

Ruthy Sarnoff

Place in Public Record

Joint Meeting on Homelessness & Poverty + Housing Committee

FOUR of 18 residential towers at Park La Brea, home to more than 10,000 people, are overdue for inspections by the Los Angeles Fire Department. Over the years, several fires have broken out at the complex.

A TIMES INVESTIGATION

LAFD falls behind on big building inspections

6-16-15

Thousands are months or years overdue for reviews

BY PAUL FRINGLE AND BEN WELSH

The Los Angeles Fire Department has fallen months and even years behind on safety inspections of thousands of large apartment buildings, schools, hotels, churches and other structures that it considers the greatest risks for loss of life in major fires, a Times investigation found.

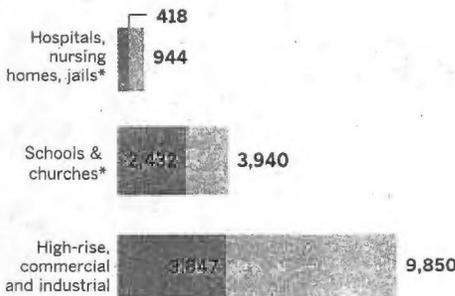
The department is lagging on inspections for about 6,800 of the buildings — a third of the structures the LAFD classifies as a priority mainly because they're occupied by large numbers of people, according to documents obtained under the California Public Records Act.

Nearly half of those buildings were more than a year

A growing backlog

The LAFD has fallen behind on inspections of structures that it considers the greatest risks for catastrophic fires as of the end of March.

■ Total buildings ■ Buildings overdue for inspection



*Excluding the San Fernando Valley Source: Los Angeles Fire Department. Graphics reporting by BEN WELSH

PRIYA KRISHNAKUMAR Los Angeles Times

overdue for an inspector's visit as of last week, and 1 in 5 was overdue by two years or more, a Times analysis determined. In addition, thousands of smaller apartment buildings have never been inspected, in violation of a state law requiring annual checks of housing structures with three or more units, according to LAFD records and interviews.

The list of high-occupancy buildings overdue for inspection includes some at the massive Park La Brea apartment complex in Mid-Wilshire, Birmingham High School in Van Nuys and the historic Millennium Biltmore Hotel in downtown L.A.

For Park La Brea, home to more than 10,000 people, four of 18 residential towers are overdue for inspections.

[See Inspections, A14]

Many big buildings' inspections overdue

cont.

[Inspections, from A1] At one of the buildings, the LAFD had no records showing up-to-date fire-safety tests and certifications for elevators, emergency power generators and water systems.

Tenant representatives expressed surprise that the department had fallen behind on inspections.

"If there is a fire, you're going to have a huge problem," said Jason Green, a retired surgeon who is a leader of Renters United at Park La Brea. "Your life is at stake."

Park La Brea's residential services director did not respond to requests for comment.

Over the years, several fires have broken out at the complex, although no injuries were reported, according to the LAFD and news accounts.

The list of buildings overdue for inspections includes virtually every type of structure: movie theaters, yoga parlors, pet clinics, McDonald's restaurants, hair salons. Single-family homes are an exception; they are not required to undergo

regular inspections.

Fire Chief Ralph M. Terrazas declined requests for an interview.

Deputy Chief John Vidovich, who oversees inspections, blamed the backlog on staffing cuts made during the recession, which resulted in the loss of 22 of the LAFD's roughly 150 inspectors.

Inspectors make sure sprinklers and smoke alarms work, fire extinguishers are filled, corridor doors close automatically to slow the spread of flames, and escape routes are well lighted and free of clutter.

The Fire Department is responsible for inspecting tens of thousands of buildings. Timetables for inspections vary from twice annually for larger apartments and hotels — with one performed at night — to every three years for smaller buildings where fewer people would be endangered by a fire.

LAFD Capt. Scott Miller, a department expert on the matter, said skipping inspections or missing deadlines is dangerous because

safety equipment can quickly become faulty, threatening lives and making it tougher to fight fires.

"These buildings are very much like a battleship," Miller said. "If you're not fixing it, it's deteriorating."

The department initially declined The Times' request under the state open records law for a list of buildings overdue for inspection. Officials said flaws in the LAFD's computer databases made retrieving the addresses too difficult.

"There is no easy way to pull that data," Vidovich said earlier this month.

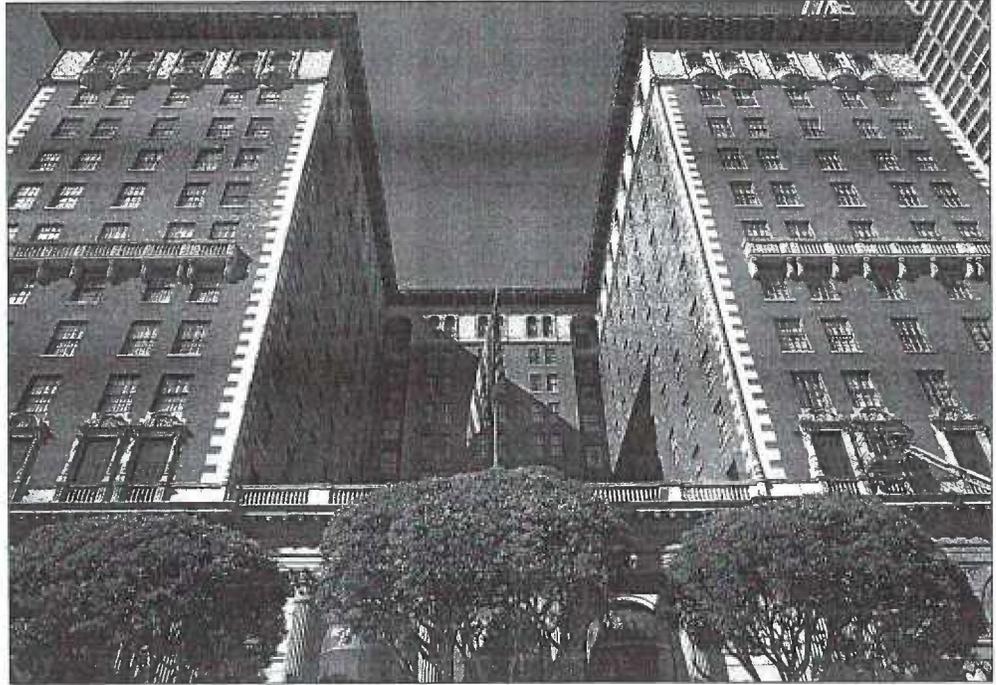
However, two department sources told The Times the addresses were readily available through simple searches on LAFD computers. One source demonstrated for a reporter how swiftly the addresses could be found, and provided hundreds of them in a matter of minutes.

After The Times confronted officials with its findings, the department provided the addresses.

One of the department's [See Inspections, A15]

Filed in 2015
Council File No. 15-113
Committee
10-14-15
10-14-15

A TIMES INVESTIGATION



GINA FERAZZI Los Angeles Times

THE MILLENNIUM Biltmore Hotel in downtown Los Angeles, which has hosted presidents, foreign dignitaries and rock stars, was due for inspection four months ago, according to LAFD records.

[Inspections, from A14]
 worst inspection rates is for schools and churches. As of the end of March, 62% of those buildings — 2,432 structures — were past the deadline for inspections, according to an internal LAFD report obtained by The Times. Those figures do not include schools and churches in the San Fernando Valley. In the category of Valley buildings covering schools and churches, 28% of inspections were overdue, the report shows.

The report is marked "for official use only, no release."

Some buildings at the 3,100-student Birmingham High — including classrooms — were nearly a year and a half overdue for inspections, other records show.

That was news to Karen Henderson, mother of a Birmingham High student and president of the parent-teacher organization. "These are the kinds of things you can't let slip," Henderson said.

In 2010, a fire damaged the high school's student store, LAFD records show.

No injuries were reported.

Across town from Van Nuys, inspections were almost two years past due for the Westlake area's Our Lady of Loretto Catholic Church and its elementary school, according to the records.

"I would like to have it cleared up," said Father Hieu Tran, the pastor, after The Times informed him of the situation. "Not only for this church, but all the churches around L.A., for the safety of the people."

According to LAFD records, the Biltmore Hotel, which has hosted presidents, foreign dignitaries and rock stars, was due for inspection four months ago. Representatives of the hotel did not respond to requests for comment.

The LAFD was behind on inspections for 45% of hospitals, medical offices, nursing homes, jails and other buildings classified as "institutional" structures, according to the department records.

About 5,700 other buildings, most of them smaller, were overdue for inspec-

tions, the records show. That does not include the smaller residential buildings that have never had the annual inspections required by the state.

Vidovich and other officials said they did not know why the smaller buildings have gone without inspections, despite the state mandate in force for decades. "I can't really speak to that," Vidovich said.

State Fire Marshal Tonya Hoover said her office has limited power to enforce the inspection rules. "There would be nothing for me to do," Hoover said. "The state fire marshal doesn't have the authority to shut down the L.A. Fire Department."

LAFD officials acknowledged that the department's poor inspections record stretches back many years, even before the recessionary staff reductions.

A generation ago, LAFD leaders promised long-term fixes for the inspection program after a fire killed 10 people at an apartment building near downtown. An investigation of the 1993 tragedy discovered fire code

violations that allowed flames to race through the structure. The Times subsequently reported that the department's inspections in the area were infrequent and spotty.

This April, after The Times first inquired about inspections, the department's chief deputy for emergency operations, Mario Rueda, sent a memo urging bureau commanders to step up the examinations.

Rueda's memo, which The Times obtained from sources, instructed the commanders to, "at a minimum," complete night inspections of larger apartments and hotels, which he labeled "one of the riskiest occupancies for loss of life due to fire."

The department brass also drafted a report making the case for the city Fire Commission to appeal for the hiring of more inspectors. The civilian oversight panel is scheduled to address the report at its meeting Tuesday.

paul.pringle@latimes.com
ben.welsh@latimes.com

HOW TO DUMP AND MAKE A FORTUNE

THE CHAOTIC, ABUSIVE PROCESS BY WHICH NEW YORK'S AFFORDABLE HOUSING IS VANISHING.

BY DW GIBSON



IT IS 7:45 AM, AND 18 REAL-ESTATE professionals are gathered around a conference table in downtown Manhattan, a hairbreadth from Wall Street. They are agents, insurers, asset managers, investors—there is even an architect who uses her allotted 30 seconds of introduction to mention her knack for creating spaces with high-end finishes on economical budgets. Everyone is here to listen to Simon Moule speak.

The topic, as described by the invitation, is “making sense of NYC Rent Stabilization Laws,” and Moule is a guru when it comes to understanding what he describes as “millions of rules.” The people in this room seek understanding with a specific endgame in mind: increasing capitalization of a building, if not a portfolio of buildings. As the lawyer who introduces Moule puts it: “If you know the rent laws, that’s where the juice is. You can really squeeze as much as possible out of a building.”

The Rent Regulation Reform Act of 1993 is a central feature of New

York State's rental code. It allows for the deregulation of rent-stabilized apartments. New York City has nearly 1 million such apartments, accounting for just under half of the available units in all five boroughs. That number is falling quickly, however, as New York's high-end housing market continues to balloon from the heat of global capital.

Over the past 30 years, 231,000 units have been released from rent regulation. Between 2002 and 2014, the number of rental units that were affordable for the working poor fell by 27 percent, according to a Furman Center study.

The deregulation of these apartments has become one of the most disruptive forces in the city, as tenants scramble to keep their homes and landlords maneuver to get rid of them. In some cases, landlords seek merely to push individual units into the luxury rental market. But often the goal is to empty a building of renters altogether. As one Brooklyn landlord, who would only speak to me under the pseudonym of Ephraim, explained it: "We don't usually buy buildings with tenants.... They actually bring down the value of the property almost 60 or 70 percent."

So for Ephraim and the people gathered to hear Moule speak, the urgent question is: How do you get around rent regulations?

A FEW DAYS AFTER THE BREAKFAST MEETING, MOULE is seated in a coffee shop offering \$3 drip, just south of Union Square. "In the hot areas, people are buying buildings and flipping them," he explains to me, "playing musical chairs with the price."

Moule has amassed more than 20 years of familiarity with the state rental code, and savvy investors come to him to understand how the mind-numbing legislative jargon applies to the buildings they want to buy. "Almost nobody realizes that the true value of a building isn't the bricks and mortar," he says. "The true value is the cash flow and the amount of debt you take on when you buy the building, and those are determined by the rent roll—and the rent roll is determined by the rent-stabilization laws. So many people miss that essence."

Rent-stabilization laws apply, broadly, to buildings constructed in the postwar period from 1947 to 1974, as well as to more recent developments that used tax breaks or public money to build. The rental code makes for dense reading; it's a tangle of bureaucracy. But there is one essential component for tenants: an annual limit on rent increases. The New York City Rent Guidelines Board sets this limit. Each year, the board votes on one of three options: roll back rent for the coming year; freeze rent; or set an allowable increase, generally somewhere between 2.5 percent and 4 percent over the last decade. In 2014, amid whispers of a first-ever freeze or rollback, the board voted for a 1 percent increase.

The final vote this year is on June 24, and there is a growing sense among community organizers and officials in Mayor Bill de Blasio's administration that a rent freeze is a real possibility this time.

But a more fundamental marker is set by the state. Since 2011, the state has allowed for the deregulation of vacant apartments once they can be legally rented for \$2,500 a month. At press time, as the legislative session closed, housing advocates were fighting what appeared to be a losing battle to push that number up significantly, if not get rid of it altogether. "So that we don't have what is clearly happening," says Alicia Glen, deputy mayor for housing and economic development, "which is people



“Unless you're leaving the city, a buyout is never going to be a good idea.”

—Celia Weaver,
Urban Homesteading
Assistance Board

DW Gibson is author of the recently published book The Edge Becomes the Center: An Oral History of Gentrification in the Twenty-First Century.

using every available tool in the toolbox to get to the \$2,500 threshold.”

Moule incorporated STM Associates 19 years ago and works with over 300 clients—increasingly, he notes, more pension and portfolio money from around the world. “They know that if they—by good fortune or malfeasance—get rid of low-paying tenants and put in high-paying tenants, they’re going to make more money.”

The legal way to get rid of low-paying tenants is a buyout. Landlords can offer tenants money to simply leave. This practice has become so popular and generates such substantial business for real-estate lawyers that two of them, Michelle Maratto and Jay B. Itkowitz, released a 33-page document entitled “Tenant Buy Outs! Making Them Happen.” It reads like an infomercial script from the opening line: “Sometimes an owner needs a tenant of his or her property out of the way.”

The amount of money that a landlord might offer a tenant varies wildly. Ephraim, the Brooklyn-based landlord, estimates he’s bought out dozens of tenants, paying each somewhere between \$2,000 and \$30,000. The real-estate lawyer who introduced Moule at the breakfast meeting—and who *also* asked me not to use his name for fear of losing business—said he has facilitated buyouts ranging from \$10,000 to \$100,000.

But a lump sum of money—no matter the amount—has limitations. “If you’ve never seen \$20,000 before, it seems like a lot,” says Celia Weaver, assistant director of organizing and policy at the Urban Homesteading Assistance Board (UHAB). “But your rent is never going to be lower than it is right now. Unless you’re leaving the city or buying into some form of affordable housing, a buyout is never going to be a good idea.”

Across New York City, particularly in Brooklyn, rents have risen sharply over the last several years. Between 2013 and 2014 alone, rents increased roughly 23 percent in both Crown Heights and Boerum Hill, for instance. With rent for market-rate apartments making such steep climbs, and wages remaining mostly stagnant, the loss of each rent-stabilized unit makes the housing problem that much more acute. And buyouts are a driving force.

“As a public-policy matter,” says Deputy Mayor Glen, “buyouts are bad in the current regulatory environment.” She points to the “vacancy allowance” a landlord earns each time an apartment is emptied, which allows for a rent increase of up to 20 percent and is often enough to break out of rent stabilization. “Because the vacancy allowance is so generous, it’s being done to deregulate the apartment.” Even still, Glen describes buyouts as a complicated issue. “With any individual case, who am I to tell someone they shouldn’t take \$100,000?”

WHEN A LANDLORD WANTS TO AVOID THE expense of a buyout, or if a tenant refuses to accept one, more aggressive measures are required. Shekar Krishnan of Brooklyn Legal Services Corporation A represents tenants in neighborhoods throughout the borough. “What we see a lot more now,” he says, “is landlords physically destroying buildings to force tenants out overnight. It’s the method of choice these days.”

Originally from Nicaragua, Noelia Calero, 33, has lived in her railroad apartment in Bushwick since she was 9 years old. She sits in a middle room that is hard to define: All at once kitchen and closet and living room, it is a cramped space, packed with boxes stacked to the ceiling along every wall. The table where Calero sits feels like the cleared middle of a storage unit.

Shortly after two brothers, Joel and Aaron Israel, bought her building in early 2013, they sent a letter to Calero and her husband. "They told us they want to change the floor tiles and put paint and fix the bathroom," she says. So Calero and her husband and mother moved all of their belongings out of the kitchen and bathroom. "They said it was going to take a couple of weeks. And we believed them. But then we had two years with no bathroom, no kitchen. Completely demolished."

Calero describes the Israel brothers entering her apartment with a third man who carried a sledgehammer and electric saw. "They took out the walls that divided my bathroom from the neighbor's kitchen. You could just walk right next door. They ripped the walls open and the floors. They completely destroyed the sink that was in the kitchen. In the bathroom, too, they removed the toilet and the sink.... It took them less than two hours and they left."

Calero's family lived without running water for 18 months, and for much of that time a hodgepodge barricade of scrap and plywood closed off access to the back half of the apartment, which led to the bathroom and kitchen. The family listened to the sounds coming from the other side of the plywood. "We heard rats and we heard cats fighting back there."

Finally, in December 2014, after she had spent more than two years in court with legal representation from Brent Meltzer of South Brooklyn Legal Services, Calero's landlords were ordered to repair her bathroom and kitchen. And in April of this year, in a highly unusual move, Joel and Aaron Israel were arrested and charged with seven crimes, including fraud, grand larceny, burglary, submitting false documents, and unlawful eviction.

"While it's very hard to know what is an outlier versus a chronic pattern," says Deputy Mayor Glen, speaking about the arrests of the Israel brothers, "I do think there has been a dramatic increase in landlord harassment."

She points to an anti-harassment task force that Governor Andrew Cuomo established in February with Mayor de Blasio and New York State Attorney General Eric Schneiderman, describing it as an opportunity for the city and state to work together to investigate cases like Calero's. "We want to really make sure we have every possible tool in our toolbox when we think that something really rises to the level of criminality."

While tenant lawyers like Krishnan describe the Israel brothers' arrests as justice, many are not satisfied with the bigger picture. "The real question," says Krishnan, "is why didn't these arrests come sooner?" He shows me a batch of newspaper articles documenting tenant experiences with striking similarities to Calero's case. "This is the most rapidly growing trend we're seeing. These landlords feel—and they are criminal landlords—if we can provoke a vacate order from the city government, we can get tenants out overnight, and then it's a long, hard

fight to get back in. And if they don't have counsel, it's a fight that is almost impossible."



Noelia Calero's landlord ripped out her bathroom.

“What we see now is landlords physically destroying buildings to force tenants out overnight.”

—Shekar Krishnan, Brooklyn Legal Services Corporation A



Nefertiti Macaulay's landlord accused her of squatting.

NOT ALL TACTICS FOR CLEARING TENANTS ARE SO unabashed as those of the Israel brothers. Some landlords choose more subtle, often litigious options. "Baseless eviction proceedings," says Krishnan, "that's usually where it starts."

There are several roads to eviction proceedings: perhaps it's one too many roommates; perhaps it's suspicion of an illegal sublet. Landlords scan Airbnb for units in their buildings, and surveillance cameras are common. Even death can be used to prompt an eviction notice.

At the age of 20, Nefertiti Macaulay moved in with her ailing grandmother. She is 31 now and has been the primary tenant in the apartment since her grandmother's passing in 2007—which is when the landlord contacted Macaulay with a shocking declaration. "A note of eviction saying I am squatting," she says. Her soft voice has to climb a bit higher to get up and over that last word—*squatting*—because it still feels like a violation. She points at the chair near the window where her grandmother spent her last days. "She passed away, and it was thrown at me."

Macaulay's home is spacious, with comfortable furniture and generations of family photos. But rats run across the kitchen, water damage is visible, and the walls have not been painted in nearly a decade. While living with her grandmother, Macaulay had not been added to the lease and none of the bills were in her name. In court, she offered documents signed by the super and the neighbors and the medical care providers who visited her grandmother daily—all confirming that Macaulay lived there. But she did not have a document confirming that she paid for the gas or electricity.

After a court case that spanned a year, the judge let Macaulay stay in the apartment—at a 54 percent markup. Her rent went from \$750 to \$1,156. "I think they wanted to scare me, so I said, 'I'll take it.'" At times she works two jobs to pay the new rent, but she's grateful to still be in her home. Her landlord has not yet succeeded at emptying the apartment, in large part, because Macaulay has legal counsel. That is a rarity for tenants.

"Ninety percent of tenants in housing court don't have a lawyer," says Krishnan. He estimates that Brooklyn Legal Services Corporation A is able to engage just 15 to 20 percent of the tenants who approach his office for legal aid.

Deputy Mayor Glen—who is quick to underscore that she once worked as a legal-aid lawyer—ties this imbalance of power to federal funding for legal-assistance programs; Congress has cut that funding by more than 40 percent over the past decade, according to a Legal Services Corporation analysis. Glen says the city is trying to close the gap. "Recently, we put a ton of money into the budget to expand legal services, particularly in areas where landlord behavior could be on the margins," says Glen. "We want to make sure in neighborhoods where markets are moving so quickly, people have the ability to get a lawyer."

The de Blasio administration has committed \$13.5 million for tenant legal services and outlined a plan that would provide an additional \$36 million in legal aid for six neighborhoods experiencing rapid change and rezoning: East New York, East Harlem, Flushing West, Long Island City, the Bay Street Corridor on Staten Island, and the Jerome Avenue Corridor in the Bronx. That would be a cumulative \$50 million for tenant legal services,

which Glen points out is eight times the \$6 million provided under Mayor Michael Bloomberg.

BUT IT TAKES MORE THAN MONEY WHEN A LANDLORD SEEKS TO SIMPLY wear a tenant down with multiple, often simultaneous tactics. Take, for example, Toussaint Wortham, who was approached by his landlord with a \$30,000 buyout offer. Wortham turned it down. Then his landlord took him to housing court for installing kitchen cabinets.

Wortham had installed the cabinets five years earlier, with permission and funds from the previous landlord. The old cabinets dated back to 1979, the year Wortham moved into his Crown Heights apartment with his family. He was in the first grade then, and has never lived anywhere else.

"He's been saying he can't take my rent until the case is resolved," Wortham says of his landlord's position. "They bank on the idea that you'll mess that money up. They figure I might see a nice coat that I want, or nice pair of jeans, and I'll spend it. I'm not that kind of person. I've got one pair of jeans."

Still, he admits that it's sometimes hard to keep up his fight, to hunt down one more document or take another day off work to make another court appearance. After a recent adjournment in the ongoing case, Wortham rode the elevator down with his landlord's lawyer, who took the opportunity to remind him that the \$30,000 buyout is still on the table.

Simon Moule knows how demoralizing this war of attrition can be. "Tenants file complaints about decreased services or their rent is illegal, and I answer those complaints on behalf of owners. That's where stuff is interesting and difficult. Because I might have a client who I know is a scumbag, and they run their buildings terribly and their tenant is filing a complaint about stuff that's not fixed in their apartment, and I know the stuff isn't fixed in the apartment. But I'm being hired to file an answer as though the owner did fix stuff."

While New York State is often cited as a jurisdiction with some of the most pro-tenant rent laws in the country, there is often a chasm between the laws and their enforcement. "The law is whatever you can get away with," says Krishnan. "So many tenants will call us and say, 'I lost my heat and my electricity today and I can't get it back on.' That is one of the most pernicious things." Oftentimes, the utility accounts are in the landlord's name, and the utility companies won't restore service unless the request is made by the person on the account. Krishnan says he has worked with tenants in buildings where the landlord has jiggered wiring in order to prevent restoration of services, or padlocked the meters so that the utility companies cannot gain access.

In a building in the Bedford-Stuyvesant neighborhood of Brooklyn, the tenants lost heat and electricity on a Friday in January. "It was one of the coldest weekends of the year, and no one was available," says Krishnan. "One of my attorneys went to a judge's house on Saturday night to get an emergency order signed. And then he went and served the order to the utility companies to get services back on. That's how screwed up this is."

ON A RECENT MAY MORNING, MUGGY WITH GRAY clouds overhead, a dozen or so tenants gathered outside their building at 285 Schenectady Avenue in Crown Heights. Many of them held signs with slogans—WE SHALL NOT BE REMOVED—or large pictures of dead rats in hallways and roaches gathered in darkened corners. A handful of supporters from the neighborhood joined the protest, along

with New York State Assembly members Walter T. Mosley and Diana Richardson. Renaissance Realty, the landlord of the building—and of a neighboring building that shares a mortgage—has taken 17 tenants to court because they refuse to sign new leases. The tenants say they will not sign because the new leases will increase their rent by 120 percent. That's a 120 percent increase in two buildings filled with rent-stabilized units.

The 2014 maximum allowable rent increase of 1 percent for rent-stabilized apartments does not apply to 285 Schenectady because of the building's complicated rental history—and an obscure rule that offers a fast track out of regulation for more than a quarter of the city's rent-stabilized units.

Decades ago, a previous landlord at 285 Schenectady performed renovations—or in the parlance of rent regulations, "individual apartment improvements," known as IAs. The landlord passed along a portion of the renovation costs to the tenants, as prescribed by law. Once the landlord performed the IAs, he presented the tenants with leases that included two separate rent rates. The first rate was the new "registered" rent, starting at around \$800 for the cheapest units. That was far more than anyone could pay in Crown Heights in the 1980s, but it was the maximum increase the New York State Division of Homes and Community Renewal would allow, based on the renovation budget the landlord submitted. The second rate on the lease was a far smaller amount, a "preferential" rate, which is what the landlord actually charged.

When a lease is drawn up with two rates in this way, the landlord reserves the right to switch from the preferential to the registered rent with any new lease. "You can use preferential rents and IAs together as a sort of gentrification insurance," says the UHAB's Weaver, who is working with the tenants at 285 Schenectady. "As soon as the market rate is somewhat close to what you registered the rent at, thanks to IAs, you revoke that preferential rate, and the tenant is screwed." When landlords use this rule, the registered rent is often set at or near the threshold at which an apartment is no longer subject to the rent-stabilization laws.

The tenants at 285 Schenectady have been paying a preferential rate—which has steadily increased, along with the registered rent—since 1988. When Renaissance Realty bought the building in April 2014, the company began notifying tenants that the rate would change as each lease came up for renewal. The rent for many units in the building went from less than \$1,000 to \$2,100.

Of the nearly 1 million rent-regulated apartments in New York City, the state estimates that 25 percent, nearly 240,000, are under preferential rates and subject to sudden increases. Measured against de Blasio's goal to build 200,000 more affordable units, preferential rents alone present a possible net loss of 40,000 affordable units.

Outside 285 Schenectady, Natasha Creese, who has lived in the building for 25 years, ended the rally by grabbing the megaphone and stepping toward the edge of the sidewalk. She eyed the onlookers across the street, and peered up at the buildings around her: "Everyone who's looking out their windows, I know you're hearing me. Look around—your turn will be next." ■



“I know the stuff isn't fixed. But I'm being hired to file an answer as though the owner did fix stuff.”

—Simon Moule

HOW TO DUMP AND MAKE A FORTUNE

THE CHAOTIC, ABUSIVE PROCESS BY WHICH NEW YORK'S AFFORDABLE HOUSING IS VANISHING.

BY DW. GIBSON



IT IS 7:45 AM, AND 18 REAL-ESTATE professionals are gathered around a conference table in downtown Manhattan, a hairbreadth from Wall Street. They are agents, insurers, asset managers, investors—there is even an architect who uses her allotted 30 seconds of introduction to mention her knack for creating spaces with high-end finishes on economical budgets. Everyone is here to listen to Simon Moule speak.

The topic, as described by the invitation, is “making sense of NYC Rent Stabilization Laws,” and Moule is a guru when it comes to understanding what he describes as “millions of rules.” The people in this room seek understanding with a specific endgame in mind: increasing capitalization of a building, if not a portfolio of buildings. As the lawyer who introduces Moule puts it: “If you know the rent laws, that’s where the juice is. You can really squeeze as much as possible out of a building.”

The Rent Regulation Reform Act of 1993 is a central feature of New

York State's rental code. It allows for the deregulation of rent-stabilized apartments. New York City has nearly 1 million such apartments, accounting for just under half of the available units in all five boroughs. That number is falling quickly, however, as New York's high-end housing market continues to balloon from the heat of global capital.

Over the past 30 years, 231,000 units have been released from rent regulation. Between 2002 and 2014, the number of rental units that were affordable for the working poor fell by 27 percent, according to a Furman Center study.

The deregulation of these apartments has become one of the most disruptive forces in the city, as tenants scramble to keep their homes and landlords maneuver to get rid of them. In some cases, landlords seek merely to push individual units into the luxury rental market. But often the goal is to empty a building of renters altogether. As one Brooklyn landlord, who would only speak to me under the pseudonym of Ephraim, explained it: "We don't usually buy buildings with tenants.... They actually bring down the value of the property almost 60 or 70 percent."

So for Ephraim and the people gathered to hear Moule speak, the urgent question is: How do you get around rent regulations?

A FEW DAYS AFTER THE BREAKFAST MEETING, MOULE is seated in a coffee shop offering \$3 drip, just south of Union Square. "In the hot areas, people are buying buildings and flipping them," he explains to me, "playing musical chairs with the price."

Moule has amassed more than 20 years of familiarity with the state rental code, and savvy investors come to him to understand how the mind-numbing legislative jargon applies to the buildings they want to buy. "Almost nobody realizes that the true value of a building isn't the bricks and mortar," he says. "The true value is the cash flow and the amount of debt you take on when you buy the building, and those are determined by the rent roll—and the rent roll is determined by the rent-stabilization laws. So many people miss that essence."

Rent-stabilization laws apply, broadly, to buildings constructed in the postwar period from 1947 to 1974, as well as to more recent developments that used tax breaks or public money to build. The rental code makes for dense reading; it's a tangle of bureaucracy. But there is one essential component for tenants: an annual limit on rent increases. The New York City Rent Guidelines Board sets this limit. Each year, the board votes on one of three options: roll back rent for the coming year; freeze rent; or set an allowable increase, generally somewhere between 2.5 percent and 4 percent over the last decade. In 2014, amid whispers of a first-ever freeze or rollback, the board voted for a 1 percent increase.

The final vote this year is on June 24, and there is a growing sense among community organizers and officials in Mayor Bill de Blasio's administration that a rent freeze is a real possibility this time.

But a more fundamental marker is set by the state. Since 2011, the state has allowed for the deregulation of vacant apartments once they can be legally rented for \$2,500 a month. At press time, as the legislative session closed, housing advocates were fighting what appeared to be a losing battle to push that number up significantly, if not get rid of it altogether. "So that we don't have what is clearly happening," says Alicia Glen, deputy mayor for housing and economic development, "which is people



“Unless you're leaving the city, a buyout is never going to be a good idea.”

—Celia Weaver,
Urban Homesteading
Assistance Board

using every available tool in the toolbox to get to the \$2,500 threshold.”

Moule incorporated STM Associates 19 years ago and works with over 300 clients—increasingly, he notes, more pension and portfolio money from around the world. “They know that if they—by good fortune or malfeasance—get rid of low-paying tenants and put in high-paying tenants, they're going to make more money.”

The legal way to get rid of low-paying tenants is a buyout. Landlords can offer tenants money to simply leave. This practice has become so popular and generates such substantial business for real-estate lawyers that two of them, Michelle Maratto and Jay B. Itkowitz, released a 33-page document entitled “Tenant Buy Outs! Making Them Happen.” It reads like an infomercial script from the opening line: “Sometimes an owner needs a tenant of his or her property out of the way.”

The amount of money that a landlord might offer a tenant varies wildly. Ephraim, the Brooklyn-based landlord, estimates he's bought out dozens of tenants, paying each somewhere between \$2,000 and \$30,000. The real-estate lawyer who introduced Moule at the breakfast meeting—and who *also* asked me not to use his name for fear of losing business—said he has facilitated buyouts ranging from \$10,000 to \$100,000.

But a lump sum of money—no matter the amount—has limitations. “If you've never seen \$20,000 before, it seems like a lot,” says Celia Weaver, assistant director of organizing and policy at the Urban Homesteading Assistance Board (UHAB). “But your rent is never going to be lower than it is right now. Unless you're leaving the city or buying into some form of affordable housing, a buyout is never going to be a good idea.”

Across New York City, particularly in Brooklyn, rents have risen sharply over the last several years. Between 2013 and 2014 alone, rents increased roughly 23 percent in both Crown Heights and Boerum Hill, for instance. With rent for market-rate apartments making such steep climbs, and wages remaining mostly stagnant, the loss of each rent-stabilized unit makes the housing problem that much more acute. And buyouts are a driving force.

“As a public-policy matter,” says Deputy Mayor Glen, “buyouts are bad in the current regulatory environment.” She points to the “vacancy allowance” a landlord earns each time an apartment is emptied, which allows for a rent increase of up to 20 percent and is often enough to break out of rent stabilization. “Because the vacancy allowance is so generous, it's being done to deregulate the apartment.” Even still, Glen describes buyouts as a complicated issue. “With any individual case, who am I to tell someone they shouldn't take \$100,000?”

DW Gibson is author of the recently published book *The Edge Becomes the Center: An Oral History of Gentrification in the Twenty-First Century*.

WHEN A LANDLORD WANTS TO AVOID THE expense of a buyout, or if a tenant refuses to accept one, more aggressive measures are required. Shekar Krishnan of Brooklyn Legal Services Corporation A represents tenants in neighborhoods throughout the borough. “What we see a lot more now,” he says, “is landlords physically destroying buildings to force tenants out overnight. It's the method of choice these days.”

Originally from Nicaragua, Noelia Calero, 33, has lived in her railroad apartment in Bushwick since she was 9 years old. She sits in a middle room that is hard to define: All at once kitchen and closet and living room, it is a cramped space, packed with boxes stacked to the ceiling along every wall. The table where Calero sits feels like the cleared middle of a storage unit.

Shortly after two brothers, Joel and Aaron Israel, bought her building in early 2013, they sent a letter to Calero and her husband. "They told us they want to change the floor tiles and put paint and fix the bathroom," she says. So Calero and her husband and mother moved all of their belongings out of the kitchen and bathroom. "They said it was going to take a couple of weeks. And we believed them. But then we had two years with no bathroom, no kitchen. Completely demolished."

Calero describes the Israel brothers entering her apartment with a third man who carried a sledgehammer and electric saw. "They took out the walls that divided my bathroom from the neighbor's kitchen. You could just walk right next door. They ripped the walls open and the floors. They completely destroyed the sink that was in the kitchen. In the bathroom, too, they removed the toilet and the sink.... It took them less than two hours and they left."

Calero's family lived without running water for 18 months, and for much of that time a hodgepodge barricade of scrap and plywood closed off access to the back half of the apartment, which led to the bathroom and kitchen. The family listened to the sounds coming from the other side of the plywood. "We heard rats and we heard cats fighting back there."

Finally, in December 2014, after she had spent more than two years in court with legal representation from Brent Meltzer of South Brooklyn Legal Services, Calero's landlords were ordered to repair her bathroom and kitchen. And in April of this year, in a highly unusual move, Joel and Aaron Israel were arrested and charged with seven crimes, including fraud, grand larceny, burglary, submitting false documents, and unlawful eviction.

"While it's very hard to know what is an outlier versus a chronic pattern," says Deputy Mayor Glen, speaking about the arrests of the Israel brothers, "I do think there has been a dramatic increase in landlord harassment."

She points to an anti-harassment task force that Governor Andrew Cuomo established in February with Mayor de Blasio and New York State Attorney General Eric Schneiderman, describing it as an opportunity for the city and state to work together to investigate cases like Calero's. "We want to really make sure we have every possible tool in our toolbox when we think that something really rises to the level of criminality."

While tenant lawyers like Krishnan describe the Israel brothers' arrests as justice, many are not satisfied with the bigger picture. "The real question," says Krishnan, "is why didn't these arrests come sooner?" He shows me a batch of newspaper articles documenting tenant experiences with striking similarities to Calero's case. "This is the most rapidly growing trend we're seeing. These landlords feel—and they are criminal landlords—if we can provoke a vacate order from the city government, we can get tenants out overnight, and then it's a long, hard



Noelia Calero's landlord ripped out her bathroom.

“What we see now is landlords physically destroying buildings to force tenants out overnight.”

—Shekar Krishnan, Brooklyn Legal Services Corporation A



Nefertiti Macaulay's landlord accused her of squatting.

fight to get back in. And if they don't have counsel, it's a fight that is almost impossible."

NOT ALL TACTICS FOR CLEARING TENANTS ARE SO unabashed as those of the Israel brothers. Some landlords choose more subtle, often litigious options. "Baseless eviction proceedings," says Krishnan, "that's usually where it starts."

There are several roads to eviction proceedings: perhaps it's one too many roommates; perhaps it's suspicion of an illegal sublet. Landlords scan Airbnb for units in their buildings, and surveillance cameras are common. Even death can be used to prompt an eviction notice.

At the age of 20, Nefertiti Macaulay moved in with her ailing grandmother. She is 31 now and has been the primary tenant in the apartment since her grandmother's passing in 2007—which is when the landlord contacted Macaulay with a shocking declaration. "A note of eviction saying I am squatting," she says. Her soft voice has to climb a bit higher to get up and over that last word—*squatting*—because it still feels like a violation. She points at the chair near the window where her grandmother spent her last days. "She passed away, and it was thrown at me."

Macaulay's home is spacious, with comfortable furniture and generations of family photos. But rats run, across the kitchen, water damage is visible, and the walls have not been painted in nearly a decade. While living with her grandmother, Macaulay had not been added to the lease and none of the bills were in her name. In court, she offered documents signed by the super and the neighbors and the medical care providers who visited her grandmother daily—all confirming that Macaulay lived there. But she did not have a document confirming that she paid for the gas or electricity.

After a court case that spanned a year, the judge let Macaulay stay in the apartment—at a 54 percent markup. Her rent went from \$750 to \$1,156. "I think they wanted to scare me, so I said, 'I'll take it.'" At times she works two jobs to pay the new rent, but she's grateful to still be in her home. Her landlord has not yet succeeded at emptying the apartment, in large part, because Macaulay has legal counsel. That is a rarity for tenants.

"Ninety percent of tenants in housing court don't have a lawyer," says Krishnan. He estimates that Brooklyn Legal Services Corporation A is able to engage just 15 to 20 percent of the tenants who approach his office for legal aid.

Deputy Mayor Glen—who is quick to underscore that she once worked as a legal-aid lawyer—ties this imbalance of power to federal funding for legal-assistance programs; Congress has cut that funding by more than 40 percent over the past decade, according to a Legal Services Corporation analysis. Glen says the city is trying to close the gap. "Recently, we put a ton of money into the budget to expand legal services, particularly in areas where landlord behavior could be on the margins," says Glen. "We want to make sure in neighborhoods where markets are moving so quickly, people have the ability to get a lawyer."

The de Blasio administration has committed \$13.5 million for tenant legal services and outlined a plan that would provide an additional \$36 million in legal aid for six neighborhoods experiencing rapid change and rezoning: East New York, East Harlem, Flushing West, Long Island City, the Bay Street Corridor on Staten Island, and the Jerome Avenue Corridor in the Bronx. That would be a cumulative \$50 million for tenant legal services,

which Glen points out is eight times the \$6 million provided under Mayor Michael Bloomberg.

BUT IT TAKES MORE THAN MONEY WHEN A LANDLORD SEEKS TO SIMPLY wear a tenant down with multiple, often simultaneous tactics. Take, for example, Toussaint Wortham, who was approached by his landlord with a \$30,000 buyout offer. Wortham turned it down. Then his landlord took him to housing court for installing kitchen cabinets.

Wortham had installed the cabinets five years earlier, with permission and funds from the previous landlord. The old cabinets dated back to 1979, the year Wortham moved into his Crown Heights apartment with his family. He was in the first grade then, and has never lived anywhere else.

"He's been saying he can't take my rent until the case is resolved," Wortham says of his landlord's position. "They bank on the idea that you'll mess that money up. They figure I might see a nice coat that I want, or nice pair of jeans, and I'll spend it. I'm not that kind of person. I've got one pair of jeans."

Still, he admits that it's sometimes hard to keep up his fight, to hunt down one more document or take another day off work to make another court appearance. After a recent adjournment in the ongoing case, Wortham rode the elevator down with his landlord's lawyer, who took the opportunity to remind him that the \$30,000 buyout is still on the table.

Simon Moule knows how demoralizing this war of attrition can be. "Tenants file complaints about decreased services or their rent is illegal, and I answer those complaints on behalf of owners. That's where stuff is interesting and difficult. Because I might have a client who I know is a scumbag, and they run their buildings terribly and their tenant is filing a complaint about stuff that's not fixed in their apartment, and I know the stuff isn't fixed in the apartment. But I'm being hired to file an answer as though the owner did fix stuff."

While New York State is often cited as a jurisdiction with some of the most pro-tenant rent laws in the country, there is often a chasm between the laws and their enforcement. "The law is whatever you can get away with," says Krishnan. "So many tenants will call us and say, 'I lost my heat and my electricity today and I can't get it back on.' That is one of the most pernicious things." Oftentimes, the utility accounts are in the landlord's name, and the utility companies won't restore service unless the request is made by the person on the account. Krishnan says he has worked with tenants in buildings where the landlord has jiggered wiring in order to prevent restoration of services, or padlocked the meters so that the utility companies cannot gain access.

In a building in the Bedford-Stuyvesant neighborhood of Brooklyn, the tenants lost heat and electricity on a Friday in January. "It was one of the coldest weekends of the year, and no one was available," says Krishnan. "One of my attorneys went to a judge's house on Saturday night to get an emergency order signed. And then he went and served the order to the utility companies to get services back on. That's how screwed up this is."

ON A RECENT MAY MORNING, MUGGY WITH GRAY clouds overhead, a dozen or so tenants gathered outside their building at 285 Schenectady Avenue in Crown Heights. Many of them held signs with slogans—WE SHALL NOT BE REMOVED—or large pictures of dead rats in hallways and roaches gathered in darkened corners. A handful of supporters from the neighborhood joined the protest, along



“I know the stuff isn't fixed. But I'm being hired to file an answer as though the owner did fix stuff.”

—Simon Moule

with New York State Assembly members Walter T. Mosley and Diana Richardson. Renaissance Realty, the landlord of the building—and of a neighboring building that shares a mortgage—has taken 17 tenants to court because they refuse to sign new leases. The tenants say they will not sign because the new leases will increase their rent by 120 percent. That's a 120 percent increase in two buildings filled with rent-stabilized units.

The 2014 maximum allowable rent increase of 1 percent for rent-stabilized apartments does not apply to 285 Schenectady because of the building's complicated rental history—and an obscure rule that offers a fast track out of regulation for more than a quarter of the city's rent-stabilized units.

Decades ago, a previous landlord at 285 Schenectady performed renovations—or in the parlance of rent regulations, “individual apartment improvements,” known as IAs. The landlord passed along a portion of the renovation costs to the tenants, as prescribed by law. Once the landlord performed the IAs, he presented the tenants with leases that included two separate rent rates. The first rate was the new “registered” rent, starting at around \$800 for the cheapest units. That was far more than anyone could pay in Crown Heights in the 1980s, but it was the maximum increase the New York State Division of Homes and Community Renewal would allow, based on the renovation budget the landlord submitted. The second rate on the lease was a far smaller amount, a “preferential” rate, which is what the landlord actually charged.

When a lease is drawn up with two rates in this way, the landlord reserves the right to switch from the preferential to the registered rent with any new lease. “You can use preferential rents and IAs together as a sort of gentrification insurance,” says the UHAB's Weaver, who is working with the tenants at 285 Schenectady. “As soon as the market rate is somewhat close to what you registered the rent at, thanks to IAs, you revoke that preferential rate, and the tenant is screwed.” When landlords use this rule, the registered rent is often set at or near the threshold at which an apartment is no longer subject to the rent-stabilization laws.

The tenants at 285 Schenectady have been paying a preferential rate—which has steadily increased, along with the registered rent—since 1988. When Renaissance Realty bought the building in April 2014, the company began notifying tenants that the rate would change as each lease came up for renewal. The rent for many units in the building went from less than \$1,000 to \$2,100.

Of the nearly 1 million rent-regulated apartments in New York City, the state estimates that 25 percent, nearly 240,000, are under preferential rates and subject to sudden increases. Measured against de Blasio's goal to build 200,000 more affordable units, preferential rents alone present a possible net loss of 40,000 affordable units.

Outside 285 Schenectady, Natasha Creese, who has lived in the building for 25 years, ended the rally by grabbing the megaphone and stepping toward the edge of the sidewalk. She eyed the onlookers across the street, and peered up at the buildings around her: “Everyone who's looking out their windows, I know you're hearing me. Look around—your turn will be next.”

Wilshire Royale to be renovated

Aug 7, 2015

New owner MWest is the latest to plan upgrades in the once-blighted area.

BY ROGER VINCENT

The Wilshire Royale, one of the best-known historic apartment buildings in Los Angeles, has been acquired by Sherman Oaks real estate investors who plan to upgrade the property near MacArthur Park.

MWest Holdings paid \$32.5 million for the 193-unit complex at the northeast corner of Wilshire and Rampart boulevards, a neighborhood showing signs of economic recovery after decades in the doldrums when many blocks around the park were considered blighted and crime-plagued.

The 12-story tower's Beaux Arts design and rich background were central to its appeal as an investment, said Karl Slovin, president of MWest Holdings. The company also recently purchased Hollywood Tower, a luxury 1920s apartment building on Franklin Avenue in Hollywood.

"We love to find properties that have an architectural story and a grandness to them," Slovin said.

In the early 20th century, the area was an upscale residential neighborhood

known as the West Side. In the late 1920s, Olive Philips built the residential hotel that would become the Wilshire Royale.

Philips took an apartment in the building then known as the Arcady and advertised for people who were accustomed to fine living to join her. A 1928 ad for the Arcady in The Times promised deluxe service with "all the work being taken care of by a thoroughly-trained crew of maids, butlers, housemen, pages, valets, laundresses and porters."

Meals prepared by the Arcady staff could be served in a ground-level restaurant called the Pompeii room or delivered to your unit. At the dawn of the Great Depression in 1930, rates were \$5 a day or \$150 a month, according to the Los Angeles Conservancy.

In 1953, the building was acquired by Fifield Manors Inc. "to be operated for guests in their autumn years," The Times reported that year.

MWest will spend about \$2 million over the next year renovating the Wilshire Royale, including upgrades to the units, lobby and other common areas, he said. The neon "Wilshire Royale" sign on the roof will be relighted.

Other old residential buildings in the neighborhood have recently been renovated. The nearby Hayworth Theatre on Wilshire



MWest Holdings

MWEST HOLDINGS paid \$32.5 million for the 193-unit complex at Wilshire and Rampart boulevards.

Boulevard was purchased by TV writer Jenji Kohan, the creator of Netflix's "Orange Is the New Black" and Showtime's "Weeds." She uses its offices for her production company and said she plans to rent out the theater space.

"This is an area that is starting to see a tremendous amount of capital moving into it with several high-rises and office-to-apartment conversions planned," said

broker Kevin Green of Institutional Property Advisors, a real estate firm that helped arrange the sale of the Wilshire Royale. New York money manager BlackRock Inc. was the previous owner.

The area is becoming more trendy, Green said, as the boundaries of Koreatown push east and the downtown renaissance drifts west.

roger.vincent@latimes.com

As Homelessness Spikes, Downtown Remains the Epicenter of the Problem

New Count Finds That Council District 14 Has Nearly 6,300 Homeless Individuals

By Eddie Kim

The announcement last week that homelessness in the county has risen 12% in the past two years drew equal amounts of consternation and outrage. Almost lost in the analysis was the revelation that the council district that includes Skid Row holds one out of every four homeless individuals in the city.

Council District 14, which comprises nearly all of Downtown Los Angeles, has the highest homeless population estimate with 6,292 individuals, according to the Los Angeles Homeless Services Authority, which conducted the count.

The new estimate represents a 14% increase from 2013's figure of 5,500 homeless people in the district. CD14's chronically homeless population, defined as people with disabling conditions who are experiencing "long-term street homelessness," jumped 89% from 1,046 individuals in 2013 to 1,977 this year.

The Ninth Council District, which comprises most of South L.A. and parts of South Park, ranked second with 2,395 individuals. The lowest tally was in the San Fernando Valley's 12th District, which counted 569 homeless people. Throughout the entire city, LAHSA found there were 25,686 homeless people.

The countywide homeless population was put at 44,359, up from 39,461 in 2013. LAHSA also found an 85% increase in the number of people living in tents, makeshift shelters and vehicles, from 5,335 in 2013 to 9,535 this year.

The LAHSA report said that the problem continues to grow despite increasing efforts to house the homeless. Nearly 11,000 homeless people, including 5,140 veterans, were placed in housing in 2014, according to figures from the United Way's Home for Good campaign.

LAHSA Commissioner Larry Adamson, who is also president and CEO of the Midnight Mission in Skid Row, noted that, despite the 7,500 veterans housed in 2013 and 2014, there were approximately 4,300 homeless veterans in both 2013 and 2015.

"Does that mean, as a logical conclusion, that 7,500 new veterans have entered into our region in two years?" Adamson asked at the presentation of the statistics on Monday, May 11.

"That's the clear implication," LAHSA Executive Director Peter Lynn replied.

The uptick in homelessness was attributed to a number of factors, including rising rents, wages that have remained flat or decreased, and a local unemployment level that is above both the state and national average.

"We have a number of people working under a living wage of \$15.25 an hour, on top of those who are not working," Lynn added.

Elise Buik, a LAHSA commissioner and the president and CEO of United Way of Greater L.A., which partnered with the L.A. Area Chamber of Commerce on the Home for Good program, said the city, county and state have spent too much time discussing how to boost a dedi-

cated fund for affordable housing development without actually achieving the goal.

Even when the dollars are acquired, Buik added, neighborhoods across the county need to be willing to accept homeless services. Echoing a sentiment that has been stated for years, she said services should no longer be concentrated in Skid Row.

Beyond building affordable housing, the problem is that the city is not building enough new housing whatsoever, Adamson said.

"We need to look at alternate kinds of housing. The kind of money we have to spend even to create permanent supportive housing with new construction is obscene," he said.

The increase in the homeless population is no surprise to Rev. Andy Bales, CEO of Skid Row's Union Rescue Mission. The facility's guest area has been at capacity for "many months," Bales said, and he does not expect the number of people walking through the doors to fall anytime soon.

When it comes to solving homelessness, Bales believes too much of the focus is put on creating permanent supportive housing. A diversified approach that also emphasizes transitional housing and shelters is needed, he said.

"Permanent supportive housing is not a silver bullet," Bales said. "You can build a \$50 million apartment building and have about 100 units or you can build two missions that help 800 people each every day for the same mon-

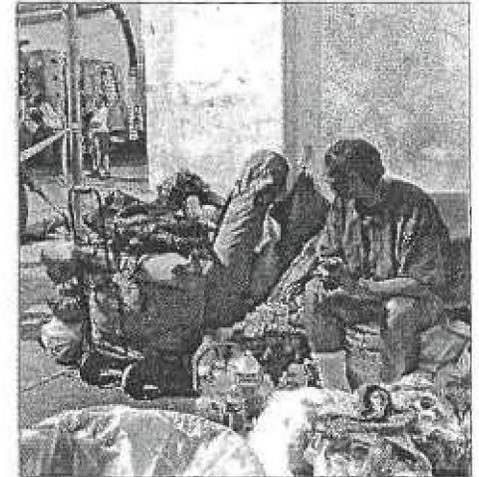


photo by Donna Evans

The homeless population figure is up 12% across Los Angeles County from 2013 estimates, according to the L.A. Homeless Services Authority.

ey. Until we take a multi-pronged approach and regionalize services throughout the county, homelessness will continue to rise."

Other LAHSA commissioners talked about the need to raise wages and adopt other income-boosting mechanisms. Commissioner Booker Pearson, from the transitional housing nonprofit Upward Bound House, suggested the passage of a state Earned Income Tax Credit that could help low-income families better cope with economic pressure.

The 2015 homeless count was based on a physical count and demographic surveys that took place in January. While the count has historically been conducted every two years, Lynn said LAHSA is planning to have the next count in 2016.

eddie@downtownnews.com

Garcetti
Hollywood's too-big Target
Aug 29, 2014

A HALF-BUILT TARGET store in Hollywood is the latest example of how planning and land use in Los Angeles can go terribly wrong. This week, the Department of Building and Safety ordered the retailer to halt construction of a three-story complex on Sunset Boulevard at Western Avenue after a judge ruled that the City Council had erroneously OK'd a 74-foot-tall structure, which is twice as tall as the rules allow for commercial development there.

Now the community is left with a construction-zone eyesore while Target appeals the court decision. The community groups that filed the lawsuits want Target to tear down the existing structure, which already has a foundation, walls and roof, and rebuild a store that meets the area's 35-foot height limit. Target wants the city to rewrite the area's zoning plan to allow a taller building. Neither option is satisfying.

The City Council and Mayor Eric Garcetti — who was the councilman representing Hollywood when the project was approved in 2012 — could have avoided this mess if they'd followed the area's planning rules. Instead, Garcetti urged Target to scrap plans for a standard big-box store and build a larger complex with restaurants, more shops and a plaza fronting the sidewalk.

Garcetti was right to push for a project that would help revitalize a dull corner of Sunset Boulevard and encourage pedestrian activity in a neighborhood less than half a mile from a subway station. But why did he and Target have to ignore the area's planning rules to do it? Development guide-

lines are laid out in the Vermont/Western Station Neighborhood Area Plan, which despite being 13 years old is considered one of the city's more pedestrian-oriented and design-savvy local plans. But if Garcetti believed the rules made it impossible to build something better than a big-box store on a prominent street, he should have worked with the community to update the plan, not simply pushed through exceptions for one project.

Sadly, that's not unusual. Planning in Los Angeles has too often been done project by project, with council members dictating what's appropriate on a particular site based on the whims of developers or neighborhood groups. That encourages abuse: Influence fills the vacuum left by the absence of clear rules. To remedy this, the city needs to embark on a comprehensive overhaul of its 35 neighborhood plans, which establish appropriate local development standards and which in some cases are decades old. The timing is right for such a review: The Planning Department has more money and staff this year to help rewrite several plans, and the city has a grant to draft transit-oriented development standards around the new Expo Line and Crenshaw line stations.

Good plans developed with community consensus are supposed to provide certainty and help avoid the kinds of disputes that result in a half-constructed Target. Developers know what they can build, and neighbors know what to expect. Once a plan is in place, developers, resident groups and council members should respect the rules.

Privatization on Steroids - 2015 - L.A Style

The BLOC – 32 Story Office Building & 32 Story Hotel – Old Macy's Site

"The pedestrian passageway linking the Bloc to the 7th Street/Metro Center Station will be the Metro's first direct underground connection of a subway station to a private development according to Marie Sullivan, a transportation planner for the L.A. County Metropolitan Transportation Authority.

Developer Wayne Ratkovich decided to tear off the roof and breach the walls. Stores and restaurants will replace bare brick along city sidewalks. Ratkovich said opening the center would help enliven local streets and sidewalks". Times quote

"We're not only ushering in a new wave of physical and cultural change at the Bloc, but also within the larger urban fabric of the vibrant downtown community". Ratkovich quote

Source: Passage from L.A. Times article

www.latimes.com/business/realstate/la-fi-bloc-roof-demolition-20150527-story.html