and light fixtures in lobby
• Install new terrazzo flooring and wainscot to match existing
• Install new stained glass laylights modeled on originals
• Remove all interior hollow clay tile partitions and reconstruct in original configuration
• Floors 2-7, and part of 8, to be very affordable housing units
• Floors 8-14 to be 299 hotel rooms
• Activate roof as hotel amenities deck

• Seismic upgrade
• New MEP and fire/life safety systems

It wasn't explained why more than three years after the **first landmarking hearing,** none of this work had yet been done, when they intended to submit final plans for the commission's review or why the affordable units remained vacant despite tens of thousands of Angelenos sleeping on the streets.

On September 23, 2020, owner's representative Jodi Eilers **emailed** the Office of Historic Resources with a letter from Matt Baron pleading poverty due to the pandemic, and requesting the City agree to amend the Mills Act contract so that only $1,300,000 would be spent on historic preservation.

However, a closer read of the proposed amendment reveals dishonest accounting, with necessary and long neglected maintenance work including roof replacement, hallway ceiling repairs, replacement of corroded plumbing pipes and fixtures, patching and painting interior walls and installing modern LVT flooring in the residential units misrepresented as rehabilitation / restoration. This type of work does not qualify under the Mills Act.

The Office of Historic Resources correctly filed this bizarre document away in the Hotel Cecil case file. The Mills Act contract remains in effect, with property tax savings of approximately $600,000 to date, despite none of the legally required work having been done.

But there's a silver lining to this unjustified diversion of public resources: although Matt Baron has not restored the Hotel Cecil to its 1920s appearance as promised, he has also failed to complete the proposed "rehabilitation / restoration" of the original twin neon blade signs. His plan for these beautiful, historic features was to swap out the letters CECIL for some unspecified other name. This should never have been in the Mills Act contract, and suggests that there needs to be a public airing of these proposed agreements at Cultural Heritage Commission hearings.

WHAT KIND OF PROJECT IS THE HOTEL CECIL, ANYWAY?

Matt Baron's plans for the 50/50 Cecil project have changed over time, and there are a lot of questions about the **process** by which a 600 room SRO hotel under the **Wiggins Settlement Agreement** was split by the city into a property that could operate as half market rate hotel units. In 2016, the market rate units **were to be** managed under the **Ollie** micro/co-living brand, one of Simon Baron Development's business partnerships, which likely justified the **quarter million dollar monthly lease**. But Ollie was out of the picture by the November 2019 CHC presentation, when those units were presented as non-residency hotel rooms. And in December 2020, Ollie's technology, assets and contracts were **acquired** by Starcity. Then in December 2021, it was **announced** that the Cecil had become a 100% affordable housing project, to be managed by Skid Row Housing Trust. **Partner Jonathan Simon** appeared to be out of the picture, too, as Matt Baron **added the Cecil** to his personal real estate portfolio website. However, a lawsuit filed in New York Supreme Court by would be investor Tishman Realty **charges** that both Simon and Baron reneged on their deal when they terminated an agreement letter signed in January 2022 on April 6, 2022. On July 17, 2022, **a full page ad** in the Los Angeles Times from the Healthy Housing Foundation called out the city for allowing the Cecil and other large SRO hotels to be held vacant by real estate investors. And as of late July 2022, the building remains nearly empty.

But why? According to emails obtained from Council District 14 under the California Public Records Act, in mid-March 2022, four months after the **ribbon cutting ceremony**, Matt Baron was desperately trying to get **HACLA** to approve a Section 8 voucher rate that was higher than their maximum offer of $971, and urgently appealing to his political contacts for help.

HACLA's Carlos VanNatter explained the situation to members of Councilmember Kevin de León's staff in a lengthy March 2022 email: "Thanks for your inquiry regarding potential S8 contracts at the Cecil Hotel, I wanted to provide some information regarding your inquiry and our S8 contracting process. Per federal regulations, Public Housing Authorities (PHAs) are required to determine if the proposed S8 contract rent is within the Voucher Payment Standard (VPS) rent amount for the subject bedroom size and is supported by comparable rents of like and similar unassisted units in the neighborhood. HACLA made both of those determinations for units at the Cecil Hotel. Due to the square footage, units there qualify as Single Room Occupancy (SRO) units. The maximum VPS for that unit type is $1245. HACLA then conducted the comparable rent analysis for those units and arrived at $971. This was conducted by online rental search and manual inquiry of other like and similar unassisted units in the neighborhood. HACLA policy is not to release comparable rent information to landlords due to privacy concerns and in order to not inflate market rents in a community, which is of great concern to PHAs and HUD. Units at the Cecil Hotel range in square footage of 160-176 square feet and have bathrooms in the unit that consist of solely a toilet, a toilet and bathtub, a toilet and shower, or a shared communal bathroom down the hall used by multiple tenants. We assist many SRO units downtown and the challenge is finding unassisted units, but we have done so here and for this unit type and size, $971 is the maximum that we could offer. The landlord has been informed of this. Please let me know if you have other questions or would like to discuss further. We would like to house S8 voucher holders at the Cecil Hotel but we understand that the decision is up to the landlord as they must review their financial structure to see if it makes sense for them."

After much back and forth between the council office, HACLA and Baron, Carlos VanNatter reconsidered, emailing on March 17, 2022: "HACLA's Inspection Department was able to obtain like and similar unassisted comparable rents to support the owner's asking rent of $1140 for SROs at the Cecil Hotel. We can proceed with contracting clients there at that amount."

Five minutes later, Matt Baron replied, "Carlos Thank you so much. I have no words. U saved our project."

But by May 26, 2022 Matt Baron was still having trouble making his project pencil out. In **an email** that appears to refer to us— "Unfortunately your district has some vocal connected people (in the tiny minority) who care more about the signs than they do housing"— he complains about what he mistakenly believes are HUD's square footage requirements for studio apartments, bemoans the loss of "several hundred thousand dollars in lost signage revenue that could have gone to help stabilize this building" and concludes with a plaintive plea: **"We have 60 days of reserves left before this building becomes insolvent. We would appreciate any help from your team in expediting this as well."**

That desperate email was sent exactly 60 days ago. It took several weeks to get emails from some of the public agencies that have been in communication with Matt Baron, and those emails only run through the end of June, leaving us with an old fashioned cliffhanger. Did Matt Baron manage to stave off his lenders and save his project? Will 600 Skid Row Housing Trust clients move into private rooms in the long-vacant Hotel Cecil, or will it continue to be rented out by the night to **ghost hunters**? And will that beautiful painted room rate sign ever be restored?

Watch this space, and we'll update this post with any news or additional discoverable emails of interest as we get them.

P.S. We care about housing more than signs, and if we had held the lease of the Hotel Cecil since 2016, it would have been full of people all this time. And the sign would still be there, for everyone to enjoy, and restored!

Update July 26, 2022 – This Thursday 7/28 at 10 am, the Homelessness and Poverty Committee of Los Angeles City Council will discuss Councilmember Kevin de León's **motion** calling for the city to explore taking over the master lease for the Hotel Cecil. There will be an opportunity for members of the public to call in and share their thoughts on this matter. (The meeting was cancelled at 5:03pm. We will update when it is rescheduled.)

August 2, 2022 – In The Real Deal, Andrew Asch **reports**: "Will Cecil Hotel's troubled history end in full occupancy? Developer says all units will be ready for homeless tenants next month." The last line describes a huge change for this property, which was mysteriously split into a mix of SRO and market rate hotel units around the time it began emptying out: "In June, Baron signed covenants to devote **the entire building** to affordable housing for the next 55 years."

August 11, 2022, 10am – Rescheduled hearing at the Homelessness and Poverty Committee for Councilmember Kevin de León's **motion** calling for the city to explore taking over the master lease for the Hotel Cecil. The public can make comment, in writing (click **NEW**) or by calling in. (Dial 1 669 254 5252, use Meeting ID No. 160 453 9676 and then press #. Press # again when prompted for participant ID. Once admitted into the meeting, press *9 to request to speak.) You can watch the hearing **here**.

4 Comments



Joan Renner on July 26, 2022 at 1:42 pm **(Edit)**

Matt Baron grossly underestimates the "vocal connected people . . . who care more about signs than people." It sounds like it is time for the city to take over the master lease for the Hotel Cecil. I look forward to updates on this.

Denise Nolan Delurgio on July 26, 2022 at 10:20 pm **(Edit)**

Thank you for the complete report on a building that most of Los Angeles expected to be housing residents long before now. Keep on it, Richard and His Wife!

Ed Rosenthal / Poet-Broker on July 27, 2022 at 1:16 pm **(Edit)**

Thank you for posting this.



Kim Cooper on July 27, 2022 at 2:56 pm **(Edit)**

You're very welcome, Ed. Maybe you'll get a poem out of it?

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