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August 22, 2005

Council File: 04-2087
Council District: Citywide
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The Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
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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.

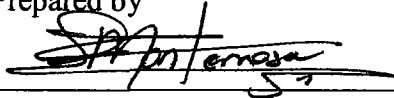
FISCAL IMPACT

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.

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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
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	
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 Ped	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

