Hotel California: Housing the Crisis

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Ananya Roy, Gary Blasi, Jonny Coleman, Elana Eden

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Ananya Roy, Gary Blasi, Jonny Coleman, Elana Eden

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Executive Summary

- Los Angeles is on the cusp of a surge in evictions and homelessness, with thousands of households impacted by the COVID-19 pandemic likely to lose their housing. They will join the many thousands of Angelenos who are already unhoused in what is likely to be one of the largest mass displacements to unfold in the region. Black and Brown communities will bear the brunt of the crisis. For the most part, the impending crisis has been met with political inertia, and few models of housing provision currently exist to adequately address the challenge.
- In this report, we make the case for (More) Hotels as Housing as an urgently needed model. While Project Roomkey, the program implemented at the state and county levels to use hotels as shelter for people experiencing homelessness during the COVID-19 emergency through negotiated occupancy agreements, has failed to meet targets, it provides an opening to consider how vacant tourist hotel and motel rooms can be utilized to expand access to housing.
- Los Angeles already has a vitally important stock of extremely low-income housing in the form of residential hotels, protected through hard-won victories by housing justice organizations who have fought against tenant displacement and redevelopment. Anticipating a downturn in global tourism for many years to come, we advocate shifting property use from hospitality to housing through the large-scale public acquisition of tourist hotels and motels, including eminent domain.
- Following a Housing First approach, we insist on immediate access to housing without conditions. Given that existing models of housing provision in Los Angeles are unlikely to transition people into permanent housing in the foreseeable future, we advocate for conversions that will make hotels and motels habitable for individuals and families for as long as they need to live there. Further, we argue that the more ambitious conversion of a partial stock of such hotels and motels into social housing has the potential to significantly expand low-income and extremely low-income housing in Los Angeles, and to do so at price points that are lower than current models of housing provision.
- Acquisition and conversion, however proficiently accomplished, will not guarantee habitability and livability. These outcomes can only be assured through a robust regulatory framework of tenant rights determined by community control and tenant power.
- (More) Hotels as Housing can undergird a path to recovery that centers racial justice and housing justice. Drawing cautionary lessons from the Great Recession, we argue that it can create publicly owned assets in at-risk neighborhoods, where investors, capitalizing on racialized logics of exclusionary and predatory finance, are already seeking to secure concentrated ownership of distressed properties.
- In Los Angeles, as in other U.S. cities, there is a long history of luxury hotels whose developers have benefited from public subsidies and land assembly. Publicly subsidized hotel development has mediated an extractive relationship between capital and community. It is time to redirect public resources and public purpose tools such as eminent domain for low-income and extremely low-income housing, especially in Black and Brown communities where public investment has primarily taken the form of policing.

Key Arguments: (More) Hotels as Housing

A Worsening Crisis

- Los Angeles is on the cusp of a surge in evictions and homelessness. The first report in this publication series, <u>UD Day: Impending Evictions and Homelessness in Los Angeles</u>, authored by Professor Gary Blasi of UCLA, projects that the economic impact of the COVID-19 pandemic and the political failure at all levels of government to institute tenant protections have put 365,000 renter households in Los Angeles County at risk of eviction once the Judicial Council lifts the temporary suspension of evictions. The Blasi report estimates that of these, between 36,000 and 120,000 households, with the latter including 184,000 children, could become homeless. This would be in addition to the numbers yielded by the 2020 Greater Los Angeles Homeless Count of 66,436 people experiencing homelessness in Los Angeles County, 72% of whom are unsheltered.¹
- We anticipate that such devastation will be disproportionately borne by working-class communities of color, especially those living in what we identify as at-risk zip codes where rent burdens are high and displacement by private and public investments is already underway.
- The expected surge comes on top of the continued upward trend in homelessness in Los Angeles, including, as demonstrated by the 2020 Greater Los Angeles Homeless Count, high rates of first-time homelessness catalyzed by economic hardship and weak social networks even prior to the COVID-19 pandemic.²

Hotels are Already Being Used as Shelter and Housing

- Los Angeles already has a vitally important stock of extremely low-income housing in the form of residential hotels, protected through hard-won victories by housing justice organizations who have fought against tenant displacement and redevelopment. In communities such as Skid Row, such hotels have ensured what housing policy experts like to call affordability.
- The COVID-19 emergency expanded the use of hotel rooms, mainly in the form of emergency shelter for people experiencing homelessness who meet FEMA eligibility criteria for risk and vulnerability. The Project Roomkey experiment, at state and county levels, has relied primary on negotiated occupancy agreements with hotels and motels to provide such shelter. Important in intent, Project Roomkey has been painfully slow in such placements. The Los Angeles Homeless Services Authority (LAHSA) recently released a COVID-19 Recovery Plan which promises no returns to

¹ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count," 8.

² Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count," 23.

the street for those currently sheltered under Project Roomkey and seeks to rapidly house 15,000 of the most vulnerable people experiencing home-lessness in Los Angeles. It includes mention of hotel and motel conversion among other provisions.³

The Case for (More) Hotels as Housing

- Current models of housing provision in Los Angeles have no likelihood of meeting existing housing needs, let alone the significant increase in need that is soon to come. Even without taking account of the impacts of the COVID-19 pandemic, the Los Angeles Homeless Services Authority (LAHSA) estimated that 509,000 new affordable housing units are needed to meet current demand.⁴ But this unattainable number grossly underestimates need, especially in terms of affordability. Now LAHSA's COVID-19 recovery plan seeks to house 15,000 vulnerable people experiencing homelessness but continues to rely on a combination of housing model provisions that have already proven to be expensive and slow. In addition, in a recent agreement between the City of Los Angeles and the County of Los Angeles reached in the complex litigation currently before U.S. District Judge David O. Carter as to unsheltered and unhoused people in makeshift encampments near freeways, the City and County will have committed to provide an additional 6,000 new beds over the next 10 months for unhoused residents currently living near freeways.⁵ A dramatic expansion in low-income housing stock is urgently needed, and the large-scale public acquisition of vacant hotels and motels is the most promising option to achieve this.
- There are over 100,000 hotel and motel rooms in Los Angeles County that serve tourists.⁶ With the ongoing COVID-19 pandemic, many of them will lie vacant. In mid-May, hotel occupancy rates in major U.S. cities was at 30%.⁷ The most optimistic national projections about the recovery of the hotel industry estimates an overall decline of 36% in occupancy for 2020 and notes that the COVID-19 pandemic has spurred "the largest decline the U.S. lodging industry has realized" since the inception of hotel occupancy data collection.⁸ This means that at least 36,000 to 70,000 hotel and motel rooms will remain vacant in Los Angeles and can be acquired as housing. Cities such as Vancouver have already started <u>purchasing tourist hotels</u> as part of long-term housing plans.
- While a common narrative has been that luxury hotels will rebound first, industry analysts anticipate that in the aftermath of the COVID-19 pandemic, "luxury, upper upscale, and upscale properties will be affected most because of their dependency on group, business, and international visitations."⁹ Given that many of these luxury hotels in Los Angeles have been the beneficiaries of public subsidies, they must remain in consideration for (More) Hotels as Housing. But economic distress will also be felt by the middle and lower segments of the hotel industry not only because of

³ Los Angeles Homeless Services Authority (LAHSA), "COVID-19 Recovery Plan Report," 15.

⁴ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count," 6.

⁵ LA Alliance for Human Rights v. City of Los Angeles, US District Court, Central District of California, Case 2:22-0221, Document 136, filed June 18, 2020.

⁶ Los Angeles Tourism & Convention Board, <u>Marketing and Planning Resource: 2019 Market Outlook Data for the Los Angeles Travel & Tourism Industry</u>, 162.

⁷ Lynch, "Hotel occupancy inches up in Major US cities."

⁸ CBRE Hotels Research, <u>An Updated 2020 Outlook: Expectations for the Year Ahead</u>, 6.

⁹ CBRE Hotels Research, An Updated 2020 Outlook: Expectations for the Year Ahead, 5.

low demand but also because of debt structures carried by such hotels and motels.

The public acquisition of tourist hotels and motels can greatly expand housing for low-income and extremely low-income people in Los Angeles by shifting property use from hospitality to housing. While the COVID-19 emergency provides government executives, including the Mayor of Los Angeles and the Governor of California, the legal authority to commandeer hotel rooms, they did not use this authority for Project Roomkey or in any other capacity, but rather relied entirely on the stock of rooms for which they could negotiate. Instead of such short-term agreements, we advocate a combination of public acquisition strategies from purchase to commandeering or eminent domain. In Los Angeles, eminent domain has been historically used to clear neighborhoods and make way for urban development. We argue that the time has come to flip the script of eminent domain and to use it for the self-evident public purpose of housing.

Temporary to Permanent

- The urgency and opportunity of the present moment presents the unique possibility to acquire and minimally convert tourist hotels and motels into housing for people experiencing homelessness. We argue that such housing need not be accompanied by the full infrastructure of services that make up permanent supportive housing, which is best suited for the needs of the chronically homeless, but that is not imperative for the first-time homeless and those without disability. Housing must be the priority and the services and support necessary to ensure housing rights must be the priority.
- But often in the past, voucher systems have placed people experiencing homelessness in hotels as temporary stay only to keep them trapped there in what are akin to permanent refugee camps. In Europe, where hotels are being used for families experiencing homelessness, stays in inadequately renovated hotels have stretched to three to four years with demoralizing effects. While the use of hotels as emergency shelter can be life-saving, our argument is focused on the livability and habitability that is necessary for at least a few years of residence. To be clear, conversion will not guarantee such outcomes. These, we argue, can only be assured through community control and tenant power.
- Already in Los Angeles, residential hotels have been acquired and converted by nonprofits. Like Project Roomkey, such experiments provide a window onto the possibilities of (More) Hotels as Housing. With this, or any other type of acquisition and conversion whether by nonprofits or developers or public agencies, it will be necessary to ensure that people are not moved around in a zero-sum shuffle of low-income housing. (More) Hotels as Housing must do what the name suggests: *add* housing units.
- We also flag the importance of tenant protections and tenant rights, and insist that (More) Hotels as Housing must break with patterns of poverty management that perpetuate the criminalization of the unhoused and impose racialized policing and surveillance as conditions of access to housing and services.
- Given that existing models of housing provision in Los Angeles are unlikely to transition people from such hotel and motel rooms into permanent housing in the foreseeable future, we additionally advocate for the conversion of a partial stock of hotels and motels into social housing. This would

be a wise use of public resources with permanent benefit to the City and County.

Although it is tempting to put a single price point on the unit cost of (More) Hotels as Housing, the detailed discussions in this report underscore that price will vary according to acquisition and conversion strategies as well as location and local market demand. Various estimates of acquisition have settled in the 100,000 - 150,000 price range. But these are typically for motels and low-end hotels that will likely require more expensive conversion to be habitable and livable. These conversion costs can run from \$70,000 to over \$200,000 per unit. But given the downturn in global tourism, there is also the unprecedented opportunity to acquire more up-market hotels, especially those that are unlikely to rebound or that might be in distress because of their debt structures. If so, acquisition costs could run higher but conversion costs might be more reasonable. Finally, there is the Vancouver model of expropriation of derelict hotels where the cost of acquisition is close to nil but where renovation costs to transform such hotels into social housing run at \$250,000 or higher. Detailed financial analvsis will be needed to develop and implement acquisition and conversion strategies and assemble funding. But even with this range of price points, (More) Hotels as Housing promises to be significantly cheaper than current models of housing provision in Los Angeles, including homeless shelters and permanent supportive housing.

Which Path to Recovery?

- The luxury hotel industry in the United States is underwritten by public subsidies, and it is no different in Los Angeles. During the COVID-19 pandemic, as thousands of unhoused Angelenos have had to remain in unsafe conditions on the streets and in encampments, these publicly subsidized hotels have come under scrutiny. We warn the City against adopting a recovery narrative and path that continues such models of urban development, including hotel boosterism through public subsidies. We advocate for a path to recovery that centers racial justice and housing justice, which includes directing public resources for immediate access to housing, as well for social housing, with a focus on the Black and Brown communities who are bearing the burden of both the COVID-19 crisis as well as the ongoing crisis of housing insecurity.
- Drawing cautionary lessons from the Great Recession, we argue that such an approach can create publicly owned assets in at-risk neighborhoods, where investors, capitalizing on the racialized logics of exclusionary and predatory finance, are already seeking to secure concentrated ownership of distressed properties. The need for such neighborhood stabilization has to be anticipated and implemented now rather than in the aftermath of crisis.

A Note on Methodology

We are a group of movement-based and university-based scholars with many years of experience with housing justice research, analysis, and organizing. For this report, we undertook systematic analysis of all public documents and media reports pertaining to Project Roomkey and also conducted interviews with public officials and service providers as well as unhoused Angelenos residing in Project Roomkey hotels. In order to better understand the relationship between public policy and the hotel industry, we analyzed publicly available data on subsidies and other forms of public support for hotel development in Los Angeles and took account of the history of urban development in the city. Our research also focused on different models and regulatory frameworks of hotel and motel conversion and utilized analysis of relevant ordinances and policies as well as interviews with nonprofit and public officials involved in such conversions. Situating the present moment of housing insecurity in a broader context, we drew caution from past efforts at using hotels as housing as well as those more recently initiated in other cities. Committed to a housing justice framework that centers tenants and the unhoused, we drew inspiration from community-led initiatives that build tenant power and ensure self-determination for those housed in hotels. Finally, the draft report was reviewed by housing justice and legal advocates who have been at the forefront of systemic change in the provision of housing in Los Angeles and California.

Safer at Home? The COVID-19 Emergency

In this section, we outline the conjoined crises of COVID-19 and homelessness and foreground the racial disparities that are evident in both. We find that Project Roomkey, while an important innovation in emergency shelter, has fallen far short of its target placements because of an elaborate infrastructure of services necessitated by FEMA eligibility criteria and because of the negotiation of occupancy agreements rather than the use of the legal authority to commandeer property.

Across the world, governments have responded to the COVID-19 pandemic with stay-at-home orders. While often put in too late and lifted too soon, these orders rely on the emergency powers of state authority to declare and manage public health emergencies. In California, the Governor declared a state of emergency on March 4, 2020, followed by stay-at home orders on March 19, 2020. The orders directed "all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors." Such public health orders remained in place for a long while, especially in Los Angeles County, where "existing community transmission" of COVID-19 continued "to present a substantial and significant risk of harm to residents' health." The City of Los Angeles, which issued a "saferat-home" public order under emergency authority on March 19, 2020, repeatedly emphasized that "with this virus, we are safer at home." While the lifting of such orders are being slowly rolled out across California and while right-wing groups clamor for the full reopening of beaches, businesses, bars, and churches, it is also evident that the public health protocols associated with COVID-19, such as physical distancing, will remain in place for many months to come. From schools to public parks, new rules and practices will guide the use of space and the inhabitation of place, even after emergency orders are lifted.

The COVID-19 pandemic has both exposed and deepened social and economic inequality. In Los Angeles, the burden of the crisis, such as job loss or exclusion from relief funds, is carried disproportionately by poor and working-class communities, especially those of color.¹⁰ The much-repeated mantra of safer-athome obscures the stark reality of overcrowded neighborhoods with limited access to key amenities such as grocery stores and open space.¹¹ It also elides how home can be a site of domestic abuse and gendered violence.¹² Whether in New York or Los Angeles, the toll of COVID-19 is concentrated in "frontline communities" where service workers deemed "essential" for federal critical infrastructure sectors and now for the reopening of the economy are concentrated.¹³ A report by <u>Race Counts</u>, tracks how COVID-19 is increasingly taking hold in predominantly Black and Brown communities in Los Angeles. It finds that "communities with a higher percentage of residents under 200% of the Federal Poverty Line have 2.29 times as many cases as communities with a lower percentage of residents in

¹⁰ Ong et al., "Economic Impacts of the COVID-19 Crisis in Los Angeles."

¹¹ Ong et al., "<u>Neighborhood Inequality in Shelter-in-Place Burden</u>."

¹² Garrova, "Domestic Violence May Be on the Rise in LA."

¹³ Afridi and Block, "Frontline Communities Hit Hardest by COVID-19."

poverty."¹⁴ The *Los Angeles Times* recently reported that "infection rates across South and Central Los Angeles and the Eastside have increased sharply and now lead all regions in the county."¹⁵ What is thus at hand is not a singular moment of crisis to be solved by a miraculous vaccine but rather the **prolonged and persistent emergency that is racial and economic exploitation and exclusion**.

Nowhere are the limits of the safer-at-home mandate and stay-at-home orders more apparent than in the case of the **unhoused** who are unable to shelter in safe and stable residences. Based on Point-In-Time numbers reported by Continuums of Care, the U.S. Department of Housing and Urban Development estimates that in California, as of January 2019, 151,278 people were experiencing homelessness, which constituted 27% of the nation's homeless population. Of these, 41,557 people were experiencing chronic homelessness. More than half of all unsheltered homeless people in the U.S. were in California (53% or 108,432), placing the state as having the highest percentage of unsheltered homelessness (72%). In addition, public school data reported to the U.S. Department of Education during the 2017-2018 school year shows that an estimated 263,058 public school students in California experienced homelessness over the course of the year. Of this total, 10,407 students were unsheltered, 17,299 were in shelters, 13,713 were in hotels/motels, and 221,639 were doubled up.¹⁶

If Los Angeles County is considered a hotspot for COVID-19, it must also be understood as a hotspot for the persistent emergency that is homelessness. Just released by the Los Angeles Homeless Services Authority (LAHSA), the 2020 Greater Los Angeles Homeless Count shows 66,436 homeless people in the County, a 12.7% increase from 2019, with the count undertaken well before the onset of the COVID-19 pandemic.¹⁷ Seventy-two percent of Los Angeles County's homeless population is unsheltered.¹⁸ Homelessness in Los Angeles is a racial justice issue. Specifically, homelessness has become a stark manifestation of **Black** dispossession, containment, and death. A landmark 2018 report by LAHSA's Ad Hoc Committee on Black People Experiencing Homelessness found that, in 2017, Black people represented only 9% of the general population in Los Angeles County but comprised 40% of people experiencing homelessness. These numbers are once again borne out in the 2020 Greater Los Angeles Homelessness Count, with Black people making up 7.9% of the County's population but 33.7% of people experiencing homelessness.¹⁹ In a recently published Housing Inequality in Los Angeles brief, Roy, Graziani, and Stephens argue that such racial disparities have to be situated in the long history of segregation and displacement in Los Angeles, including processes of development and redevelopment that have **pushed Black** households out of the city to the far peripheries of the region. Their map of Black Population Change in Southern California, 2000-2018, demonstrates this expulsion in stark fashion.²⁰

¹⁴ Cabildo et al., "<u>How Race, Class, and Place Fuel a Pandemic</u>."

¹⁵ Barboza et al., "Coronavirus Ravages Poorer LA Communities."

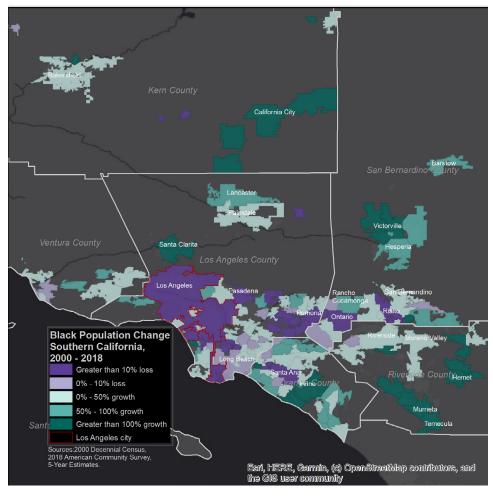
¹⁶ United States Interagency Council on Homelessness, "<u>California Homelessness Statistics</u>"; HUD, "<u>The 2019 Annual Homeless Assessment Report to Congress</u>."

¹⁷ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count Results."

¹⁸ Los Angeles Homeless Services Authority (LAHSA), "<u>2020 Greater Los Angeles Homeless</u> <u>Count</u>," 8.

¹⁹ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count," 22.

²⁰ Roy et al., "Housing Inequality Case Study."



Map 1: Black Population Change in Southern California, 2000-2018

Source: UCLA Luskin Institute on Inequality and Democracy; map prepared by Pamela Stephens.

First-time homelessness has also been on a steady rise in Los Angeles. The 2020 Greater Los Angeles Homeless Count finds that two-thirds of unsheltered adults "are on their first episode of homelessness" with 59% of them citing economic hardship as the main reason.²¹ More broadly, the 2020 Greater Los Angeles Homelessness Count draws attention to the role of "economic precarity" in homelessness, noting that "an estimated 82,955 people fell into homelessness during 2019, and an estimated 52,689 people "self-resolved" out of homelessness in addition to the 22,769 placed into housing through the homeless services system despite the tight housing market."²²

The numbers of those falling into homelessness because of economic precarity are expected to swell in Los Angeles because of the impacts of the COVID-19 pandemic. In the recently released report, <u>UD Day: Impending Evictions and</u> <u>Homelessness in Los Angeles</u>, Professor Gary Blasi of UCLA demonstrates the **rise in homelessness** that is to follow in the months to come. Taking account of existing housing insecurity for renter households and the sharp rise in unemployed workers with no replacement income, Blasi estimates a sharp increase in

²¹ Los Angeles Homeless Services Authority (LAHSA), "<u>2020 Greater Los Angeles Homeless</u> <u>Count</u>," 23.

²² Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count Results."

evictions after the temporary stays of eviction filings are lifted, with an estimated 365,000 renter households in Los Angeles County at risk. In the absence of a massive infusion of federal resources and effective state and local legislation to protect tenants, he estimates that between 36,000 and 120,000 households, with the latter including 184,000 children, could become homeless.²³ The range in estimates reflects a range of assumptions about the resilience of social networks to which evicted tenants most often turn for to avoid homelessness. In this unprecedented crisis, the resources of entire social networks, especially in low-income communities, have suffered enormously As indicated in the summary table, the 2020 Greater Los Angeles Homeless Count finds that 39% of the first-time homeless cited weak social networks as the cause of homelessness.²⁴ It is safe to assume that the crisis unleashed by the COVID-19 pandemic will further fray the social networks that either protect households from becoming unhoused or that make possible the "self-resolution" out of homelessness and that the numbers will trend towards the high end of this scale.

	Percent of newly homeless population*
	First Time (<=1yr)
Economic Hardship	59%
Weakened Social Network	39%
Disabling Health Condition	24%
System Discharge	11%
Violence	8%
Other	4%

Table 1: Causes of homelessness among newly homeless population

*Respondents may choose more than one reason.

Source: 2020 Greater Los Angeles Homeless Count, LAHSA

The COVID-19 pandemic has both exposed and deepened the vulnerability of the unhoused in Los Angeles County and across California and the United States. A March 2020 report by public health researchers including Professor Randall Kuhn of UCLA took into account the **"unique health burdens facing the homeless population**," including "accelerated physical decline and mental weathering," and modeled the potential rise in hospitalization, critical care, and fatality for homeless people due to COVID-19. Raising concerns about the spread of the virus in congregate shelters, the report noted that the "ideal scenario would involve private accommodations for all clients."²⁵ The following month, researchers at UC Berkeley's School of Public Health advised that homeless people be "given access to housing and support so they can safely shelter in place, quarantine, or medically isolate," noting that "for most individuals this will require low-barrier hotel rooms or single-occupancy units."²⁶

However, much of this remains unrealized, especially in Los Angeles. <u>COVID-19 guidance issued by the Centers for Disease Control and Prevention</u> (CDC) for unsheltered homelessness emphasized early on that homeless

²³ Blasi, "<u>UD Day: Impending Evictions and Homelessness in Los Angeles</u>."

²⁴ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count," 23.

²⁵ Culhane et al., "Estimated Emergency and Observational/ Quarantine Capacity Need for the US Homeless Population," 2, 10.

²⁶ Auerswald et al., "For the Good of Us All," p. 6

encampments should remain where they are and that sanitation should be improved in such encampments. In Los Angeles, the Services Not Sweeps Coalition issued a set of <u>COVID-19 guidelines and demands</u> that amplified such guidance, including a stop to daytime "tents down" enforcement, a stop to towing of RVs and other vehicles that people are using for shelter, and the provision of sanitation services to every informal settlement in Los Angeles. While there has been some respite on tents down and towing, the City and County have failed to provide and maintain adequate basic sanitation services, including hand-washing stations, including at what LAHSA identified as "high-need areas."²⁷ Countering this abandonment, community organizations such as the LA Community Action Network and Ktown for All have created their own grassroots networks of sanitation, building and installing DIY hand-washing stations.

Equally of concern is the fate of the unhoused living in existing or new shelters. In the City of Los Angeles, the Mayor responded to the COVID-19 pandemic by <u>converting recreation centers into homeless shelters</u> with dormitory set-ups in compliance with social distancing requirements and supported by LAHSA and partners such as the Salvation Army. But both public health and housing justice experts have repeatedly drawn attention to the dangers of such congregate settings, such as the COVID-19 outbreak in April 2020, at MSC-South, San Francisco's largest shelter.²⁸ In a strongly worded call for "safe housing," the ACLU of Southern California describes emergency shelters as "warehouse-like" settings that "are frighteningly efficient modes of the transmission of the virus." Unhoused lives have long been in jeopardy in Los Angeles. In 2019, analysis by the Los Angeles County Department of Medical Examiner-Coroner found that the average life expectancy of an unhoused woman in Los Angeles was 48 years and that of an unhoused man was 51 years, a stunning divergence from 83 years for women in California and 79 years for men in California.²⁹ The warehousing of the unhoused in congregate settings such as shelters threatens to place unhoused lives in greater risk. As has been the case with the long history of urban planning and public health interventions in the U.S., for vulnerable communities, the seeming cure can become the new crisis, even a death sentence.

While until now there have not been major outbreaks in the congregate shelters of Los Angeles, the COVID-19 pandemic is far from over, and congregate shelters continue to pose unacceptable risks of COVID-19 transmission. There is thus the ongoing necessity of maintaining access to rooms where people can self-isolate or quarantine or simply avoid the high risks posed by congregate shelters.

The Project Roomkey Experiment

In California, the most viable response to homelessness in the time of COVID-19 has come in the form of **Project Roomkey**. <u>Officially launched by</u> <u>Governor Newsom on April 3, 2020</u>, the initiative set an initial goal of procuring and using 15,000 hotel and motel rooms to house homeless people most vulnerable to COVID-19. Although already in March 2020, the Governor had allocated funds for occupancy agreements with hotels and motels, Project Roomkey secured FEMA approval for reimbursement for 75% of the costs of such hotel and motel rooms to be used for **emergency, non-congregate sheltering** (Emergency NCS). <u>The FEMA approval letter of March 27, 2020</u>, limits the scope of such reimbursements to:

²⁷ Los Angeles Homeless Services Authority (LAHSA), "<u>Hygiene Services Locations</u>."

²⁸ Friedenbach and Herring. "California's Largest Shelter Outbreak: A Case of Government Malfeasance."

²⁹ Gorman and Rowan. "LA County's Homeless Population is Growing."

individuals who test positive for COVID-19 that do not require hospitalization, but need isolation or quarantine (including those exiting from hospitals); individuals who have been exposed to COVID-19 (as documented by a state or local public health official, or medical health professional) that do not require hospitalization, but need isolation or quarantine; and individuals who are asymptomatic, but are at "highrisk," such as people over 65 or who have certain underlying health conditions (respiratory, compromised immunities, chronic disease), and who require Emergency NCS as a social distancing measure.

In addition, the approval excludes from reimbursement "costs associated with the provision of support services such as case management, mental health counseling, and similar services." With approval from FEMA for implementation of Emergency NCS by local governments, Project Roomkey is also being implemented and managed by Los Angeles County with a goal of 15,000 rooms. At the <u>County level</u>, Project Roomkey relies on occupancy agreements with hotels and motels for a 3-month period with options to extend. Sites are meant to be chosen "throughout the County and <u>Service Planning Areas (SPAs)</u> to account for need based on the 2019 Point in Time Homeless Count." Clients are meant to be identified by homeless service providers, first in the city where the hotel or motel is located and then in the Service Planning Area. As of the final writing of this report (June 28, 2020), LA County's Project Roomkey had 3,601 rooms, with 3,356 occupied rooms and 3,803 clients. The most recent addition to the Project Roomkey inventory was on June 2, 2020, more than three weeks earlier.



Tino Ong in a Project Roomkey motel in the San Gabriel Valley, May 22, 2020. (Photo: Los Angeles County)

While Project Roomkey made California the first in the nation to implement a statewide plan for emergency, non-congregate sheltering, its progress has been excruciatingly slow. Reliant on the negotiation of occupancy agreements, the initiative has been opposed by several city governments including Bell Gardens, Covina, Norwalk, Lawndale, and Lynwood. Los Angeles County has recently prevailed in some of this litigation with Lynwood and Bell Gardens rescinding

or allowing to lapse their legislation barring local hotels from participating in Project Roomkey. But as a Los Angeles Times article outlines, such NIMBY opposition and legal battles are not the main cause of the slow progress of Project Roomkey in different California counties. ³⁰ Instead, the reporters find that the largest impediments are the preparation of leased rooms and the provision of staff and services. Sacramento Mayor Darrell Steinberg, co-chair of California's homelessness task force, is quoted thus: "This has not been a challenge of leasing hotels...the challenge is much more in insufficient numbers of service providers to deal with a much larger capacity of people and a big question about rehousing." However, as housing justice scholars and organizers in the San Francisco Bay Area such as Chris Herring have pointed out, it is quite possible that difficulties in meeting staffing goals that are higher than actually required are being used to excuse the slow pace of identifying and making agreements with (or commandeering) desperately needed hotel rooms.³¹ In fact, frustrated by the situation, San Francisco Supervisor, Matt Haney proposed his own staffing plan in April, hoping to expedite placements.³²



Jason Carter speaks with Union Station Homeless Service case workers Jazzmine Lind and Elena Ledford outside his room at an undisclosed Project Roomkey motel in the San Gabriel Valley, May 22, 2020. (Photo: Los Angeles County)

In Los Angeles County, where rooms have been filled quickly, the struggle, as the reporters note, has been "**to strike deals with large hotels near down-town**, where the highest concentration of homeless people live on the streets in Skid Row."³³ As another *Los Angeles Times* article notes, "Only two motels with a total of just over 100 rooms have been leased in South Los Angeles, enough to shelter less than 1% of the estimated 13,000 homeless people in the area" while

³⁰ Smith, Oreskes, and Zahniser, "<u>Tell the hotels they are commandeered.</u>' Homeless activists are losing patience with L.A."

³¹ Personal communication between Chris Herring and Ananya Roy, June 24, 2020.

³² Redmond, "Supes have Plans to Staff Hotel Rooms."

³³ Smith and Oreskes, "<u>California Leased 150,000 Hotel Rooms to Help Homeless People, Half</u> <u>Now Sit Empty.</u>"

"the best results have been in the San Gabriel Valley, where the homeless count is comparatively low."³⁴

It is in response to such failures that housing justice movements and community organizations, such as the statewide No Vacancy! campaign, have issued a loud and sustained call for the commandeering of hotel and motel rooms, focusing scrutiny on the luxury hotels in downtown Los Angeles that have received large public subsidies in the process of development. But such hotels have successfully staved off occupancy agreements with the City. After an attempted occupation of a Ritz-Carlton hotel room by Davon Brown, an unhoused Angeleno who lives in Echo Park, and activists from Street Watch LA, the homeowners' association at the Ritz-Carlton Residences noted their continued resistance to Project Roomkey.³⁵ While legal experts in Los Angeles have determined that the Mayor has broad emergency authority to commandeer property, including hotel and motel rooms, for public necessity and in the interests of public health (see April 7, 2020, letter from Munger, Tolles, & Olson LLP to Mayor Eric Garcetti, Appendix 1), such authority has not been wielded by the mayor to acquire rooms, not even in hotels that have received large public subsidies. This is also the case elsewhere in the state. In San Francisco, the City Attorney issued a memo on April 13, 2020, stating that both the Mayor and the Health Officer have the authority to commandeer property "needed to care for people who are affected by the emergency." The memo explains that "property owners may recover fair value of the property after the property is commandeered by filing claims through the City's claims process." While the San Francisco Board of Supervisors voted to require the Mayor to procure 7,000 hotel rooms, whether through leases or through emergency powers to commandeer rooms, such acquisition has not taken place.³⁶ Even though commandeering has not been utilized by government executives in California, we keep it on the table because the complex arc of the COVID-19 pandemic may very well necessitate the use of emergency authority to commandeer hotel and motel rooms later this year.



Organizers demonstrate outside the heavily subsidized Ritz-Carlton and JW Marriott hotels at L.A. Live during the launch of the No Vacancy CA campaign, April 15, 2020. (Justin Gaar/ Public Comment)

³⁴ Smith et al., "L.A. Falls Far Short of COVID-19 Promise to House 15,000 Homeless People in Hotels."

³⁵ Ono, David and Lisa Bartley, "Could LA's homeless soon be living at the Ritz-Carlton?"

³⁶ Gong and Herring. "The Case for Commandeering Hotel Rooms."

Addressing the Persistent Emergency: Principles of Housing

In this section, we lay out three principles to guide (More) Hotels as Housing. Drawing from the original framework of Housing First, we argue for immediate access to housing without conditions, the public acquisition of hotels and motels as housing, and community control and tenant power. In doing so, we express concern about the prevalence of models of Permanent Supportive Housing that are not only slow and expensive to construct and provide but also run the risk of imposing restrictive conditions of eligibility and supervision on people experiencing homelessness.

This report on Hotels as Housing takes **Project Roomkey as an important starting point** in the conceptualization of a Housing First framework for people experiencing homelessness and facing displacement in Los Angeles. We do not provide an evaluation of Project Roomkey because it is not our intention to advocate for the continuation or expansion of this endeavor. Instead, we use the Project Roomkey experience to launch an investigation of (More) Hotels as Housing for the currently unhoused and the thousands more anticipated to experience homelessness because of the political failure to enact meaningful tenant protections at all levels of government. *In particular, the slow headway of Project Roomkey juxtaposed against the vast scope of the persistent emergency of homelessness and the impending surge in evictions and homelessness leads us to the following frameworks of analysis and action.*

A. Immediate access to housing

For years now, housing justice advocates have called for the provision of permanent housing to people experiencing homelessness, or **Housing First**. Drawing inspiration from the work of Dr. Sam Tsemberis, who is widely credited for having launched this approach, we emphasize the importance of **immediate access to housing with no readiness conditions**. Tsemberis's initial model was meant to support homeless adults with psychiatric disabilities and ensure housing retention.³⁷ Indeed, **Housing First has become synonymous with Permanent Supportive Housing** (PSH) and thus with the provision of an elaborate infrastructure of mental health and other services. But the original approach is less about such services and more about housing as a human right with emphasis on self-determination and social and community integration.

³⁷ Tsemberis, "From Streets to Homes."

Figure 1: Principles of Housing First



Source: Pathways to Housing (founded by Dr. Sam Tsemberis).

We argue that the public acquisition and conversion of vacant hotel and motel rooms that otherwise serve tourists would make possible the immediate access to housing that is a core principle of Housing First. We further argue that such housing need not be accompanied by the full infrastructure of services that make up permanent supportive housing, which is best suited for the needs of the chronically homeless but is not imperative for the first-time homeless and those without disability. Housing must be the priority and the services and support necessary to ensure housing rights must be the priority.

Project Roomkey, reliant on eligibility criteria set by FEMA in the approval of reimbursements, replicates many of the limitations of PSH. In particular, it is part of the **medicalization of homelessness** that has been underway for several decades now. In the United States, homelessness has been placed within a "disease framework" with "addiction and mental illness...understood as its definitive features" and even as "pervasive" or "causal explanations."³⁸ This in turn has shaped homeless service provision and housing policy, often creating "a medicalized discourse of deviancy...as the dominant conceptual framework within which both concerned homeless people and shelter staff remain enmeshed."³⁹ It is worth quoting at length from Wasserman and Clair (2014):

In the 1980s, homeless services began to transition from stopgap emergency facilities, which provided only a roof and a meal, to "continuum of care" institutions, which provide intensive case management guided by the goal of getting the homeless back into homes and the workforce ... More recently, "housing first" initiatives have emerged, which attempt to provide stable housing without the preconditions of moving through a continuum of care treatment programs. However, while originally staked on the notion of housing

³⁸ Wasserman and Clair, "The Medicalization of Homelessness."

³⁹ Lyon-Callo, "Medicalizing Homelessness."

as something of an inalienable right, as these initiatives have been proliferated into more widespread and mainstream arenas, they have increasingly constituted an inversion of the continuum. That is, they provide housing early, and deliver services and programs around it. Thus, while there is some variation in protocol, homeless service institutions nonetheless continue to focus heavily on treatment.⁴⁰

When unyoked from FEMA or PSH eligibility criteria, and when conceptualized as the systematic unhousing of people and the racialized displacement of communities, homelessness requires a Housing First response that centers housing, including various forms of permanent housing that may or may not be accompanied by supportive services. As Dr. Tsemberis emphasizes, while a housing only approach cannot meet the needs of those with disability, by the same argument, a Housing First approach requires matching services to varied needs, especially the need of immediate housing that we anticipate will only deepen with the start of post-emergency evictions.⁴¹

This means rethinking some of the housing priorities that have shaped homelessness policy in the United States, including in Los Angeles. Funded by HUD's Continuum of Care program, PSH requires that the client have a disability for eligibility. PSH beds also serve those who fall in the category of "chronically homeless," though federal funding can only be used for people with disabilities. The 2019 Annual Homeless Assessment Report by HUD shows a steady rise in PSH beds since 2007, and most recently in PSH beds for the chronically homeless. It is important to note that even though "permanent supportive housing was originally conceived as an intervention for individuals with chronic patterns of homelessness...about a third of PSH beds (34%) are targeted to families." The point to note here, as indicated in the summary table, is that PSH far outstrips others forms of permanent housing as well as rapid rehousing and even emergency shelter.⁴²

Bed Type	Total Beds	Beds Dedicated to People with Chronic Patterns of Homelessness		Beds Dedicated to Veterans		Beds Dedicated to Youth	
		#	%	#	%	#	%
Emergency Shelter	291,837			4,309	1.5%	6,501	2.2%
Transitional Housing	95,446			12,918	13.5%	8,922	9.3%
Safe Haven	2,266			1,108	48.9%	24	1.1%
Rapid Rehousing	112,961			12,576	11.1%	3,667	3.2%
Permanent Supportive Housing	369,293	181,505	49.1%	102,210	27.7%	4,008	1.1%
Other Permanent Housing	39,854			1,455	3.7%	588	1.5%
Total Beds	911,657	181,505	19.9%	134,576	14.8%	23,710	2.6%

Table 2: Inventory of Beds, 2019

Source: 2019 Annual Homelessness Assessment Report, HUD

40 Wasserman and Clair, "The Medicalization of Homelessness."

⁴¹ Personal communication between Sam Tsemberis, Gary Blasi, and Ananya Roy, June 9, 2020.

⁴² HUD, "The 2019 Annual Homeless Assessment Report to Congress," 79.

But there is a mismatch between such allocations and the changing composition of homelessness. The 2020 Greater Los Angeles Homelessness Count asked more precise questions than in the past about chronic homelessness and found that out of the 66,436 people experiencing homelessness in Los Angeles, 25,460 are chronically homeless. It is important to note that the vast majority of these are unsheltered.⁴³ We anticipate that Los Angeles will soon have to contend not only with chronic homelessness but also with a growing first-time homeless population and a much higher proportion of unhoused families with children. As indicated earlier in this report, even prior to COVID-19, there has been growth in people experiencing homelessness for the first time, with a majority expressing economic hardship as the cause of homelessness. The Blasi report projects that these numbers will grow rapidly as job loss and housing insecurity combine to displace rent-burdened tenants facing unemployment without replacement income and eviction protections. In Los Angeles County, households with least one adult in the workforce also have an average of 1.53 children. For that reason, the Blasi report puts the number of children at the risk of becoming homeless somewhere between 56,000 and 184,000, depending on how well social networks survive unprecedented economic and other forms of stress.44

Our concern is that the expansion of PSH, and even of other types of permanent housing in Los Angeles, has fallen far short of housing need. For example, in 2016, City of Los Angeles voters approved Proposition HHH, a \$1.2 billion bond measure to build permanent supportive housing—with a goal of 10,000 units in 10 years—but progress has been excruciatingly slow. In a report published in 2019, which is based on data from the Los Angeles Housing + Community Investment Department (HCIDLA), the Los Angeles Times showed that construction costs had risen to an average of more than \$550,000 per unit, increasing the need for other funding sources to complete supportive housing units.⁴⁵ We have not provided a detailed analysis of Proposition HHH-funded housing or of other initiatives such as No Place Like Home, which dedicated up to \$2 billion in bond proceeds statewide for permanent supportive housing, because it is starkly evident that even if these programs all meet their targets, the total housing units built will not suffice to meet the conjoined crises of COVID-19 and homelessness in Los **Angeles.** In addition, the timeline of housing production will fail to address the crisis that is already at hand and that will vastly increase quite soon.

Finally, to get a sense of the big picture of allocations, we used Continuum of Care data from LAHSA, to calculate that between 2015 and 2019, PSH in Los Angeles increased by 4.294 beds and other permanent housing increased by 597 beds. It is worth noting that during this time shelter beds fell by 862 although rapid rehousing increased by 4,552 beds. These small increases, many of which have shuffled unhoused Angelenos around in a zero-sum housing game, have never been enough to address the crisis of housing insecurity in Los Angeles. They will clearly not suffice to meet the swell in evictions and homelessness that is about to arrive in the wake of the COVID-19 emergency. Our concerns also extend to the COVID-19 Recovery Plan recently released by LAHSA which aims to rapidly house 15,000 of the County's most vulnerable residents experiencing homelessness using, for the most part, a familiar combination of housing models and policies that have already proven insufficient to meet housing need in Los Angeles.⁴⁶ In addition, in a recent agreement between the City of Los Angeles and the County of Los Angeles reached in the complex litigation currently before U.S. District Judge David O. Carter as to unsheltered and unhoused people in

⁴³ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count,"20.

⁴⁴ Blasi, "UD Day: Impending Evictions and Homelessness in Los Angeles," 6.

⁴⁵ Smith, "<u>How Close is LA to Building 10,000 Houses for Homeless People</u>?"

⁴⁶ Los Angeles Homeless Services Authority (LAHSA), "COVID-19 Recovery Plan Report."

makeshift encampments near freeways, the City and County will have committed to provide an additional 6,000 new beds over the next 10 months for unhoused residents currently living near freeways.⁴⁷ New models of housing provision are urgently needed to meet these targets and the full span of housing need.

B. Public Acquisition of Hotels as Housing

Project Roomkey has sparked NIMBY opposition to the use of hotels as emergency shelter for people experiencing homelessness. But such legal battles also reveal the possible scope of public purpose and public authority during and beyond emergency. In April 2020, the city of Laguna Hills filed a lawsuit to block Orange County from contracting with a hotel, Laguna Hills Inn, arguing that existing Covenants, Conditions, Restrictions, and Reservations of Easements (CCR&Rs) prevent it from being used as temporary housing for sick or vulnerable people. In a <u>brief</u> filed in support of the implementation of "vital public safety measures" by Orange County, the Governor of California argues that this "encompasses the ability to temporarily suspend localized, non-emergency, contractual CCR&Rs." In short, the brief states that normal regulatory processes can be suspended in order to use property for shelter or housing, at least for the duration of emergency. In the decision on the case, the Orange County Superior Court Judge ruled that the emergency declaration by the Governor allowed the County and the hotel to enter into an agreement to use the hotel for Project Roomkey, regardless of whether such use would otherwise have been prohibited by local CC&Rs. He stated "The CC&Rs must temporarily yield to the government's limited use of its police powers during this state of emergency."48

The Governor's brief also asserts the state's authority to commandeer property in an emergency:

[i]n the exercise of the emergency powers . . . vested in him during a state of war emergency or state of emergency, the Governor is authorized to commandeer or utilize any private property or personnel deemed by him necessary in carrying out the responsibilities hereby vested in him as Chief Executive of the states and the state shall pay the reasonable value thereof.

Yet, as we have noted earlier in this report, such emergency powers have not been utilized by the Governor or Mayors. Instead, Project Roomkey has relied on what may be understood as "**soft commandeering**" or what the <u>Governor's brief</u> in the Laguna Hills lawsuit describes as "the voluntary cooperation of the County and private property owners in accordance with existing executive orders and the County's own emergency declaration." In some cases, as with Motel 6, the State of California has reached a "master agreement" with counties having "the option to adopt the operating agreement for the locations within their jurisdiction."⁴⁹ The COVID-19 emergency is not over. As the reopening of the economy creates new spikes in cases and as concerns mount over a second wave of infections in the Fall, the discussion around emergency authority and emergency shelters must continue. We have thus kept commandeering on the table, while recognizing that it has not been utilized by government executives in California.

But our interest lies in other means of public acquisition of vacant hotel and motel rooms, especially when emergency orders are no longer in place. Given the expected downturn in the tourist economy of global cities such as Los Angeles,

⁴⁷ LA Alliance for Human Rights v. City of Los Angeles, US District Court, Central District of California, Case 2:22-0221, Document 136, filed June 18, 2020.

⁴⁸ Fry, "OC Can Use Laguna Hills Hotel."

⁴⁹ Office of Governor Gavin Newsom, "<u>Governor Newsom Visits Project Roomkey Site in Santa</u> <u>Clara County to Highlight Progress on the State's Initiative to Protect Homeless Individuals</u> from COVID-19."

we anticipate that such acquisition will be necessary and possible, especially in the segments of the hotel industry where the impact of the COVID-19 pandemic will be decisive and permanent. Other cities are already showing the way. In late June 2020, the Province of British Columbia purchased two tourist hotels in <u>Vancouver</u> "as part of a long-term plan to build a mix of affordable homes." As discussed later in this report, we argue that in addition to purchase and long-term leases, reclaiming **public purpose tools such as eminent domain** will be needed to expand the stock of housing.

The case for the public acquisition of hotels and motels as housing rests not only on the growing number of people experiencing homelessness but also on the foreshadowing of the impacts of the COVID-19 crisis on vulnerable neighborhoods. Prior to COVID-19, the City of Los Angeles had developed various indices to identify "at-risk zip codes," including tenant vulnerability, neighborhood displacement, and housing condition, as part of an effort to launch an eviction defense program. Since the onset of the pandemic, research by Paul Ong and colleagues has demonstrated the multiple burdens borne by the residents of low-income neighborhoods, especially those that have a high-share of Latinx, immigrant, and Black households.⁵⁰ Our methodology uses these various measures of vulnerability to identify seven at-risk neighborhoods, with zip codes as proxy, in Los Angeles County. Situating the present crisis in the long trajectories of metropolitan segregation and the most recent round of restructuring engendered by the Great Recession, we anticipate that such communities will once again experience wealth loss and displacement through unemployment, health impacts, evictions, and foreclosures and that such neighborhoods will become hot spots of predatory speculation as well as for public investment projects that generate displacement. The summary table below already shows the large percentages of residential units owned by "company landlords" in these zip codes. Our ongoing research, the topic of a subsequent report, shows that much of this acquisition of residential property by company landlords has taken place in the aftermath of the Great Recession. In this new round of crisis, we anticipate that **distressed properties** in such neighborhoods will be quickly grabbed by corporate investors, once again shifting property ownership in Black and Brown communities. The public acquisition of housing, specifically the acquisition of hotels and motels, can be an important cornerstone of **neighborhood stabilization**.

⁵⁰ Ong et al. "Economic Impacts of the COVID-19 Crisis in Los Angeles."

Zip Codes	Neighborhood	% Renter- Occupied Units	% non- Hispanic Black or African- American	% Hispanic or Latino	% Foreign Born	% Poor- Struggling*	% Rent- Burdened HHs**	% Company- Owned Residential Units***
	Florence-							<i></i>
90001	Firestone	64%	9%	90%	41%	65%	62%	9%
	Broadway-							
90003	Manchester	72%	22%	77%	38%	67%	72%	17%
90006	Pico Union	92%	3%	74%	57%	66%	61%	53%
	Historic South							
90011	Central	74%	8%	91%	46%	68%	66%	16%
90037	Vermont Square	76%	17%	79%	43%	66%	70%	25%
90057	Westlake	96%	4%	70%	60%	65%	60%	76%
91405	Van Nuys	73%	4%	63%	47%	53%	61%	50%
	Los Angeles County	54%	8%	49%	34%	37%	56%	

Table 3: Characteristics of At-Risk Zip Codes

* Percentage of population with income below 200% of the federal poverty level (ratio-to-income in poverty-level)

** Percentage of all households paying more than 30% of income on rent

*** Percentage of all residential units owned by LLC, LP, Corp or Inc. entities.

Source: UCLA Luskin Institute on Inequality and Democracy; table prepared by Joel Montano. Data from 2018 American Community Survey (5-Year Estimates) and ORProFarm database.

Finally, such strategies can also assure that individuals and families experiencing homelessness for the first time are housed in their own neighborhoods rather than at a distance from **social networks** and familiar service and welfare providers. Social science research on the mobility patterns of persons experiencing homelessness has repeatedly shown that "time-space discontinuity profoundly affects social networks and coping strategies." What is needed then is a public policy approach that creates service hubs to "minimize geographical and social dislocation experienced by people who become homeless."⁵¹ A recent study of PSH housing in Los Angeles found that neighborhoods matter, with "residents that move in more remote neighborhoods [facing] greater difficulty receiving support due to their distance, including from the peers they had while homeless."⁵² As we have already noted, it seems likely that Project Roomkey is unable to provide access to hotel rooms in the neighborhoods with high need. This is something that (More) Hotels as Housing will have to remedy.

C. Community Control and Tenant Power

The history of poverty management in the United States is marked by the through-lines of criminalization and containment. In *The Shadow of the Poorhouse*, prominent welfare historian Michael Katz shows how, in the late 19th century, the poorhouse emerged as one of a cluster of social institutions, including the penitentiary, reform school, and mental hospital, that were meant to enact work discipline, deter indiscriminate charity, and regulate pauperism.⁵³ Today, the medicalization of homelessness reanimates the logics of containment, supervision, and moral reform. From homeless shelters to recovery-houses, contemporary

⁵¹ Wolch and Rowe, "On the Streets."

⁵² Harris et al., "Los Angeles Housing Models and Neighbourhoods' role in Supportive Housing Residents' Social Integration."

⁵³ Katz, In the Shadow of the Poorhouse.

institutions of poverty management are sites at which social inequality is reframed as individual deviancy, addiction, and psychological failure such that "recovery" is in turn framed as self-help and heroic self-transformation.⁵⁴ Like the poorhouse of past years, the tools of expulsion and punishment are ever-present, **turning places of relief into places of policing.** If social scientists have argued that the prison is a core political institution in modern American society, ensuring the reproduction of "racial caste" and "social insecurity,"then it is necessary to be ever-attentive to the relationship between housing policy and the penal state.⁵⁵

We sound a loud warning about how (More) Hotels as Housing can quickly become places of policing and institutions of containment. Already Project Roomkey has contracted with security services providers to staff sites. As evident in the RFIs issued by the Los Angeles Homeless Services Authority (LAHSA), such security services range from controlling public access to the facility to maintaining logs of "all notable activities." In San Francisco, the Coalition on Homelessness has expressed concern about the scale and scope of such private security, noting that often security services contracted with Business Improvement Districts are now being redeployed at Project Roomkey sites with security offers on every floor of such hotels and motels.⁵⁶ The extension of such a security apparatus into Hotels as Housing would continue practices of policing that are already entrenched in Los Angeles. From the Safer Cities Initiative, which entailed a massive expansion of citations and arrests in Skid Row, to sanitation sweeps that confiscate and destroy the personal property of the unhoused, Los Angeles is notorious for the criminalization of poverty.⁵⁷ A 2015 report from the City Administrative Officer to the Los Angeles City Council shows that people experiencing homelessness accounted for 14.23% of all arrests. Such policing is expensive. That same report notes: "the LAPD estimated that it spent anywhere between \$53.6 million to \$87.3 million in one year on interactions with the homeless, not including costs incurred from patrol officers' time." Equally of concern to us are "therapeutic" and "rehabilitative" modes of policing, where the Los Angeles Police Department partners with local homeless service providers to enroll people experiencing homelessness in recovery programs and other forms of diversion.⁵⁸ Indeed, our concern about places of relief as places of policing extends well beyond the formal apparatus of police and private security. Take for example the role of social workers and other service providers in what social welfare scholar, David Cohen, calls "coercive surveillance."59 Coercive surveillance is often enabled by the conditions attached to the provision of relief. As Sam Tsemberis reminds us, a Housing First approach is above all, the immediate provision of housing without conditions, especially coercive conditions.⁶⁰ These conditions can be informal, rather than formal, ones, and executed by a variety of service providers and staff. For example, across a range of sites, from Massachusetts to Dublin, Ireland, researchers have pointed to how frontline staff in emergency shelter hotels express attitudes that fault and police homeless residents and place shame and stigma on them.⁶¹

It is imperative that (More) Hotels as Housing break with such patterns of poverty management. There is currently an uproar about the reliance of the Los Angeles Homeless Services Authority (LAHSA) on the police to manage homelessness, with LAHSA staff calling on the agency to reimagine services

⁵⁴ Fairbanks, How it Works.

⁵⁵ Alexander, The New Jim Crow; Wacquant, Punishing the Poor.

⁵⁶ Personal communication between Chris Herring, Gary Blasi and Ananya Roy, April 28, 2020.

⁵⁷ Blasi, 2007. "Policing Our Way out of Homelessness?"

⁵⁸ Stuart, "On the Streets, Under Arrest."

⁵⁹ Personal communication between David Cohen and Ananya Roy, June 10, 2020.

⁶⁰ Personal communication between Sam Tsemberis, Gary Blasi and Ananya Roy, June 9, 2020.

⁶¹ Thomas and So, "Lost in Limbo;" Nowicki et al., "The Hotelisation of the Housing Crisis."

and safety.⁶² In order to depart from business as usual, (More) Hotels as Housing will need robust forms of community control and tenant power that ensure the **principles of choice and self-determination** embedded in the Housing First approach. Such self-determination means that the provision of new housing options cannot become the excuse to further criminalize and police unhoused people, including under the sign of the "right to shelter," which as Blasi has noted, is being interpreted in California to include a "legal obligation to utilize shelter."⁶³

Later in this report, we identify possible models of community control that can be enabled through the public acquisition of hotels and motels in atrisk neighborhoods, including Community Land Trusts. But on their own such ownership and management structures cannot guarantee dignity, autonomy, and safety for the residents of Hotels as Housing. What is needed is an explicit framework of housing rights, especially those that assert the "right to remain." We borrow the idea of the "right to remain" from the Downtown Eastside (DTES) neighborhood of Vancouver, Canada, that "has borne witness to a century and a half of dispossession and banishment, yet it remains today as a bustling place of racialized and low-income inhabitance, undergirded by a concerted political activism for human rights."⁶⁴ Drawing lessons from the DTES SRO Collaborative, we note the important role of tenant committees in ensuring the quality, stability, and affordability of housing. In the City of Los Angeles, residential hotels are currently regulated by the Wiggins Settlement of 2006, which applies to central areas of the city, and the Residential Hotel Unit Conversion and Demolition <u>Ordinance (RHO)</u> of 2008. Made possible through fierce advocacy by housing justice movements and community organizations, these measures create a framework of tenancy for residential hotels, requiring the replacement of units and protecting units for very low-income tenants. We flag the matter of residential hotels to ensure that this valuable housing stock remains protected and that these tenants are not displaced to make way for the newly unhoused. More generally, residential hotels, and their regulations, provide important lessons for (More) Hotels as Housing, drawing attention to the need to establish and protect the tenancy status of hotel residents.

In addition, we look to the case of the DTES SRO Collaborative because it provides an important community-led alternative to the medicalization of homelessness. The 2020 Greater Los Angeles Homeless Count shows that 41% of the homeless adult population has substance use disorder and/or serious mental illness.⁶⁵ The DTES SRO Collaborative includes the innovative <u>Tenant Overdose</u> <u>Response Organizers (TORO) Program</u>, which mobilizes peers, specifically tenant organizers, to prevent overdose deaths in privately owned SROs. Such **peer-topeer harm reduction strategies** actively draw on indigenous frameworks of health to "provide cultural and spiritual support to tenants around addiction, grief, and loss." Inspired by such initiatives, we advocate a tenant-centered model of (More) Hotels as Housing that ensures that places of relief are places of community control and human dignity.

⁶² Reyes and Oreskes, "L.A.'s Homeless Agency Faces Calls to Dissolve Ties with Police."

⁶³ Blasi, "Legal Right to Shelter," p. 33.

⁶⁴ Masuda et al., "After Dispossession."

⁶⁵ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count," 19.

Publicly Subsidized Hotels

In this section, we identify public subsidies as one of the key features of the tourist hotel industry, especially luxury and convention hotels. In addition, this model of urban development has often required land assembly schemes that use eminent domain to displace communities. Such historical analysis reveals the sheer scale of public resources directed to well-connected developers involved in hotel boosterism and makes the case for why a public purpose argument applies to the use of vacant tourist hotels as low-income housing.

The twenty-first century in Los Angeles has been defined by both an explosion in housing insecurity and rapidly expanding public investment in tourism and the hotel industry, representing a significant diversion of public resources from housing to urban development. If the hope has been that such urban development will trickle down as housing affordability and economic prosperity for all, then clearly such hope has been misguided. Prior to, and since the COVID-19 pandemic, housing justice movements have drawn attention to such inequities and how they are produced and perpetuated by public policy decisions. Project Roomkey in particular has made visible the cruel irony of thousands of housing units, in this case hotel and motel rooms, lying vacant while thousands of people remain unhoused. Housing justice coalitions such as No Vacancy! California have demanded immediate housing for Californians experiencing homelessness. In particular, scrutiny has fallen on hotels that have been beneficiaries of **public subsidies**, or "publicly subsidized hotels." We borrow this term from research that draws attention to the many different kinds of subsidies that local, state, and federal governments provide as financial incentives for hotel development.⁶⁶ A closer look at the public-private partnerships that undergird convention hotels reveals that since 2005, these partnerships "had public sector investments that ranged from 13% to 82% with an average public sector investment of 40% of the total project.⁶⁷ The argument behind such subsidies is that "lodging is a highly taxed, labor-intensive industry that grows the local economy by bringing in dollars from outside of the region."68 But public subsidies to the hotel industry routinely include tax rebates and deferrals, as in the case of the L.A. Live and Grand Avenue projects in downtown Los Angeles. For L.A. Live, the City of Los Angeles provided "a rebate of at least \$246 million on the hotel bed taxes it is expected to generate during the first 25 years of operation, which were estimated to have a present value of approximately \$65 million at the time of development."⁶⁹ Not surprisingly, such subsidies have been at the center of the controversies surrounding the slow progress of Project Roomkey. In May 2020, the Los Angeles City Council, in a motion led by Councilmember Mike Bonin, asked for a list of all hotels that had been approached for Project Roomkey but were not participating and drew attention to hotels that had received public financing or were built on city-owned land. The

⁶⁶ Nelson and DeRoos, "A Protocol for Reviewing Hotel Anchored Public Private Partnerships."

⁶⁷ Nelson et al., "Public-Private Financing Structures Used in the United States to Develop Convention Hotels."

⁶⁸ Nelson and DeRoos, "A Protocol for Reviewing Hotel Anchored Public Private Partnerships," 86

⁶⁹ Nelson et al., "Public-Private Financing Structures Used in the United States to Develop Convention Hotels," 143.

Ritz-Carlton, which is part of L.A. Live, has been repeatedly identified as one such hotel, having received some of the largest tax rebates among publicly subsidized hotels. Earlier in this report, we noted that it was here that housing justice advocates undertook a room occupation to draw attention to the scandal of vacant hotel rooms. Even councilmembers who rarely advocate for housing justice have expressed outrage about publicly subsidized hotels, for example Councilmember Mitch O'Farrell who stated: "The fact that we give public subsidies, public dollars to these hotels...would seem to me to be a complete justification that we expect something back...especially during an emergency."⁷⁰

In Los Angeles, the modern gilded era of mega-subsidies was ushered in via the **Staples Center**, whose story provides the template for what was to come. The arena and commercial complex was originally conceived by Steve Soboroff, once a mayoral candidate, as a reboot to the Convention Center, which by the mid-1990s was perceived as not fulfilling its economic promise. But more than serving as a profit generator itself, the Staples Center became the means of **redevelopment**, razing a working-class community and developing luxury properties on that site. "By Soboroff's reckoning at the time, they could probably make only a small profit on the \$400-million arena but stood to do much better financially by developing the land around it," wrote the Los Angeles Times on the twenty-year anniversary of the arena's groundbreaking.⁷¹ Under the auspices of spurring economic activity in an area that was considered blighted, "City Council defended [voting to approve construction] by pointing to its governmental duty to encourage economic development of this kind."72 Staples Center President Lee Zeidman described the South Park neighborhood as full of "dilapidated buildings in various states of decay, different types of liquor stores on the corners. They were basically drug and prostitute hangouts."73 Such narratives of blight made the case for economic development: "The City hoped to revitalize the South Park neighborhood of downtown Los Angeles by spurring economic investment, development, and growth in the area."74 Laura Chick, LA City Controller in 2003, would claim in a report to the Mayor and the City, that the Staples Center would be responsible for generating \$49 million dollars in local economic benefit over the course of twenty years.⁷⁵ The report also admitted that "despite the \$330 (\$400) million cost of the Staples Center, economic activity relating to the arena represents a relatively small addition to an economy that generates approximately \$90 billion in output annually." 76

What remained unanswered was who was to be included in "**local eco-nomic benefit**." A key part of the justification for the Staples Center was the creation of new jobs. A study commissioned by the Los Angeles Convention and Visitors Bureau estimated "that [the] arena project would create 710 permanent jobs, plus 514 jobs indirectly dependent on arena activities."⁷⁷ In 2001, the L.A. Live Community Benefits Agreement (also known as the Staples Center CBA) was signed between the Figueroa Corridor Coalition for Economic Justice and the developer, L.A. Arena Land Company and Flower Holdings, LLC to bargain for concessions for residents of the neighborhood. Heralded as a breakthrough

73 Longwell, "<u>Staples Center 10th Anniversary</u>."

⁷⁰ Chandler, Jenna, "Why couldn't hotels built with taxpayer money house LA's homeless?"

⁷¹ Vincent, "<u>Its design has been scorned, but L.A. Live has been crucial to downtown's resurgence</u>."

⁷² Parlow, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," 529.

⁷⁴ Parlow, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," 529.

⁷⁵ Baade, Los Angeles City Controllers Report on Economic Impact: Staples Center, 51.

⁷⁶ Ibid.

⁷⁷ Parlow, "Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center," 534.

pact, this was part of what was to become a growing reliance on CBAs in economic development.⁷⁸ A 2005 report by Los Angeles Alliance for a New Economy (LAANE), one of the signatories of the Staples Center CBA, concluded that this particular CBA was a "tremendous achievement in several respects" such as achieving "a goal that 70% of the jobs created in the project will pay the City's living wage."⁷⁹ While important in securing a modest number of jobs, CBAs can do little to prevent the displacement of residents from neighborhoods. In addition, they are often meager public benefit for the massive subsidies that have flowed to the private sector in such development schemes. Even LAANE admits: "Unfortunately, the public-private partnerships at the local level are being driven for the most part by the private sector," who are the ultimate and obvious beneficiaries in these agreements.⁸⁰ The fragility of such benefits became apparent most recently at the Staples Center where most employees were laid off during the COVID-19 pandemic and became reliant on a private fund to make ends meet.⁸¹

While publicly subsidized hotels have been in the news lately in Los Angeles, less visible are **the connections between such forms of urban development and housing insecurity**, notably through displacement. AEG received \$71.1 million in public funding from the City to build the Staples Center.⁸² The City approved a \$76 million line of credit to AEG "to protect the city's investment, which includes bonds issued to buy land for the development," as well as up to \$150 million in subsidies.⁸³ The project itself displaced low-income tenants, some of them receiving as little as \$2,000 for relocation and many of whom ran out of relocation assistance by the time the arena opened.⁸⁴ "More than 250 residents … were forced to make way for parking lots serving the sparkling new playground," wrote the *Los Angeles Times* in 1999. But several months later the *Times* was exposed for its own boosterism of the new development while failing to disclose its financial relationship with this new AEG property.⁸⁵

Hotel development projects must also be understood are as **land assembly schemes**. There is a long history of such dispossession in Los Angeles, including through tools of redevelopment and eminent domain. Take the case of Little Tokyo. "In 1950, the City Planning Commission announced plans to demolish an entire block in Little Tokyo to make way for its new police headquarters."⁸⁶ Eminent domain was the cudgel used to displace over 1,000 residents.⁸⁷ In 1952, the Community Redevelopment Agency (CRA) of Los Angeles "razed an entire block of residential and commercial buildings in Little Tokyo" to construct the Parker Center.⁸⁸ Across the street from the Parker Center was the site of more apartments which were targeted by the Community Redevelopment Agency in 1970 for demolition. At the heart of this project was the assembling of land for the construction of the New Otani Hotel, a hotel designed to capture the attention of international tourists and ride the two waves of global capital that came through

⁷⁸ Salkin and Levine. "Understanding Community Benefits Agreements: Equitable Development, Social Justice and Other Considerations for Developers, Municipalities and Community Organizations."

⁷⁹ Gross, Community Benefit Agreements: Making Development Projects Accountable, 14.

⁸⁰ Ibid, 4.

⁸¹ Medina, "How Staples Center fund is helping concession workers."

⁸² Baade, Los Angeles City Controllers Report on Economic Impact: Staples Center, 4.

⁸³ McGreevy, "City Gives Staples Center New Terms for Repaying Subsidies"; Gross, <u>Community</u> Benefit Agreements: Making Development Projects Accountable, 14.

⁸⁴ Rivera, Carla, "Staples Center's Displaced Have New Homes and New Worries."

⁸⁵ Hiltzik and Hofmeister, "Times Publisher Apologizes for Staples Center Deal."

⁸⁶ Ueda, America's Changing Neighborhoods: An Exploration of Diversity through Places, 792.

⁸⁷ Ibid.

⁸⁸ Simpson, "Three Waves of Little Tokyo Redevelopment."

Los Angeles in the 1970s and 1980s.⁸⁹ Tenants organized the Little Tokyo People's Rights Organization but despite their resistance, they were evicted by 1976.⁹⁰ The land was then sold by the CRA to the Kajima Corporation for "a little over \$1 million" in 1972.⁹¹ The property changed hands multiple times, most recently being sold to Han's Group USA as a DoubleTree Hilton for \$115 million.⁹² Such clearing and assembly of land through the displacement of residents remains the untold story of publicly subsidized hotels.

In downtown Los Angeles, other hotel developments followed on the heels of the Staples Center. By 2005, ground had broken at L.A. Live, another AEG entertainment, retail, and hotel complex, and a new spate of luxury hotels would be greenlit. Indeed, since 2005, Los Angeles City Council has approved **\$1 billion in subsidies for hotel developers**, mainly in downtown LA.⁹³ While public subsidies remain central to these developments, also crucial is the cozy relationship between developers and public officials, and equally insidious, the **holding of public positions of influence by developers**. The most obvious example is Soboroff, the developer behind the Staples Center who served as economic advisor to Mayor Richard Riordan at the start of the Staples development and was later appointed to the Los Angeles Police Commission by Mayor Eric Garcetti. Soboroff is also a member of the Board of the Weingart Foundation.⁹⁴ Such are the entangled worlds of public office, philanthropy, and real-estate development in Los Angeles.

In 2018, incentive agreements providing "financial assistance to project developers" became the subject of a report by LA City Controller Ron Galperin. The report provided details on the public subsidies to the Convention Center and adjacent area hotels: L.A. Live hotels including the Ritz-Carlton and JW Marriott (\$270 million), The Grand on Bunker Hill (\$198 million), Fig + Pico Hotel Towers near LA Live (\$103 million), the Courtyard / Residence Inn (\$67.3 million), Cambria Hotel (\$43.2 million), Hotel Indigo (\$18.7 million), and 1155 Olive in South Park (\$17 million).⁹⁵ The report questioned that such public subsidies have always yielded substantial public benefits:

The assurance of the City's financial assistance is intended to offer an incentive for developers and investors to provide the capital needed for the projects to be developed. It has been argued that absent this incentive, certain projects would not be viable, thus the City would not otherwise realize net new revenues projected 1 as a result of said new project(s). There has not in all cases been adequate evidence to necessarily support these arguments.⁹⁶

As the report shows, many of these subsidies took the form of **tax rebates** to offset Transient Occupancy Tax (TOT, or bed tax) where "annual incentive

⁸⁹ Green, "The Local/Global Context of the Los Angeles Hotel-Tourism Industry," 87.

⁹⁰ Suga, "Little Tokyo Reconsidered: Transformation of Japanese American Community through the Early Redevelopment Projects," 245; Simpson, "Three Waves of Little Tokyo Redevelopment".

⁹¹ Green, "The Local/Global Context of the Los Angeles Hotel-Tourism Industry", 89.

⁹² Solomon, "Little Tokyo DoubleTree Sold for \$115 Million."

⁹³ Barragan "LA gave developers \$1B without ensuring the deals were 'advantageous to taxpayers."

⁹⁴ Vincent, "Its design has been scorned, but L.A. Live has been crucial to downtown's resurgence."

⁹⁵ Galperin, "Incentive Agreements: Tax Breaks and Subvention Deals," 4; Zahniser, "L.A. council backs \$198.5 million in financial aid for downtown hotel project"; Zahniser, "L.A. signs off on two downtown hotel towers — and some taxpayer help"; Galperin, "Incentive Agreements: Tax Breaks and Subvention Deals," 5; Ibid, 1; Ibid, 5; Barragan, "City is giving hotel near Convention Center \$17M in tax breaks."

⁹⁶ Galperin, "Incentive Agreements: Tax Breaks and Subvention Deals," 1-2.

payments paid to the developer are equal to the total Transient Occupancy Tax remitted in the year," which represents a direct 1:1 return for the hotels.⁹⁷ These subsidies were justified because of purported feasibility gaps by the developers, which means the City had much more leverage than they chose to exercise. In practice, the City is giving away bed tax (up to a certain limit for each project) that otherwise would have gone into public coffers. Since the City does not provide breakdowns of TOT collection by area or neighborhood in the city, or provide easy records on who is paying it and at what frequency, it is difficult to ascertain whether such rebates have yielded a robust Net Present Value (NPV) of direct incremental taxes. The discount rate used to calculate the Net Present Value for these nine hotel projects raises more questions. For example, the discount rate for the Wilshire Grand is roughly 12%, about double what would be considered normal to calculate depreciation, obfuscating and understating the full amount the City is giving away to developers.

The Controller's report on subsidies calls for "an updated policy which outlines the requirements for identifying, assessing, and ultimately, granting assistance to hotel development projects in order to provide negotiating staff with clear methodologies and expectations."98 Indeed, even prior to the City Controller's report, the Editorial Board of the Los Angeles Times had called for a brake on "all these tax breaks," arguing that the city does not "have a comprehensive policy on when to use subsidies to encourage economic development, which projects merit help or what taxpayers should get in return." As the case of Soboroff indicates, such incentives might very well be "gifts to well-connected developers."99 Most recently, hotel development has been tied to investigations of corruption. Several of the most prominent hotel projects were ushered in by Los Angeles City Councilmember Jose Huizar, who was recently arrested by the FBI for fraud, money laundering, and accepting bribes from Shenzhen New World Group, owner of the L.A. Grand Hotel and the developer behind its ambitious 77-story redevelopment.¹⁰⁰ But it is not just a single councilmember. Decidedly pro-development, the current Los Angeles City Council represents arguably the most powerful and most concentrated American municipal body of its type, with only fifteen councilmembers representing over four million constituents with sprawling authority over land-use in a weak-mayor political system. All sitting councilmembers have established donor relationships with developers, and all have received money from local law enforcement interests as well.¹⁰¹ Over a third of LA's councilmembers have been embroiled in developer-related crimes and controversies over the past two years from Shenzhen World Group to developer Samuel Leung and the Sea Breeze scandal, which also included Mayor Garcetti, former President of Los Angeles City Council.¹⁰² A recent effort to curtail real estate influence in City Council proved fruitless, failing to bar donors from using LLCs and other business entities to hide campaign contributions to councilmembers.103

Not surprisingly, despite controversy and criticism, in Los Angeles, as well as in other cities with similarly publicly subsidized hotels, hotel development showed little sign of slowing prior to the COVID-19 pandemic. "As of year-end

⁹⁷ Galperin, "Comprehensive Annual Financial Report for Fiscal Year 2019," 143

⁹⁸ Galperin, "Incentive Agreements: Tax Breaks and Subvention Deals," 6.

⁹⁹ LA Times Editorial Board, "Editorial: Put the brakes on all these tax breaks."

¹⁰⁰ Zahniser, Reyes, and Rubin, "<u>L.A. Councilman Jose Huizar arrested in corruption probe</u>"; Sharp, "<u>77-Story Tower Planned Next to the L.A. Grand Hotel Downtown</u>."

¹⁰¹ Reyes, "L.A. police union spent big in local elections. Some politicians now shun the money."

¹⁰² Coleman, "<u>How Coronavirus is making the fight for homeless communities in LA more dif-</u> ficult"; Cornfield, "<u>Councilman's Aide to Plead Guilty as Corruption Case Mounts at LA City</u> <u>Hall</u>"; Chiland, "LA developer charged with making illegal campaign contributions."

¹⁰³ Reyes, "L.A. to curb developer donations, but some fear corporate contributions could mask source of giving."

2019, California had 212 hotels with 28,102 **rooms under construction**, according to the [Atlas Hospitality Group's California Hotel Development Survey 2019 Year-End] report. There were 1,199 hotels with 159,711 reported rooms in various stages of planning, which represents a 7 percent room-count increase over 2018."¹⁰⁴ In Los Angeles, several luxury hotel developments are currently in the approval or construction process, some of which have also benefited from public subsidies. For example, AECOM was gifted \$17.3 million in 2018 for the 12th & Fig hotel project.¹⁰⁵ The JW Marriott Expansion and Venice Hope project are two other unrealized developments to which the City has given millions in the past two years. Along with existing publicly subsidized hotels, these projects also deserve scrutiny.¹⁰⁶

Long-standing research on urban development in U.S. cities foregrounds the use of "geobribes," or public subsidies to corporate interests in city strategies.¹⁰⁷ Such forms of "urban entrepreneurialism" have not only positioned local governments as facilitators of global capital, but have also wedded city strategies to speculation, including all the "difficulties and dangers" which attach to speculative logics.¹⁰⁸ Equally significant, geobribes have required the roll-out of "**social** cleansing" whether through the displacement of residents or through "zero tolerance" policing of poor others.¹⁰⁹ Los Angeles has been ground zero for these intertwined strategies of subsidizing capital and displacing and policing communities of color, notably through the activities of **Business Improvement Districts** (BIDs), of which there are dozens focused in centers of redevelopment and tourism throughout the city. BIDs are tax-funded, privately-operated entities which operate on behalf of property owners and private interests. BIDs, like luxury hotel developments, often represent a mix of private and public funds with very little transparency and accountability. BID funds, which are levied from property taxes, typically finance beautification projects as well as the employment of private security under the guise of "Cleaning and Safety Ambassadors," where guards are dressed to resemble law enforcement and regularly coordinate with police to remove perceived blight.¹¹⁰ BIDs "seek to enact, maintain, and strengthen laws that criminalize activity like sitting, resting, sleeping, panhandling, and food sharing in public spaces" and as such the unhoused, sex workers, street vendors, and anyone associated with informal economies inevitably become the targets.¹¹¹ The South Park BID campaign began in 2000, shortly after the Staples Center opened, and by 2004 the BID was in place.¹¹² Staples Center President Lee Zeidman is currently on the South Park BID board of directors.¹¹³ The South Park BID cites one of their duties as performing "wellness checks and 6:01 AM wake up calls to keep the path of travel clear of homeless encampments."

Geobribes, subsidies, and other gifts to capital are often part of the recovery package following a crisis. Previous recovery efforts in LA have doubled down on development. Rebuild LA (RLA), a public-private partnership created by the State and City and helmed by 1984 Olympic President and Reaganite Peter Ueberroth in the wake of the 1992 uprising, is widely perceived as an abject failure of the private sector to fix the problems it had helped create. "Entrepreneurs saw financial ruin as an opportunity to profit in South LA," and so came further development,

¹⁰⁴ Hoisington, "California sets record for number of hotel rooms opened in 2019."

¹⁰⁵ Barragan, "How many more Downtown LA hotels will get tax breaks from the city?"

¹⁰⁶ Pettersson, "L.A.'s \$1 Billion Trophy Tower Halted as China Pulls Back."

¹⁰⁷ Smith, "New Globalism, New Urbanism."

¹⁰⁸ Harvey, "From Managerialism to Entrepreneurialism," 7.

¹⁰⁹ Smith, "Global Social Cleansing."

¹¹⁰ Block by Block, "South Park Business Improvement District".

¹¹¹ Selbin and Campos-Bui, "Homeless Exclusion Districts," 6.

¹¹² Mandell, "South Park Forms BID."

¹¹³ Kohlhaas, "How Ellen Riotto and Wallis Locke of the South Park Bid Conspired..."



A security ambassador for the South Park BID, unknown date. (Photo indexed on <u>https://images.app.goo.gl/LKUQiEKWfEfPd92E7</u>)

spurring gentrification, displacement, and inequity that had fueled the unrest to begin with.¹¹⁴ This reckless recovery plan set the stage for the Staples Center and the last two decades of mega luxury subsidies, rampant displacement, and profound uninhabitability.

Such strategies of geobribes and social cleansing have rested on **delicately managed political agreements**. Writing of the election of Tom Bradley as Mayor in 1973, Mike Davis notes in the preface to the 2006 edition of his iconic book, *City of Quartz*, that "the long conflict between Westside and Downtown elites ended in a historic compromise that included Westside support for accelerated downtown redevelopment, and Downtown...support for a largely Democratic City Hall."¹¹⁵ Davis's book is subtitled, *Excavating the Future in Los Angeles*. It is our contention that the present moment, with its combination of the social crisis laid bare and deepened by the COVID-19 pandemic and the political crisis of racialized state violence laid bare and deepened by unending police lynchings, shakes this historic compromise to its core. The attention to publicly subsidized hotels is a piece of this upheaval. There is no turning back.

¹¹⁴ Chadburn,"<u>The destructive force of Rebuild LA</u>".

¹¹⁵ Davis, City of Quartz, vi.

The Case for Public Acquisition

In this section, we build on our previous arguments about the tourist hotel industry as the beneficiary of large public subsidies to make a broader case for public acquisition of hotels and motels. We argue that such acquisition should include distressed properties in at-risk zip codes in order to preempt predatory investment. In keeping with the call from housing justice movements, we emphasize that it is time to flip the script of eminent domain and use this tool to expand access to housing.

The key argument of this report is that Los Angeles faces an unprecedented crisis of housing insecurity, one that will greatly exacerbate already high rates of unsheltered homelessness and subject rent-burdened households, especially in Black and Brown communities, to eviction and displacement. Having failed to provide robust tenant protections to prevent such crisis, the City and County will now have to act swiftly in order to build up a stock of (More) Hotels as Housing. **Among other pressing questions are those of which hotels and how?** As the Project Roomkey experiment demonstrates, the (More) Hotels as Housing strategy cannot rely solely on negotiated agreements and the leasing of rooms. In the months and years ahead, the public acquisition of hotels and motels that serve tourists will have to be an important part of housing policy in Los Angeles. It is our recommendation that such public acquisition should take account of market segmentation within the hotel industry as well as geographic variation in housing need in Los Angeles.

There are more than 100,000 hotel and motel rooms in Los Angeles County that serve tourists.¹¹⁶ For the foreseeable future, many of them will lie vacant. In mid-May, hotel occupancy rates in major U.S. cities were at 30%.¹¹⁷ The most optimistic national projection about the recovery of the hotel industry estimates an overall decline of 36% in occupancy for 2020 and notes that the COVID-19 pandemic has spurred "the largest decline the U.S. lodging industry has realized" since the inception of hotel occupancy data collection.¹¹⁸ This means that **at least 36,000 to 70,000 hotel and motel rooms will remain vacant in Los Angeles and could be utilized as housing**. We can also safely anticipate that such vacancies will last for at least a few years. At a hotel industry webinar held in May 2020, executives from the Chartres Lodging Group, Host Hotels & Resorts, and the Hardy Group noted that it could take 4 – 5 years for hotels to return to pre-COVID levels of financial stability and profitability.¹¹⁹

¹¹⁶ Los Angeles Tourism & Convention Board, <u>2019 Market Outlook Data for the Los Angeles Trav-</u> <u>el & Tourism Industry</u>, 162.

¹¹⁷ Lynch, "Hotel occupancy inches up in Major US cities."

¹¹⁸ CBRE Hotels Research, <u>An Updated 2020 Outlook: Expectations for the Year Ahead</u>, 6.

¹¹⁹ Hardy Group, "The Owner/Investor Perspective on the Crisis" [Webinar]. May 18, 2020. <u>https://vimeo.com/420540455</u>.

Which Hotels?

Distressed Hotels and Motels

Like most global markets, the hotel industry is segmented, ranging from luxury hotels and convention hotels to budget hotels. Indeed, research on the hotel industry suggests that "each hotel property class is a separate market."¹²⁰ We anticipate that the long-term impact of the COVID-19 pandemic will be uneven across these markets in the hotel industry. While a common narrative has been that luxury hotels will rebound first, industry analysts anticipate that in the aftermath of the COVID-19 pandemic, "luxury, upper upscale, and upscale properties will be affected most because of their dependency on group, business, and international visitations."¹²¹ Given that many of these luxury hotels in Los Angeles have been the beneficiary of public subsidies, they must remain in consideration for (More) Hotels as Housing. But economic distress will also be felt by the middle and lower segments of the hotel industry not only because of low demand but also because of debt structures carried by such hotels and motels. In all cases, public acquisition will have significant leverage.

Public acquisition will be an important strategy to prevent the takeover of over-leveraged hotel and motel properties by speculators and investors that specialize in the acquisition of distressed properties. Such actors consolidated their hold on real-estate markets during the Great Recession. For example, the Blackstone Group acquired both Motel 6, a budget chain, and Studio 6, the latter an extended stay economy chain, adding these to its hotels portfolio which already included Hilton Worldwide.¹²² As noted earlier in this report, as part of Project Roomkey, the State of California reached a master agreement with Motel 6 to house people experiencing homelessness. But such an agreement will soon expire, and it is unclear whether such housing can be maintained for public use. Equally important is the question of who will acquire and control distressed properties. In the wake of the Great Recession, the Blackstone Group founded Invitation Homes and began to acquire thousands of distressed single family homes in key metropolitan regions, including Southern California, thereby establishing itself as one of the largest owners of single family rental housing in the nation.¹²³ There is no reason to believe that a similar buying spree, whether by Blackstone or by other corporate speculators and investors, will not take place again. Our research shows that **Reonomy**, a "property intelligence platform," is developing a distressed hotels and motels tool for investors. More broadly, taking advantage of the impacts of the COVID-19 pandemic, such platforms are foregrounding the desirability of distressed properties and helping investors look for "debt cues" and discern "the value of an asset." At a hotel industry webinar held in May 2020, consultants discussed a 19 month window to "buy early" and anticipated investors buying such properties "in volume."¹²⁴ It is thus imperative for the City and County of Los Angeles to acquire such properties, through purchase, long-term leases, eminent domain, or other means, before they become prey to such speculative acquisition. Of particular concern are neighborhoods that we identify as at-risk zip codes.

¹²⁰ Beracha et al., "Real Estate Market Segmentation," 252.

¹²¹ CBRE Hotels Research, An Updated 2020 Outlook: Expectations for the Year Ahead, 5.

¹²² Hsu, "Motel 6 Bought by Hilton Owner Blackstone for \$1.9 Billion."

¹²³ Beroukhim, "The Story and Lessons Behind Invitation Homes."

¹²⁴ Hardy Group, "The Owner/Investor Perspective on the Crisis" [Webinar]. May 18, 2020. <u>https://</u><u>vimeo.com/420540455</u>.

At-Risk Zip Codes

While the COVID-19 pandemic portends increased housing insecurity across the region, such impacts, especially in the form of evictions, will most likely be concentrated in **vulnerable neighborhoods**. Prior to the onset of the COVID-19 pandemic, a 2019 HCIDLA report estimated eviction risk through indices of tenant vulnerability, neighborhood displacement, and housing condition and identified at-risk zip codes. As argued in the Blasi report, the COVID-19 pandemic will certainly deepen such crisis, with disproportionate impact on renters in low-income neighborhoods. A recent report by Ong and colleagues developed a renter vulnerability index which takes into account high rent burdens, job displacement due to retail and service sector closures, and exclusion from relief funds, such as the CARES Act individual rebates.¹²⁵ While this report uses census tracts as proxy for neighborhoods, related research by Ong and colleagues uses Zip Code Tabulation Areas (ZCTAs) as proxy for neighborhoods and provides a close look at different indicators of vulnerability for Los Angeles County neighborhoods.¹²⁶ Working with Joel Montano, researcher at the UCLA Luskin Institute on Inequality and Democracy, we have compiled a list of seven at-risk zip codes in the City of Los Angeles that combine the HCIDLA indices. Ong et al.'s neighborhood characteristics, and the structure of property ownership. This table is included earlier in this report.

Building on the Blasi report, we argue that the swell in evictions and related growth in homelessness will be widespread, but also concentrated in at-risk zip codes. Some of these zip codes are already home to substantial numbers of the city's unhoused population, overlapping with the Service Planning Areas (SPAs) that have high homeless counts.¹²⁷ As argued earlier in this report and detailed in the concluding section, social science and public health research demonstrate the importance of neighborhood-based social networks and service provision hubs for people experiencing housing insecurity and homelessness. Hotels and motels far removed from the hotspots of eviction and homelessness might add to the City and County's housing stock but will not be effective as places of medium-term residence and can deepen the sense of living in limbo and feelings of profound isolation.¹²⁸ In addition, drawing lessons from the Great Recession, we anticipate that some of these neighborhoods will be vulnerable to the restructuring of property ownership and the control of land through the influx of investment capital seeking to purchase distressed assets. This combination of issues makes the case for focused effort on the public acquisition of hotels and motels in at-risk zip codes.

As a first step, using data from the Los Angeles County Assessor's Office, we have identified 95 existing hotels and motels within the seven at-risk zip codes.¹²⁹ Appendix 2 includes a map of these properties, highlighting their zip codes and SPAs. This map is also available <u>online</u> in an interactive format, allowing users to click on a property to view the number of units, bedrooms, and bathrooms to the extent recorded in county records. To identify these properties, we filtered the Assessor's publicly available parcel data by zip code and the following use codes: 1800 (hotel, under 50 rooms), 1810 (hotel, 50 rooms and over), 1820 (motel, under 50 units), 1830 (motel, 50 units and over), 1840 (motel or hotel-apartment, under 50 units), and 1850 (motel or hotel-apartment, 50 or more units).

¹²⁵ Ong et al., "Economic Impacts of the COVID-19 Crisis in Los Angeles."

¹²⁶ Ong et al., "Left Behind During a Global Pandemic," 20.

¹²⁷ Los Angeles Homeless Services Authority (LAHSA), "2020 Greater Los Angeles Homeless Count," 27.

¹²⁸ Thomas and So, "Lost in Limbo."

¹²⁹ County of Los Angeles Open Data, Assessor Parcels Data - 2019.

To find hospitality properties currently on the market, we reviewed listings on Loopnet, an online platform for commercial real estate transactions. This review was not intended to yield a full accounting of all Los Angeles hotels currently available for purchase, as many such deals may be made through professional networks rather than online marketplaces. However, the listings are valuable in part because through them sellers provide important contextual information often detailing everything from the number of current long-term residents, potential uses the site is entitled or well suited for, to market incentives to develop the property in a particular way (a property's location in a gentrifying area, for example). In devising an acquisition strategy for (More) Hotels as Housing, **it is vital that the City and County consider the context of each property, particularly as it speaks to the likelihood of existing tenants being displaced in the absence of public intervention.**

As of June 27, 2020, a search on Loopnet returns one hotel for sale within the at-risk zip codes. At \$107,558 per room, the list price is well within a target range of \$100,000 – \$150,000. Explaining that "35 percent" of the building's 172 units are currently occupied by long-term tenants at below-market, rent-stabilized rates, the seller suggests that the next owner "capitalize on higher rents upon the turnover of these units."¹³⁰ Here, the City has a clear opening to preempt the displacement of these tenants and preserve low-income housing by acting in the public interest before a private developer takes the seller's advice. Some sellers may need little convincing. An ad for an SRO in unincorporated East Los Angeles (since delisted), for example, which notes five existing long-term tenants, notes that the seller "prefers to put this asset to work for a good cause" such as a rehabilitation center or homeless housing. It is selling for \$94,048 per unit.¹³¹

It is unclear how heavily location—and therefore displacement pressures and social networks—is weighted in emerging programs to use hotels and motels for housing. According to LAHSA, spots in Project Roomkey hotels are assigned first to residents of the site's city or unincorporated area, and then to residents throughout the SPA. But neither the state nor county program has released a list of participating properties, apparently to save hotel brands from association with unhoused people. This lack of transparency appears to extend even to key government partners; in May, the Los Angeles City Council requested that LAHSA furnish a broad report answering fundamental questions on every aspect of the program, such as "how hotels and motels are being identified, what populations and subsets are being served, how meals, supportive services and medical services are provided at these sites, what the strategy is to reach the 15,000 room goal, how long are the rooms secured for, and a plan for Project Roomkey after the public health crisis."¹³² This last question is of particular importance as we anticipate the flood of evicted and newly unhoused residents on the horizon, and as Governor Newsom looks to the Roomkey roster as the first candidates for acquisition and rehabilitation by the state. LAHSA's recently released COVID-19 Recovery Plan focuses on a "re-housing recovery strategy [that] would provide permanent housing placements and long-term housing stability for 15,000 of Los Angeles County's most vulnerable residents experiencing homelessness" but does not explain how this strategy will take into account existing and expanding geographies of displacement and homelessness.¹³³

We emphasize that (More) Hotels as Housing, as well as other homeless housing programs, must preserve existing social networks and neighborhood ties as much as possible in order to maintain a solid foundation for unhoused people

¹³⁰ Loopnet, 725 S Westlake Ave - \$1M Price Reduction - 172 Rooms in Westlake, retrieved June 27. 2020.

¹³¹ Loopnet, <u>1239 S Atlantic Blvd</u>, retrieved June 27, 2020.

¹³² Motion by Nury Martinez, April 22, 2020.

¹³³ Los Angeles Homeless Services Authority (LAHSA), "COVID-19 Recovery Plan Report," 9.

to possibly exit homelessness, or merely continue to survive. Driving our concern is a recent article by the *Los Angeles Times* pointing to the spatial mismatch between Project Roomkey sites and the geography of homelessness in Los Angeles: "Only two motels with a total of just over 100 rooms have been leased in South Los Angeles, enough to shelter less than 1% of the estimated 13,000 homeless people in the area" while "the best results have been in the San Gabriel Valley, where the homeless count is comparatively low."¹³⁴

It is important to note that **Skid Row** does not fall within our at-risk zip codes, primarily because this research has focused on areas likely to experience an influx of evictions and other harmful impacts in the near future. Skid Row may not be expecting an influx of newly unhoused or first-time homeless residents, but this does not mean that the homelessness crisis is not in full swing here. Indeed, no wide-scale effort of (More) Hotels as Housing can neglect Skid Row. We argue that Skid Row must be treated as a unique geography, one determined by governmental strategies of poverty containment as well as by fierce struggles by housing justice organizations to create home and community for unhoused and low-income Angelenos.

In a public history essay prepared for the Southern California Library, Andrew Klein shows that during the Great Depression, Skid Row became home to the Municipal Service Bureau for Homeless Men and then later a similar Service Bureau for Homeless Women. These served as nodes of referral to privately operated charity organizations, the largest of which was the Midnight Mission. As Klein notes, "by the Great Depression, services for unhoused people in Los Angeles were largely concentrated in Skid Row." Such services went hand in hand with a "vigorous policing campaign" and the monitoring and surveillance of Skid Row residents through identification cards. Then, as now, African-Americans were vastly over-represented among people experiencing homelessness. Many of them recent migrants from the Jim Crow South, they were subject to harassment, removal, and criminalization.¹³⁵

Skid Row itself has been repeatedly threatened by redevelopment and gentrification, with its boundaries held only through fierce organizing and advocacy by community organizations. These organizations, notably the Los Angeles Community Action Network and the Los Angeles Poverty Department, have also transformed Skid Row from a place meant to warehouse the city's poor to "the grassroots creation of a real community." These struggles, especially those focused on the protection of Skid Row's housing, notably residential hotels, have ensured what housing policy experts like to call housing affordability. Such affordability is never guaranteed, and Skid Row is always under threat. The preservation of residential hotels is the preservation of housing that low-income residents can afford. However, there is never any guarantee that this victory will last. Because the City's larger plan is still to gentrify Skid Row, the threat of displacement and redevelopment always looms quite large. Our report thus strongly endorses the <u>Skid Row Now & 2040 coalition</u>, which challenges the proposed rezoning of Skid Row to include market rate housing as part of the Downtown Los Angeles community plan update, or DTLA 2040. We urge public officials in Los Angeles to pay close attention to the guidelines created by the coalition including those that mandate "no displacement of extremely low-income residents" and those that ensure processes of "intentional and meaningful input from both housed and unhoused low-income residents" including through the Skid Row Neighborhood Council.

¹³⁴ Smith et al., "L.A. Falls Far Short of COVID-19 Promise to House 15,000 Homeless People in Hotels."

¹³⁵ Klein, "Skid Row and the Contested Rise of Poverty Containment in Los Angeles." 6-8.

The 'How' of Acquisition: Housing as Public Purpose

As noted earlier in this report, government executives in California have the legal authority to **commandeer property**, including hotels and motels, under conditions of emergency. While neither Mayor Garcetti nor Governor Newsom have utilized such emergency powers to commandeer hotels for Project Roomkey, instead relying on negotiated occupancy agreements, we make note of such legal authority since the COVID-19 pandemic is an ongoing, rather than one-time, public health emergency.

Our interest though lies in public acquisition outside of the framework of emergency authority. For this we turn to **eminent domain**. Public subsidies to, and land assembly through redevelopment and eminent domain for, hotel development are premised on the legitimization of "private business as public good."¹³⁶ As the landmark litigation, *Kelo v. City of New London* (2005) demonstrated, while cities have routinely sought to justify economic development as public use, such takings have been resisted by private property owners. In this case, the City of New London sought to purchase privately owned land for the purpose of a waterfront conference hotel that would anchor a retail and commercial complex. When Susette Kelo and a few others refused to sell, the City initiated condemnation proceedings. The petitioners argued that the condemnation of private residences for the development of a hotel did not count as public use. Kelo v. City of *New London* (545 U.S. 469) thus raised a set of complex questions regarding the public benefits of economic development. While the U.S. Supreme Court ruled 5-4 that the proposed project qualified as public use within the meaning of the takings clause, in her dissent, Justice O'Connor argued that "the trouble with economic development takings is that private benefit and incidental public benefit are, by definition, merged and mutually reinforcing."¹³⁷ The challenge to the public benefit justification is made powerfully in the petitioner's brief which calls for "a clear, bright-line rule that the trickle-down benefits of successful business do not make private business a public use."138

As we have indicated in the previous section, this clear, bright-line rule has rarely been followed with publicly subsidized hotels in Los Angeles. There is good reason to continue the scrutiny of such hotels, especially those that have not yet opened and therefore may not have the economic base to survive in the post-emergency economy. But the broader issue of the use of eminent domain and other forms of public authority to enable economic development, even when public benefits are dubious, leads us to the question of whether such tools should be used for the public acquisition of (More) Hotels as Housing. The answer, we argue, is yes.

The case for such public acquisition is centered on the role of **housing as public purpose**. Such use of eminent domain would be a measure of justice given its long history as a tool of dispossession and displacement in Los Angeles, including the well-known case of Dodger Stadium. As Podair shows, the building of Dodger Stadium under the guise of public purpose took place at the site of unbuilt public housing.¹³⁹ In downtown Los Angeles, well before the Staples Center, eminent domain was used by the Community Redevelopment Agency (CRA) to raze "blighted" homes and displace tenants in Bunker Hill. After a rise in tenement construction, Bunker Hill became densely populated with low-income residents. The City Housing Authority commissioned a series of photographs in order to document "substandard housing" and "blight."¹⁴⁰ "The still images, used by both

¹³⁶ Blocher, "Private Business as Public Good."

¹³⁷ Ibid., 366.

¹³⁸ Ibid., 372.

¹³⁹ Podair, City of Dreams.

¹⁴⁰ Loukaitou-Sideris and Sansbury, "Lost Streets of Bunker Hill."

the Housing Authority and the Community Redevelopment Agency, became symbols of decay and neglect associated with a failing social order in a period that championed urban renewal as a means of promoting economic efficiency."141 The CRA used eminent domain and land assembly in order to destroy the neighborhood and rebuild it from scratch. After an unsuccessful legal fight, the result was 396 demolished buildings, displacing approximately 11,000 mostly low-income tenants, a removal process which began in 1960 and ended in 1969 once the CRA completed acquisition of all of the properties.¹⁴² To replace the existing neighborhood, the CRA presented a "design for Bunker Hill... [with] 'a total of approximately 3,750 dwelling units, 3,000 hotel units, 12 million square feet of office and over one-half million square feet of retail space.""¹⁴³ Much of the acquired land remained as vacant parking lots for decades.¹⁴⁴ Later the Westin Bonaventure Hotel and L.A. Grand Hotel would open on this land, acquired from the City at below-market rates.¹⁴⁵ Mike Davis thus concludes: "Within a few years, the Times-made mayor, in return, gave the Downtown interests what they really wanted: the removal of 12,000 low-income residents to pave the way for Bunker Hill redevelopment and Dodger Stadium in Chavez Ravine."146

In recent times, **housing justice movements have begun to flip the use of eminent domain**, calling on the City to acquire the Hillside Villa apartments in Los Angeles's Chinatown, where tenants face eviction after the expiry of affordable housing covenants.¹⁴⁷ This flipping of the script of eminent domain is also at stake in the case of vacant houses in El Sereno. Acquired through eminent domain in the 1950s and 1960s by Caltrans, California's transportation agency, for the 710 Freeway extension, these houses have been brought to public attention by <u>Reclaiming Our Homes</u>, whose members have occupied some of them and have insisted for the use of all of them as housing. With the onset of the COVID-19 pandemic, the Editorial Board of the *Los Angeles Times* called for families experiencing homelessness to be placed in these vacant houses immediately:

There are legitimate debates to be had over how much the government should infringe on private property rights during a housing shortage. But the protesters in El Sereno have targeted a much easier-to-solve problem: The state cannot allow its own vacant houses or other public properties to sit unused and crumbling in a housing and public health emergency.¹⁴⁸

The housing emergency of which the *Los Angeles Times* writes is about to get a great deal worse. While eminent domain is no magic bullet and can be a slow and time-consuming process, it is one of a set of tools that will be necessary to implement the (More) Hotels as Housing strategy. More important, it is urgently necessary to reclaim eminent domain and the mandate of public purpose for housing rather than for economic development that mainly yields private gain. Such urgency is compounded by the possible acquisition of distressed properties by investors and speculators, acquisition that would dramatically shift the ownership of property and the control of land in Los Angeles's Black and Brown neighborhoods. Writing in the wake of the Great Recession, legal scholar

¹⁴¹ Loukaitou-Sideris and Sansbury, "Lost Streets of Bunker Hill."

¹⁴² Ibid., 402.

¹⁴³ Ibid., 400.

¹⁴⁴ Ibid.

¹⁴⁵ Podair, City of Dreams, 156.

¹⁴⁶ Davis, City of Quartz, 123.

¹⁴⁷ Brey, "Activists Urge Los Angeles to Use Eminent Domain to Save City's Affordable Housing."

¹⁴⁸ LA Times Editorial Board, "<u>Editorial: Caltrans is sitting on vacant homes during a pandemic?</u> Put homeless families in them immediately."



Community rally on move in day for Reclaiming Our Homes in El Sereno, outside one of the newly reclaimed homes, March 14, 2020. (Photo: Justin Gaar/Public Comment)

Robert Hockett famously made the argument that distressed assets, in this case underwater mortgages, represented a **collective action problem**. The solution, he argued, was for state and municipal governments, as collective agents, to use eminent domain powers to purchase and restructure such underwater mortgages. Hockett goes on to suggest that such purchases can be financed by federal relief and stabilization programs, a possibility that is very much at hand with the COVID-19 emergency in the form of federal relief for local governments.¹⁴⁹

One of the most interesting recent cases of public acquisition comes from Vancouver where ongoing organizing by the DTES SRO Collaborative and Right to Remain Collective led to the **expropriation of two "derelict" hotels by the City in 2019 for CAN\$1 each.**¹⁵⁰ The intention is for the hotels to be renovated and converted into social housing. Closed for a few years because of various building violations, the hotels were acquired at this low cost because of failed purchase negotiations between the owners and the City. The Deputy City Manager of Vancouver justified the CAN\$1 valuation as "the result of the city's appraiser considering a renovation scope and cost estimate...of roughly CAN\$46 million and CAN\$40 million" to transform the hotels into social housing. Another option is demolition which would cost CAN\$3 million per hotel.¹⁵¹ Specifically, as shared with us by Professor Jeff Masuda of the Right to Remain Collective, the calculations were the following:

¹⁴⁹ Hockett, "Paying Paul and Robbing No One," 4.

¹⁵⁰ Alam, "Vancouver Expropriates Two Derelict Hotels."

¹⁵¹ Weisgarber, "Vancouver Votes to Expropriate Rundown Downtown Hotels for \$1."

Table 4. Calculations for Expropriated Hotels in Vancouver

1. Land Value Less Demolition Costs

	BALMORAL - 159 E Hastings St	REGENT - 160 E Hastings St	
Land Value Less Demo Costs			
Land Value as if Vacant	CAN\$3,080,000	CAN\$3,050,000	
Demolition Cost (incl. Haz Mat)	(CAN\$3,320,000)	(CAN\$3,150,000)	
LAND VALUE AFTER DEMOLITION COSTS	(CAN\$240,000)	(CAN\$100,000)	

2. Value as if Renovated Less Renovation Costs

Value Land if Renovated LESS	BALMORAL - 159 E Hastings St	REGENT - 160 E Hastings St
Renovation Costs		
Reconciled Market Value - Renovated	CAN\$23,300,000	CAN\$21,800,000
Cost to Renovate (Hard + Soft, Incl. Contingency & Profit)	(CAN\$46,260,000)	(CAN\$39,640,000)
NET VALUE OF SUBJECT PROPERTY	(CAN\$22,960,000)	(CAN\$17,840,000)

(Source: City of Vancouver, <u>https://council.vancouver.ca/20191106/documents/cfsc2.pdf</u>)

Since both appraisal scenarios (land value less demolition costs) and renovation (value if renovated less renovation costs) yielded negative values, the City held steady on the CAN\$1 amount. At those renovation costs, if the hotels are turned into social housing as is intended, then the cost per housing unit at the Balmoral would run at CAN\$267,000 and at CAN\$277,000 per unit at the Regent Hotel.¹⁵²

The conversion of expropriated hotels into social housing is an important horizon to keep in view for Los Angeles where discussions of affordable or permanent supportive housing have remained silent on the matter of **social housing**. Ultimately, if Los Angeles is serious about alleviating housing insecurity, there will have to be a serious commitment to the expansion of social housing. The key distinction between social housing and existing models of housing development provision is the **decommodification of land and housing**. (More) Hotels as Housing not only bears the potential of meeting an urgent need for housing but can also include the transformation of publicly acquired hotels, and the land on which they stand, into social housing.

¹⁵² Personal communication between Jeff Masuda and Ananya Roy, June 25, 2020.

Converting Hotels to Housing

In this section, we take a closer look at the temporary-permanent spectrum of (More) Hotels as Housing and draw lessons from existing efforts at hotel and motel conversions in Los Angeles. Recognizing the urgency of housing need, we explore conversion frameworks that can provide immediate access to housing. But acutely aware of how such housing can often become a place of permanent transitoriness, we emphasize principles and practices that can ensure habitability and livability.

The use of hotel or motel rooms to provide shelter or temporary housing to people experiencing homelessness is not new to Los Angeles; the practice goes back decades. That history provides some lessons for any implementation of (More) Hotels as Housing in the present moment.

Well before the 1984 Olympics, the County of Los Angeles provided homeless applicants for General Relief (GR) with a voucher that could be exchanged for up to 14 nights in a hotel which had agreed with the County to accept vouchers. By June 13, 1984, the County had contracted with 77 hotels across the County that had agreed to accept vouchers worth between four and eight dollars per night.¹⁵³ When the hotels filled up, homeless applicants for GR were given a County warrant (check) for \$8 to find lodging on their own. In litigation aimed at ensuring that all homeless applicants were provided with a voucher to an available hotel room, Allan Heskin, a UCLA professor, provided evidence that there was "... virtually no possibility that a person whose only resource is a county warrant in the amount of \$8 will actually find shelter in the hotel and motel market in Los Angeles."154 A developer also said in a sworn statement, "It is my opinion that it (the voucher and check system) is essentially a subsidy for Skid Row hotel owners, provides less than adequate shelter, does not improve or add to the available housing stock and also creates additional pressure on the housing market, displacing other renters."155 Nevertheless, when a judge issued an injunction requiring the County to provide either actual shelter or the means to acquire it, the County increased the value of the hotel voucher to \$16 per night and added many more hotels to those in the system.¹⁵⁶ By November 1984, there were approximately 150 hotels with voucher agreements with the County.¹⁵⁷ One lesson from this episode is that if one intends to rely on hotels and motels to provide short term housing to a defined population, the supply of rooms will need to approximate the projected demand. A second lesson is that **no existing resident forced to** use a cheap motel as housing should be displaced or made homeless to make room for another unhoused person.

The controversy over the program then began to focus on **the habitability of the hotel rooms** provided through the County's voucher program. In November 1984, taxpayers and homeless applicants for General Relief who had been provided vouchers to some of the 38 Skid Row hotels in the County

¹⁵³ Oliver, "County Sued Again on Shelter for Homeless,"C1.

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

¹⁵⁶ Blau, The Visible Poor, 103.

¹⁵⁷ Roderick, "County Sued Over Four Hotels for Indigents," C1.

Program, brought a new legal action against the County, alleging that taxpayers' money was being used to subsidize slum landlords who refused to spend money to keep up their properties.¹⁵⁸ Dr. Brian Henderson, then Chair of the Department of Preventative Medicine at the USC School of Medicine provided a sworn statement concluding: "It is my professional opinion that persons required to live in these hotels are subject to a significant risk of disease and injury."¹⁵⁹ After inspecting the four hotels that were the focus of a request for an immediate injunction, Dr. Henderson reported that he had found live cockroaches and evidence of rats in all four hotels, and that toilets were not working, trash had accumulated, no heat in any of the buildings and many windows that were either broken or could not be closed, "leaving the tenants fully exposed to wind, rain and cold," which could lead to serious health problems among homeless weakened by poor diets and exposure.¹⁶⁰ Among the many lessons of this sordid bit of Los Angeles County's history of treatment of the poor and unhoused is that very specific and enforceable standards for the habitability, health and safety of the occupants must be adopted and rigorously enforced.

We flag these lessons to ensure that (More) Hotels as Housing does not replicate the history of the slum housing that has come to be called "**welfare ho-tels**." In New York, such welfare hotels became notorious in the 1980s as places of terrible living conditions and housing code violations where residents were often stuck for well over a year. Privately owned, these welfare hotels were in many ways the modern-day tenements, charging exorbitant rents for sub-human living. In his much-acclaimed account, *Rachel and Her Children*, published in 1988, Jonathan Kozol exposed life in New York's Martinique Hotel: of the two crumbling, stinking rooms in which the family lived and for which the City paid \$3,000 a month.¹⁶¹ In a review of the book, the *Chicago Tribune* noted that "the result of this folly of policy is that the **'emergency' hotels became de facto permanent refugee camps**."¹⁶² But just as Kozol's account was published, New York City brought the program to an end, to large part because federal agencies, which bore half the costs of the welfare hotels, suspended funding for long-term stays at hotels.¹⁶³

We recognize, as a recent survey in Portland shows, that people experiencing homelessness express preference for temporary living in hotel and motel rooms over other forms of temporary dwelling, be it vehicle dwelling, self-organized encampments, or shelters.¹⁶⁴ However, we are interested in a more sustained approach that also takes into account how what was meant to be temporary residence in a hotel often turns into several years of stay. Such a state of "**permanent transitoriness**" can be devastating, turning the seeming cure of housing into a new crisis, or what medical anthropologists have called "**chronic disaster syndrome**."¹⁶⁵ Studying the prolonged trauma of Katrina survivors, these scholars note how disaster "is prolonged as a way of life," trapping people in FEMA trailers or rented spaces for years and making permanent the deliberate eviction of the poor from New Orleans. In Dublin, Ireland, where hotels are being used as temporary housing for families experiencing homelessness, stays have stretched to three to four years with demoralizing effects. Researchers make note of the "devastating physical and mental health implications" of being confined to

¹⁵⁸ Ibid.

¹⁵⁹ Ibid.

¹⁶⁰ Ibid., C2.

¹⁶¹ Kozol, Rachel and Her Children: Homeless Families in America.

¹⁶² Chicago Tribune, "Rachel and Her Children Illuminates the Dark World of Welfare Shelters."

¹⁶³ Lawrence, "Checking out of New York City's Welfare Hotels."

¹⁶⁴ Sand, "Survey: Moving into Motels, Hotels is Top Choice of Unhoused People."

¹⁶⁵ Roy and Rolnik. 2020. <u>"Methodologies for Housing Justice"</u>; Adams et al., "Chronic Disaster Syndrome," 615.

hotel rooms without the capacity to cook a proper meal and otherwise establish familial life, especially as temporary stays extend into months.¹⁶⁶

With such historical and comparative perspectives in mind, we emphasize that we are not proposing hotels as emergency shelter or the distribution of hotel vouchers. Vouchers are for short-term shelter; they require no change in ownership or operations; and they are a deadweight loss, leaving nothing of value after their use. Not only do shelter and voucher programs fail to address the need for permanent housing in the Los Angeles's tight housing market, but several federal programs already operating in Los Angeles have failed also to provide adequate temporary housing. In November 2018, the City recognized "the specific challenges of those living in motels" and the tendency of short-term stays to become years-long residencies as existing programs failed to secure permanent housing for participants. Council sought to improve the situation by using one-time state funding from the Homeless Emergency Aid Program (HEAP) to provide wraparound services in coordination with the Los Angeles Unified School District to families staying in motels.¹⁶⁷ In 2019, the City funded a program that ultimately aimed to "eliminate the use of motels as bridge housing for families" in favor of developing new mid-term and permanent housing, explaining, "The conditions of motel living are not appropriate for raising a family. Moreover, long-term motel dwelling is not conducive for supporting the emotional, educational, and development needs of children, exacerbating their trauma rather than helping."¹⁶⁸ (The City has not stopped funding motel and hotel shelter programs, however; a proposal to shelter families in the Re Tan Hotel passed the Budget and Finance Committee on June 15, 2020.)¹⁶⁹

Conversion Legislation and Pathways

As noted earlier, the conversion of hospitality properties to permanent multifamily housing is not a new strategy in California, but the "all options on the table" attitude spurred by the homelessness crisis has renewed interest in interest in this method of creating housing stock. Governor Newsom first identified it as a priority following his first 100 days in office, and his recent budget proposal would give counties \$600 million in federal funding for such conversions while exempting them from environmental review.¹⁷⁰ In 2019, Los Angeles County announced plans to lease eight motels as interim housing and drafted an ordinance to enable and streamline permanent conversions in multifamily and mixed-use zones.¹⁷¹ The potential benefits of converting existing hospitality properties rather than undertaking ground-up development vary, but developers have identified support from local government as a key factor in the success of such projects.¹⁷² Various estimates of the cost of motel acquisition in Los Angeles, and throughout California, place the minimum cost at \$100,000 per unit. In Northern California, a recent study by the Bay Area Economic Council put the cost of acquisition at \$100,000 - \$107,000. In Los Angeles, the Healthy Housing Foundation—an affordable housing developer whose work this report will explore in more detail—initially aimed for \$100,000 a door but has often paid substantially more. Both of these examples reflect pre-pandemic market conditions. In June, Calmatters housing reporter Matt Levin offered a range of \$100,000 - \$175,000 per room throughout the state,

¹⁶⁶ Nowick et al., "The Hotelisation of the Housing Crisis."

¹⁶⁷ Motion by Nury Martinez, November 16, 2018.

¹⁶⁸ Motion by Nury Martinez, April 17, 2019; motion by Nury Martinez, October 2, 2019.

¹⁶⁹ Motion by Mitch O'Farrell, June 3, 2020.

¹⁷⁰ Haskell, "<u>Gov. Newsom pledges to convert old motels to homeless shelters</u>"; Murphy et al., "<u>Is</u> <u>Hotel California a permanent answer to homelessness</u>?"

^{171 &}lt;u>Motion</u> by Janice Hahn; <u>Los Angeles County Department of Regional Planning, Interim and Supportive Housing Ordinance.</u>

¹⁷² Shaver, "Empty Hotels May Be A New Affordable Housing Opportunity."

based on data from the California Hotel & Lodging Association as well as a case study of an Anaheim motel purchased for about \$130,000 per door.¹⁷³ Through informal consultations we have learned that the Garcetti and Newsom administrations, in developing responses to housing needs during and after the pandemic, have set **targets of \$100,000 and \$100,000 – \$150,000 respectively**. Motels, in particular, have been identified by urban planners as candidates for apartment conversions because their building typology offers exterior access to each unit. However, challenges remain in that the permit to change a property's use from hospitality to residential, despite entailing no significant physical modifications, requires **compliance with the latest code regulations and current zoning**, which may have changed significantly since an older building was first permitted.

Programs to facilitate use of hospitality properties for housing have therefore tended to focus on relaxing zoning requirements. In 2017, California's Building Homes and Jobs Act (SB 2) essentially required transitional and supportive housing, including adaptive reuse of hotels, to be treated as standard residential housing under local zoning laws. In 2019, AB 2162 required by right, streamlined review of supportive housing in multifamily and mixed-use zones, while AB 101 extended similar privileges to shelters in non-residential zones that permit multifamily housing. The City of Los Angeles's Comprehensive Homeless Strategy, released in 2016, directed the Housing and Planning Departments to identify opportunities to adapt existing private properties, particularly hotels and motels, to transitional and supportive housing.¹⁷⁴ The subsequent report led to the development of the **Interim Motel Conversion Ordinance (IMCO)**, signed alongside the better known Permanent Supportive Housing Ordinance as Mayor Garcetti declared a "shelter crisis" in April 2018.¹⁷⁵

Like Project Roomkey, the IMCO indicates the recognition among public officials of the potential of hotel and motel stock to provide much needed housing quickly and simply. But, also like Project Roomkey, its structure and implementation lead it to fall short of the possibilities of this moment. For one, the IMCO is specifically designed to avoid acquisition or permanent conversion in order to allow motels a seamless return to normal business when the housing **contract ends.** To that end, it strictly limits alterations to the physical property: the building's size and unit count must remain the same, and while rooms may be outfitted with a sink, refrigerator, and counter space, a line is drawn at the addition of a stove, which would trigger a longer-term code compliance process and new density calculations. Residents are therefore limited to a hotplate or microwave for the duration of their tenancy. While these conditions may accelerate and lower the cost of transitional housing, they could also make life in the units difficult or even untenable, particularly for families. Even when the IMCO facilitates an overall improvement in the conditions of a unit, its power to make significant headway in housing the individuals and families at risk of eviction after the COVID-19 state of emergency ends is severely constrained.

Another important caveat to the IMCO is its place in LA's long tradition of criminalizing poverty, specifically so-called "nuisance motels." For decades, the City has sought to eliminate motels serving as low-income housing, typically by subjecting residents to invasive surveillance and policing before displacing them and redeveloping the property. The IMCO was conceived in part as an opportunity to further this project. It is no coincidence that the flagship project for the ordinance—its proof of concept—is the renovation of the Grand Motel, a nuisance motel in Pico-Robertson that the City had had in its sights for years. In early 2016, the *Beverly Press* reported that police had "arrested hundreds of people at the location since 1997, including 56 people arrested for selling or

¹⁷³ Levin, "Converting a motel to homeless housing, step by step."

¹⁷⁴ City of Los Angeles, Comprehensive Homeless Strategy, 129.

¹⁷⁵ Los Angeles Department of City Planning, Recommendation Report.

possessing narcotics," and that Los Angeles City Attorney Mike Feuer had "said the hotel is a nuisance and a drain on police resources."176 Feuer sought an injunction against criminal activity on the property, requiring the owner to live at the motel until crimes stopped. The injunction also imposed "physical and managerial improvements"-that is, technologies of surveillance and criminalizationsuch as Internet-connected video monitoring, new tenant screening practices, and armed security guards.¹⁷⁷ In 2019, the City identified the Grand Motel as eligible for by-right conversion to transitional housing and agreed to provide \$566,665 in homeless assistance funding for Brilliant Corners, a frequent nonprofit partner in homeless housing and services programs, to take on renovations.¹⁷⁸ The project also received a grant from the Jewish Community Fund.¹⁷⁹ This case illustrates a persistent strategy of improving existing units where low-income residents already live, then designating those residents as unsuitable to continue living in the improved units. Whatever the technical specifications of a given conversion model, it must not become a convenient instrument to disperse groups of poor people living together.

Los Angeles is of course far from the only site of **nuisance abatement** practices targeting motel residents. Recent California examples include Sacramento, where Mercy Housing has converted an "infamous" motel into permanent supportive housing for disabled residents.¹⁸⁰ In 2017, the City of Anaheim purchased the Sandman Motel—a "troubled motel with a history of police service calls"—to use as affordable housing for seniors.¹⁸¹ But it is also unsurprising that LA's current administration would pursue this strategy. In 2005, Councilmembers Jan Perry and Eric Garcetti proposed offering incentives for developers to purchase nuisance motels and convert them to workforce, senior, transitional, and affordable housing. Garcetti took up that cause again in 2016 with a program in which nonprofit and private developers would convert nuisance motels into permanent supportive housing for unhoused veterans, while the Housing Authority of the City of Los Angeles (HACLA) would issue vouchers to cover rent and supportive services for 15 years. This deal was called a "national model" for public-private housing partnerships.¹⁸² But with hundreds of thousands of people at risk of losing their homes, on top of an existing eviction crisis that has festered throughout the state for several years, it is no longer tenable for Los Angeles to predicate the housing of some on the displacement of others. Rather than replacing low-income tenants in a rundown motel with low-income tenants in a remodeled building, a (More) Hotels as Housing model must quickly create new housing options with minimal disruption to existing tenancies.

Existing Conversion Models

A major distinction among various models of hotel and motel conversions is their stance on the **trade-off among quantity, quality, and speed.** This is a consideration facing developers around the country. John Parvensky, head of the Colorado Coalition for the Homeless, which has completed 17 conversions, said the strategy was "born out of desperation" to "shorten the time period so that the people who are on the streets tonight have a place to call their home as quickly

180 Pimentel, "Housing Developers See New Opportunities With Old Motels."

181 Ibid.

¹⁷⁶ Folven, "Feuer sues owner of alleged nuisance motel."

¹⁷⁷ Office of the Los Angeles City Attorney, "<u>City Attorney Mike Feuer Files Narcotics Abatement Lawsuit Against Owner of Mid-City Flop-House Motel</u>" [Press release].

¹⁷⁸ Motion by Paul Koretz, November 1, 2019; motion by Paul Koretz, January 31, 2020.

^{179 &}quot;Jewish Community Foundation Awards \$600,000 for Homeless Housing Projects."

¹⁸² Holland, "L.A. will convert motel units to 500 apartments for homeless vets."

as possible."¹⁸³ By contrast, a private real estate firm in Kansas spent more than \$230,000 per unit to combine hotel rooms, integrate energy efficient improvements, and restore historic features.¹⁸⁴

These two examples exemplify what might be considered alternatives or options for Los Angeles: 1) an **urgency approach**, designed to provide temporary housing as quickly and cheaply as possible, with minimal renovation; and 2) an **upgrade approach**, which costs more and takes longer to bring on line, but delivers a result closer to standard housing, complying with minimum housing codes in all respects. Rather than considering these as alternative options, however, we suggest below how they might be efficiently combined in a **two-part strategy:** a first phase, responsive to the urgency of the impending crisis, which prioritizes the swift acquisition of hotels requiring minimal renovation; to be followed by a second phase that further upgrades the newly acquired units to be suitable for long-term or permanent use, thus increasing the overall supply of extremely low-income housing.

In Los Angeles, the urgency approach has been advanced by AIDS Healthcare Foundation (AHF). Based in Los Angeles, AHF is a global nonprofit that advocates for people living with HIV and AIDS, and the world's largest provider of HIV/AIDS care. In recent years, it has become active in housing policy and development, particularly in Los Angeles and Florida, arguing that people with HIV and AIDS are among those likely to be displaced by gentrification and that housing consistently arises as an urgent need for AHF patients. In late 2017, AHF launched an affordable housing development division, the Healthy Housing Foundation, and quickly began both building new housing and converting lodging properties in Los Angeles and Fort Lauderdale.¹⁸⁵ In April 2018, AHF challenged the construction-oriented approach of Los Angeles's Proposition HHH, promising to meet the City's target of 10,000 new homeless housing units in half the time through **SRO conversions**. While the first units funded by Proposition HHH were not slated to come online for at least a year and a half, AHF pledged to open nearly 400 former SRO rooms by mid-summer at significantly below the costs estimated for new permanent supportive housing (then reporting an average price of \$434,000 per unit).¹⁸⁶ These would be transitional rather than permanent units, with the goal of getting people off the streets even when permanent placements were not yet available.

AHF's first remodeled SRO was the King Edward Hotel near the edge of Skid Row. After purchasing the property for \$10.5 million—or about \$70,000 per room—AHF spent an additional \$4.7 million for the adjoining café, parking lot, and first floor bar. Improvements in the rooms were limited to new floors and a coat of paint, maintaining the standard SRO configuration of shared bathrooms and kitchens, and the hotel reopened as transitional housing within a week of AHF's purchase.¹⁸⁷ Most of the units acquired by AHF have been older SRO-style buildings. Communications director Ged Kenslea said in the *Los Angeles Times* that up to 5,000 SRO rooms throughout Los Angeles had been identified as suitable to become housing; by March 2020, nearly 800 of those units were owned by AHF.¹⁵⁸

¹⁸³ Thornton, "Investors Convert Former Denver Hotel into 139 mini-apartments for the homeless."

¹⁸⁴ Kimura, "Motels rehabbed for affordable housing."

¹⁸⁵ Reyes, "This AIDS nonprofit lost a political battle over housing and development. Now it's fighting a new way."

¹⁸⁶ Healthy Housing Foundation, "L.A.'s Historic King Edward Hotel to Rise Again" [Press release]; Thomas, "King Edward Hotel to Become Affordable Housing."

¹⁸⁷ Haskell, "Healthy Housing Foundation turns old Los Angeles hotels into affordable housing for homeless."

¹⁸⁸ Kenslea, "Readers React: Thousands of SRO hotel units in L.A. await conversion into housing for homeless people" [Letter to the editor]; Holland, "AIDS Healthcare vowed to do homeless housing better. Tenants say it's a 'slumlord'."

AHF's work with the unique SRO housing stock in Skid Row, however, provides only limited insight into the project of converting hospitality properties to use as housing. We are especially interested in AHF's role in converting hospitality properties into housing. These have been more expensive than the SRO conversions but still within the price range currently being discussed by public officials for motel conversions. For example, at the Sunset 8 Motel in Hollywood, the per room cost was about \$170,000. At Valley Haven, a former Motel 6 in Van Nuys, AHF paid \$108,000 per room and, in order to qualify as a Section 8 housing provider, installed efficiency kitchen units consisting of a small refrigerator, a stove, and a sink. AHF's approach to these properties has followed its general principles of emphasizing quantity over quality and amenities. The AHF motel properties received only very light makeovers, with new paint and floors, and in the case of the Motel 6 conversion the installation of a very compact and limited modular kitchen. The latter element is particularly instructive for conversions intended to function as anything beyond the shortest-term housing, which must address food storage and preparation needs of residents. Such a modular kitchen-equivalent can be purchased at a retail price under \$1,000, but also requires connection to existing plumbing and, in some cases, electrical systems.¹⁸⁹

Although our proposal extends only to the conversion of hospitality properties to use as housing and not to residential hotels already in use as housing, the experience of the renovation of the latter kinds of properties provide important lessons for the conversion or renovation of hospitality properties as well. Housing justice advocates have long raised concern about the conversion of residential hotels. Since the 1990s, major non-profits like the Skid Row Housing Trust and SRO Corporation have systematically rehabilitated existing SROs to provide "new" housing—**often supplanting existing residents with tenants selected through a permanent supportive housing or other program** and thereby perpetuating the zero-sum housing shuffle described earlier in the report. In the case of AHF's conversion of the King Edward Hotel, at least 35 long-term residents were present prior to AHF's arrival, who subsequently became tenants of AHF,



The King Edward Hotel, an SRO at the border of Skid Row, was purchased by the Healthy Homes Foundation in 2018 and is now operated as transitional housing. (Photo: Carlos Delgado/AP Images for AIDS Healthcare Foundation)

¹⁸⁹ See, by way of example only, the Aventi CK 3016 module, at <u>http://www.avantiproducts.com/products/id/598</u>.

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shifting from tenancy under private ownership to tenancy with the nonprofit at rents either paid through governmental rent subsidies or directly by tenants at a rental rate far below market prices, typically at about \$400 per month. The concern about existing residents of properties acquired for conversion extends with equal force to lower end hotels and motels generally, which despite their legal classification as hotels and general reputation as hospitality properties, have long been used as the least bad, and often only, housing alternative for tenants who are unable to afford a security deposit and advance payment of rent. Under no circumstances should the government be in the business of making de facto tenants homeless to make room for a different group of unhoused people.



A furnished room in the King Edward Hotel, remodeled by the Healthy Homes Foundation for use as transitional housing for unhoused and low-income residents. (Photo: Carlos Delgado/AP Images for AIDS Healthcare Foundation)

The issue of tenancy applies equally, and at times to an even greater degree, to conversions providing more robust renovations through the **upgrade approach**. One adherent of the upgrade approach in Los Angeles is Thomas Safran & Associates, a Los Angeles developer that produces both luxury and affordable housing. The company made its name by producing affordable housing with the design quality and environmental standards of market-rate. In 2012, Safran undertook a full renovation of the historic Dunbar Hotel, once a Black-owned cultural hub known as "the heart of the Central Avenue jazz scene," the "Black Ritz-Carlton" and "the epicenter of West Coast jazz."190 As segregation ended, demand for a Black hotel decreased and the Dunbar fell into decline. Notably, when Safran & Associates purchased the property, it had already been operated as low-income housing for decades before suffering a financial collapse that led to its foreclosure.¹⁹¹ The developer proceeded to gut the building, combining small rooms to create larger spaces or multi-bedroom units, adding full kitchens, and purchasing a neighboring lot to provide parking. The former hotel then became the centerpiece of a multi-building housing complex, Dunbar Village, in which

¹⁹⁰ Los Angeles Conservancy, "<u>Dunbar Hotel</u>"; Gold, "<u>The Dunbar in South L.A., once a landmark,</u> <u>has lost its beat</u>."

^{191 &}lt;u>Gold</u>

the other buildings are new construction. While this approach undoubtedly created more attractive living conditions, **it also came at the cost of nearly halving the hotel's available units**.¹⁹² In terms of conversion strategy, this model is more closely reflected in Los Angeles County's draft conversion ordinance, which proposes allowing a reduction in the number of rooms in order to create larger or better outfitted living spaces potentially able to accommodate families. But the conversion itself, notwithstanding the new construction that accompanied it, cannot be said to have created new housing, and in fact even removed some units—albeit low-quality ones—from the housing stock accessible to extremely low-income residents.

The existing models of conversion point to the need for a robust regulatory framework of tenant rights. Safran & Associates, like other affordable housing non-profits, puts heavy emphasis on tenant screening—evaluating prospective tenants on the housekeeping of their current accommodations, for example—and on a thick layer of onsite services that, as we have discussed earlier in this report, function in part to provide constant monitoring and control in addition to providing necessary assistance. Wendy Pedersen of the DTES SRO Collaborative in Vancouver notes that tenants find life in the renovated SROs of that city "oppressively managed" with strict guest restrictions, including ID checks and room checks, and various other forms of surveillance. The result, she emphasizes, is that "many tenants just end up on the street again." 193 Similar issues have been reported for the AHF conversion of the Madison Hotel. Here tenants claimed that the nonprofit neglected crucial repairs and created inequitable conditions for disabled and elderly residents. There was also a number of evictions served by AHF at that hotel.¹⁹⁴ These examples illustrate the need for any conversion approach to be combined with rigorously enforced habitability standards and a maximal degree of tenant control and capacity to ensure that problems can be identified and addressed.

It is our assessment that neither the urgency approach nor the upgrade approach suffices on its own to meet the challenges at hand in Los Angeles. We propose an integrated strategy that combines them in sequence, focusing on vacant properties in order to expand, rather than replace, the supply of housing options, and making the resulting units available to all low-income tenants without condition. Given the massive increase in the numbers of unhoused Angelenos that is expected to arrive in the next few months, there is no room to allocate housing among the "deserving" and "undeserving" poor; the urgent need is for a rapid expansion of interim housing for all who need and desire it. A starting point might even look similar to what Project Roomkey currently provides—with no renovations beyond those needed to ensure health and safety—but, crucially, in **acquired rather than rented properties**. As the economy recovers and the proliferation of newly unhoused Angelenos subsides, many of those properties could then be further modified to become more adequate housing suitable for longer term use, adding to the supply of extremely low-income housing essential to begin to reduce the overall numbers of unhoused Angelenos.

A key challenge to any large-scale conversion effort, however, is the matter of **assembling funds for such projects**. Sustained by a robust global network of social enterprises, AHF is uniquely situated among affordable housing developers to undertake risky investments and weather potential losses. By relying on its own funding, the organization also avoids the costs associated with public financing incurred by other affordable housing developers. Will other nonprofits with more limited budgets be able to undertake such conversions? For example, <u>Vancouver's SRO Renewal Initiative</u>, which was created to renovate 13 SROs,

¹⁹² Kimura, "Historic L.A. Hotel Becomes Affordable Seniors Housing."

¹⁹³ Personal communication between Wendy Pedersen and Ananya Roy, June 24, 2020.

¹⁹⁴ Holland, "AIDS Healthcare vowed to do homeless housing better. Tenants say it's a 'slumlord'."

many of them municipal heritage sites, uses a public-private partnership (P3), with public funds partly covering construction and maintenance costs and the private sector assuming the rest of the costs. Once renovated, the buildings are turned over to nonprofits with a 15-year management agreement. This is a model that explicitly "transfers much of the financial risks associated with unanticipated costs to the private partner." But the benefits to the private partner lie in "the P3 structure, which bundles buildings into one project and awards the partner an on-going maintenance contract." We urge Los Angeles public officials, housing justice advocates, and nonprofit leaders to take a closer look at <u>the strengths and challenges of this Vancouver initiative</u>, especially since costs ran higher than anticipated, straining agreements on risk-sharing.

Although it is tempting to put a single price point on the unit cost of (More) Hotels as Housing, the detailed discussions in this report underscore that price will vary according to acquisition and conversion strategies as well as location and local market demand. As noted earlier, various estimates of acquisition have settled in the \$100,000 - \$150,000 price range. But these are typically for motels and low-end hotels that will likely require more expensive conversion to be habitable and livable. As evident from the examples we have provided, these conversion costs can run from \$70,000 to over \$200,000 per unit. But given the downturn in global tourism, there is also the unprecedented opportunity to acquire more up-market hotels, especially those that are unlikely to rebound or that might be in distress because of their debt structures. If so, acquisition costs could run higher but conversion costs might be more reasonable. Finally, there is the Vancouver model of expropriation of derelict hotels where the cost of acquisition is close to nil but where renovation costs to transform such hotels into social housing run at \$250,000 or higher. Detailed financial analysis will be needed to develop and implement acquisition and conversion strategies and assemble funding. But even with this range of price points, (More) Hotels as Housing promises to be significantly cheaper than current models of housing provision in Los Angeles, including homeless shelters and permanent supportive housing.

In conclusion, while the use of hotels as emergency shelter can be life-saving, our argument is that temporary housing is rarely that. It is thus necessary to attain levels of livability and habitability for at least a few years of residence. But whether the conversions follow the urgency approach or upgrade approach, whether they are public-private partnerships along the lines of Vancouver's SRO Renewal Initiative, we emphasize the need for rigorously enforced habitability standards and a robust regulatory framework of tenant rights. Put simply, **a just housing program must make it as easy as possible to obtain housing, and as difficult as possible to lose it**.

Who Controls this Housing?

In the previous section, we argued that conversion, whether minimal or elaborate, will not guarantee the livability or habitability of hotels as housing. Such housing rights can only be assured through community control and tenant power. In this final section, we foreground different dimensions of community control, from Community Land Trusts (CLTs) to peer-to-peer harm reduction programs that have the potential to challenge extraction and oppression.

In many spheres of life, the COVID-19 pandemic has necessitated new policy frames, suddenly making possible what hitherto seemed impossible. So is it the case with housing justice in Los Angeles, of which (More) Hotels as Housing is a small but important piece. This politics of the possible is not just about the legal reach of emergency powers wielded by different levels of government. Rather such possibilities have been opened up by the unceasing efforts of housing justice movements that have long drawn attention to the persistent emergency of housing insecurity in Los Angeles. But if the animated discussion and debates about Hotels as Housing—from the call to commandeer publicly subsidized hotels to the scrutiny of Project Roomkey's slow progress-got started in the time of COVID-19, this report is being completed in the time of uprising. The uprising for Black lives is a stark reminder of how evictions and homelessness is a key terrain of **Black dispossession and death** in Los Angeles as well as in many other U.S. cities. At a rally for Black homeless lives held in Echo Park on June 14, 2020, the site of considerable NIMBY and police violence against unhoused Angelenos, Theo Henderson, founder of We the Unhoused, drew attention to the criminalization of the unhoused, including through "terrorism from police officers." Founder and Executive Director of the Los Angeles Community Action Network (LA CAN), Pete White noted that racism manifests itself in the "organized abandonment" of communities and that the fight against this has been going on for several decades.¹⁹⁵ As this extraordinary moment of national uprising has shown, there is no pathway to equity without **dismantling structural racism** and the systems of prison and police that reproduce such racism. The COVID-19 pandemic has made visible the life-and-death stakes of structural racism, but it is the uprising that has made possible **divestment from such violence**. Our framework of (More) Hotels as Housing is embedded in the analysis of structural racism and in the vision of Black liberation long espoused by LA CAN as the bedrock of housing justice.

All across the United States, the uprising has drawn new attention to the relationship between **racial justice and housing justice**. In Hennepin County, MN, which includes Minneapolis and its western suburbs, the demographics of homelessness make evident the enduring legacies of racialized dispossession, with Black people and Native Americans vastly over-represented in homeless counts. In the days following Mr. George Floyd's murder, as protests spread through neighborhoods, homeless encampments, including those in the Phillips neighborhood mainly inhabited by Native Americans, were cleared. The displaced along with community organizers as well as volunteers with experience from previous protests, notably Standing Rock, negotiated occupancy at the Minneapolis

¹⁹⁵ Bravo and Miranda, "Echo Park Rally Led by Housed, Unhoused Black Individuals."



Pete White of Los Angeles Community Action Network emceeing the rally for Black Unhoused Lives at Echo Park Lake, June 13, 2020. (Photo: Justin Gaar/Public Comment)

Sheraton Hotel.¹⁹⁶ Described by reporters as a "**leaderless, community-led mod**el," the effort started with tremendous optimism but ended in a few days as one of the residents suffered an overdose.¹⁹⁷ While such an incident often serves as an excuse for heavy-handed supervision of the unhoused, we draw other lessons from it. Self-described by residents as a "sanctuary," <u>the short-lived Minneapolis</u> <u>Sheraton model</u> is poignantly instructive for Hotels as Housing. It makes evident the sheer energy of community efforts to build models of housing and mutual aid that are not taken over by what one resident described as "nonprofitizing."¹⁹⁸ Rosemary Fister, one of the community organizers, described the efforts as inspired by George Floyd: "George Floyd has given us power...and we have the power to take care of each other ... that's what we're doing right now by housing people."¹⁹⁹

Mr. Floyd's own life story is intertwined with that of housing justice. We now know that he worked as a security guard at the Salvation Army's Harbor Light Center, the largest homeless shelter in Minneapolis.²⁰⁰ The Center is described as sleeping "anywhere from 80 to 50 people in a room" arranged "headto-toe in the bunks" in order to maintain social distancing during the COVID-19 pandemic.²⁰¹ Some of the residents of the Minneapolis Sheraton Hotel remembered Mr. Floyd from the Harbor Light Center:

Brookie Flying Hawk Muñez, a hotel resident who uses a wheelchair, told me that Floyd always advocated for her because of her lack of mobility: "They'd say, 'Well we don't have a bed open for her,'" she

¹⁹⁶ Lurie, "They Built a Utopian Sanctuary in a Minneapolis Hotel."

¹⁹⁷ Nesterak, "<u>Minneapolis Residents Commandeered a Hotel for Homeless</u>"; Serres and Otarola, "<u>Homeless Evicted from Former Minneapolis Hotel After Drug Overdose</u>."

¹⁹⁸ Lurie, "They Built a Utopian Sanctuary in a Minneapolis Hotel."

¹⁹⁹ Nesterak, "Minneapolis Residents Commandeered a Hotel for Homeless."

²⁰⁰ Fernandez and Burch, "George Floyd."

²⁰¹ Godfrey, "Concern Over Increased Strain at Minneapolis Homeless Shelters."

remembered. "George Floyd would say, 'Nope, we're gonna make room for Flying Hawk.'"²⁰²

Mr. Floyd grew up in public housing in Houston's Third Ward. We also now know that his mother was an active member of the resident council of Cuney Homes.²⁰³ It is perhaps befitting that the unhoused residents, organizers, and volunteers who came together to build sanctuary at the Minneapolis Sheraton Hotel described it not as an occupation but as "somewhat of a commandeering of a hotel" and as "a means of **land repatriation**...a means of addressing historic deep disparities."²⁰⁴

But at the same time, the case of the Minneapolis Sheraton Hotel highlights the ephemerality of such community-led efforts at Hotels as Housing as organizers and volunteers hit the limits of having to manage, with few institutional resources, complex circumstances of co-inhabitation. Nor can such initiatives rest on the goodwill of individual hotel owners, who often run out of courage and patience. In <u>an interview with Democracy Now!</u> on the morning that residents were evicted from the hotel, Rosemary Fister called upon city government and nonprofits to seize the opening that the sanctuary hotel had created to provide emergency housing for the unhoused.

Our Hotels as Housing framework rests on the public acquisition of hotels and motels. However, it also requires commitment to principles of community control and tenant power. The regulatory frameworks that govern residential hotels in Los Angeles, notably the Residential Hotel Unit Conversion and Demolition Ordinance (RHO) of 2008 and the Wiggins Settlement of 2006 were won through the efforts of housing justice movements and recognize that "residential hotel units are endangered housing resources and must be protected." They ended what housing justice advocates and public interest lawyers had come to call the "28-day shuffle," whereby hotel owners forced residents to vacate their rooms every 28 days in order to avoid the tenancy status that California law extends after 30 days.²⁰⁵ Residential hotels also fall within the scope of the City's <u>Rent Stabilization Ordinance</u>, which extends to tenants all of the protections of that ordinance. Such regulations and rights are also relevant to the (More) Hotels as Housing framework. Meant to stop the conversion of residential hotels or SROs into tourist hotels, they bear the potential to prevent the gentrification of hotels and the displacement of tenants. But they are also a crucial mechanism to prevent the displacement of tenants already residing in hotels and motels, so that one set of unhoused people are not replaced with another. If a comprehensive (More) Hotels as Housing framework is adopted by the City and County, there will have to be important policy discussions about the relevance and possible extension of the RHO, and related RSO, to this housing stock. Most important, hotel residents have to be recognized as tenants with tenancy rights.

Whether it is these regulatory frameworks or other ones, what is at stake is not only the legal rights associated with tenancy status but also community control and tenant power. In many parts of the world, including in U.S. cities, **Community Land Trusts (CLTs)** are being hailed as a model that ensures the community stewardship of land and creates forms of housing tenure that are not vulnerable to market pressures. They are seen to be especially important as an alternative to the usual forms of public-private partnerships that take place in "declining neighborhoods" and that usually cause the type of displacement that we have already outlined in this report.²⁰⁶ In at least one case, that of the

²⁰² Lurie, "They Built a Utopian Sanctuary in a Minneapolis Hotel."

²⁰³ Fernandez and Burch, "George Floyd."

²⁰⁴ Lurie, "They Built a Utopian Sanctuary in a Minneapolis Hotel."

²⁰⁵ Stewart, "City Warns Hotels to Halt the '28 Day Shuffle."

²⁰⁶ Thompson, "Between Boundaries."

<u>Champlain Housing Trust</u>, the CLT purchased and converted motels into housing for people experiencing homelessness. We advocate the exploration of CLT models in relation to Hotels as Housing. But in doing so, we share the concerns of leading scholars who note that the CLT model "has evolved over time to become primarily a means to provide affordable housing, with a corresponding reduced emphasis on community control."²⁰⁷ Such shifts indicate that whether it is a CLT model or limited-equity cooperatives, what is urgently needed in Los Angeles is sustained commitment to "**community economies**." We borrow this term from the influential global research and practice network, <u>Community Economies</u>, but situate it within exciting initiatives in Los Angeles, such as the <u>Los Angeles Black</u> <u>Worker Center</u> and the <u>L.A. Co-op Lab</u>, which Gilda Haas describes as remaking the relationship between capital and community through close attention to the long history of racial inequality.²⁰⁸

Indeed, in Los Angeles, **hotel development has mediated an extractive relationship between capital and community**, with vast public subsidies flowing to luxury and convention hotels that have disrupted and displaced communities. Our report calls for vigilance that such schemes do not dominate the path to social and economic recovery, with upcoming mega-events notably the 2028 Olympics serving as excuses for hotel boosterism. Hotels as Housing imagines a different relationship between capital and community through public acquisition, community control, and tenant power.

As noted earlier in the report, we draw inspiration from the DTES SRO <u>Collaborative</u>, which has been organizing SRO tenants, one-third of whom are Indigenous, in Vancouver's Downtown Eastside and Chinatown, unceded Coast Salish territories, since 2017. Mobilizing around repairs in 98 privately owned SROs, the DTES SRO Collaborative's tenant committees have won significant victories, including a no-condominium zone and most recently, the expropriation of two "derelict" hotels by Vancouver City Council in 2019 for CAN\$1 each.²⁰⁹ The goal is for these hotels to be converted into social housing. The expropriation is part of a broader effort to stem what Wendy Pedersen, an organizer with the DTES SRO Collaborative has described as a "continuous loss of housing" as SROs convert to higher-end rental housing.²¹⁰ But it is also a refusal to accept the rightlessness that is repeatedly imposed on the unhoused, or as scholar Nicholas Blomley and member of Vancouver's <u>Right to Remain Collective</u> puts it, the argument that "crappy people deserve crappy housing," or put another way that "they are too vulnerable to be protected." Speaking at the UCLA Luskin Institute on Inequality and Democracy in February 2020, Pedersen emphasized that "every good thing" that was achieved by tenant organizing in the Downtown Eastside was through a "tooth and nail fight." Such struggle has included the establishment of a peer-to-peer harm reduction program, specifically led by "a grassroots union of drug users." Now the TORO (Tenant Overdose Response Organizers) project, the program mobilizes trained tenants to prevent overdose deaths as well as a broader framework of indigenous facilitation for addition, grief, and loss. Most recently, the DTES SRO Collaborative has secured public resources to establish a community-run food security program that addresses the needs of tenants during the COVID-19 emergency.²¹¹

The tooth and nail fights in Vancouver are instructive for (More) Hotels as Housing in Los Angeles. They are a grim warning about the possibility of hotels slipping into the "cockroach havens"—Pedersen's phrase for SROs in Vancouver that were once the welfare hotels of Los Angeles and New York, places that

²⁰⁷ DeFilippis et al., "W(h)
ither the ${\it Community}$ in Community Land Trusts?"

²⁰⁸ Haas, "Beyond Extraction."

²⁰⁹ Alam, "Vancouver Expropriates Two Derelict Hotels."

²¹⁰ St. Denis, "<u>It's Just a Continuous Loss of Housing</u>."

²¹¹ Personal communication between Wendy Pedersen and Ananya Roy, June 24, 2020.

housed those deemed "too vulnerable to be protected." An equally significant lesson is the importance of a system of harm reduction and supportive services rooted in community control and tenant power, rather than relegated to a mammoth homeless service industrial complex, especially one that perpetuates the policing and surveillance of the unhoused and the poor.

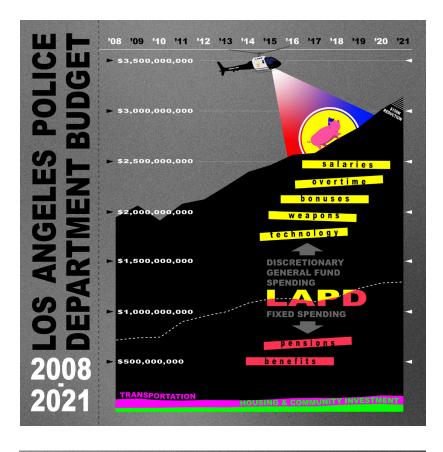
Epilogue: The Possible

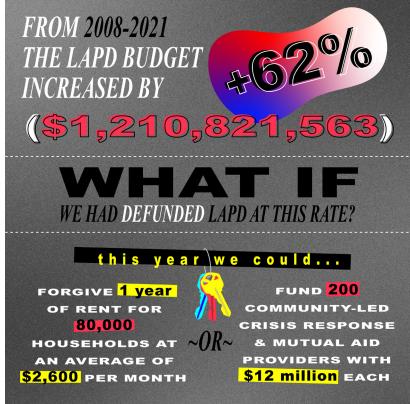
We anticipate that political actors in Los Angeles will wring their hands in despair upon reading this report, arguing that the costs of public acquisition of hotels and motels, of their conversion into livable spaces, and of social housing will run too high. Our work as housing justice scholars and organizers has always emphasized the importance of keeping people in their homes. The human and economic costs of providing shelter or housing after the systematic unhousing of communities is absurdly high; the entire system is perverse. But given the repeated political failure to keep people in their homes, (More) Hotels as Housing is a necessary strategy. Federal relief funds can be used for such urgent provision of housing. But even after such funds are used up or expire, (More) Hotels as Housing can be funded if there is the political will to do so. Even when imagined as enduring housing created through good-quality conversions, it will most likely be at a lower price point than existing models of housing provision, including homeless shelters and permanent supportive housing. The public resources exist.

We conclude by repeating that the conversion of publicly acquired tourist hotels and motels into **social housing** is an important horizon to keep in view for Los Angeles where models of affordable or permanent supportive housing have dominated and social housing has rarely been broached except by housing justice movements. Ultimately, if public officials are serious about meeting the vast gap in housing for rent-burdened tenants and the unhoused, there will have to be a serious commitment to the expansion of low-income and extremely low-income housing. The key distinction between social housing and existing models of housing development provision is the **decommodification of land and housing**. (More) Hotels as Housing not only bears the potential of meeting an urgent need for housing that ensures human dignity but can also serve as a model for the transformation of publicly acquired hotels, and the land on which they stand, as social housing.

The public resources for such housing exist. As the <u>People's Budget LA</u> has shown, what is needed is a shift in priorities, from cops to care, from police to housing, from racial oppression to justice. With this in mind, we end this report with two graphics from our partners at the <u>Anti-Eviction Mapping Project</u>, demonstrating the massive growth in police funding and what could be achieved in terms of housing justice if we interrupted such perverse investments in racialized policing, surveillance, and human caging.

Figure 2: What if...





Source: Anti-Eviction Mapping Project; graphics by Aryeh Cohen.

Appendix 1 Legal Authority to Commandeer Letter

		MUNGER, TOLLES & OLSON LL	Р	
RONALD L. OLSON	SETH GOLDMAN	350 SOUTH GRAND AVENUE	JOHN L. SCHWAB	JOHN D. MAHER
ROBERT E.DENHAM	GRANT A. DAVIS-DENNY	550 SOUTH ONAND AVENUE	ASHLEY D. KAPLAN	GINA F. ELLIOTT
JEFFREY I. WEINBERGER CARY B. LERMAN	JONATHAN H. BLAVIN DANIEL B. LEVIN	FIFTIETH FLOOR	JESSICA REICH BARIL	BRANDON R. TEACHOUT SEGUN I. BABATUNDE II CARSON C. ZHENG
GREGORY P. STONE BRAD D. BRIAN BRADLEY S. PHILLIPS	MIRIAM KIM MISTY M. SANFORD HAILYN J. CHEN	LOS ANGELES, CALIFORNIA 90071-3426	JEREMY K. BEECHER MATTHEW K. DONOHUE	LUCAS J. ARTAIZ USHA CHILUKURI VANCE BRIAN J. SPRINGER
GEORGE M. GARVEY WILLIAM D. TEMKO	BETHANY W, KRISTOVICH JACOB S, KREILKAMP	TELEPHONE (213) 683-9100	EMILY CURRAN-HUBERTY JORDAN X, NAVARRETTE	TYLER HILTON VINCENT LING
JOHN W. SPIEGEL DONALD B. VERRILLI, JR.* TERRY E. SANCHEZ	JEFFREY Y. WU LAURA D. SMOLOWE ANJAN CHOUDHURY	FACSIMILE (213) 687-3702	JOHN B. MAJOR LAUREN C. BARNETT	ALEXANDER S. GORIN BRENDAN GANTS* MARKUS BRAZILL MARI T. SAIGAL
STEVEN M. PERRY MARK B. HELM JOSEPH D. LEE	KYLE W. MACH HEATHER E. TAKAHASHI		C. HUNTER HAYES TREVOR N. TEMPLETON SKYLAR D. BROOKS	LAUREN E, SAIGAL LAUREN E, ROSS* ZOE BEDELL* BENJAMIN G, BAROKH
MICHAEL R. DOYEN MICHAEL E. SOLOFF GREGORY D. PHILLIPS	ERIN J. COX BENJAMIN J. HORWICH E. MARTIN ESTRADA		ELIZABETH R. DYER SARAH S. LEE	ABE DYK MICHELE C. NIELSEN MARIANNA MAD
KATHLEEN M. M°DOWELL GLENN D. POMERANTZ	MATTHEW A. MACDONALD BRYAN H. HECKENLIVELY	560 MISSION STREET	ELIZABETH A. KIM LAURA M. LOPEZ	OMAR H. NOURELDIN STEPHEN HYLAS ARIEL TESHUVA
THOMAS B. WALPER HENRY WEISSMANN	ELAINE J. GOLDENBERG* MARK R. YOHALEM	TWENTY-SEVENTH FLOOR	MICHAEL C. BAKER SARAH G. BOYCE*	SHANNON GALVIN AMINIRAD NATALIE KARL
KEVIN S. ALLRED JEFFREY A. HEINTZ JUDITH T. KITANO	CHAD GOLDER* GINGER D. ANDERS*	SAN FRANCISCO, CALIFORNIA 94105-3089	ADELE M. EL-KHOURI* COLIN A. DEVINE	BRANDON MARTINEZ ANTHONY J. RAMIREZ ANDREW LEWIS
JEROME C. ROTH GARTH T, VINCENT	MARGARET G. MARASCHINO JOHN M. GILDERSLEEVE	TELEPHONE (415) 512-4000	DANE P. SHIKMAN LEXI PEACOCK	CARRIE C, LITTEN BEAU C, TREMITIERE ESTALYN S, MARQUIS
TED DANE STUART N. SENATOR	ADAM B, WEISS GEORGE CLAYTON FATHEREE, III	FACSIMILE (415) 512-4077	MAGGIE THOMPSON	JAMES R. SALZMANN
MARTIN D. BERN	KELLY L.C. KRIEBS		SAMUEL H. ALLEN ALLISON M. DAY	OF COUNSEL
ROBERT L. DELL ANGELO BRUCE A. ABBOTT	JEREMY A. LAWRENCE		GIOVANNI S. SAARMAN GONZÁLEZ	
JONATHAN E. ALTMAN	LAURA K. LIN ACHYUT J. PHADKE		JONATHAN S. MELTZER*	ROBERT K. JOHNSON PATRICK J. CAFFERTY, JR.
KELLY M. KLAUS	ZACHARY M, BRIERS		LAUREN M. HARDING	PETER A. DETRE
DAVID B. GOLDMAN DAVID H. FRY	JENNIFER M. BRODER		NEFI D. ACOSTA	BRAD SCHNEIDER PETER E. GRATZINGER
LISA J. DEMSKY	KURUVILLA J. OLASA JUSTIN P. RAPHAEL	II55 F STREET N.W.	STEPHANIE G. HERRERA TERESA REED DIPPO	JENNY H, HONG
MALCOLM A. HEINICKE TAMERLIN J. GODLEY	ROSE LEDA EHLER ERIC P. TUTTLE	SEVENTH FLOOR	DANIEL BENYAMIN	KIMBERLY A. CHI DAVID S. HONG ADAM R. LAWTON
JAMES C. RUTTEN RICHARD ST. JOHN ROHIT K. SINGLA	JOHN W. BERRY ROBYN K. BACON JORDAN D. SEGALL	WASHINGTON, D.C. 20004-1361	SARA A. MCDERMOTT J. MAX ROSEN RACHEL G. MILLER-ZIEGLER*	MATTHEW S. SCHONHOLZ MICHAEL E. GREANEY
LUIS LI CAROLYN HOECKER LUEDTKE C. DAVID LEE	WESLEY T.L. BURRELL KAREN A, LORANG	TELEPHONE (202) 220-1100	ALISON F. KAROL SIGURÐSSON ANNE K. CONLEY	E. LEROY TOLLES
MARK H, KIM BRETT J, RODDA	CRAIG A. LAVOIE JOSHUA S. MELTZER	FACSIMILE (202) 220-2300	GRAHAM B. COLE KATHERINE G. INCANTALUPO DAVID P. THORESON	(1922-2008)
FRED A. ROWLEY, JR. KATHERINE M. FORSTER BLANCA FROMM YOUNG ROSEMARIE T. RING	ADAM P. BARRY JENNIFER L. BRYANT ANDREW CATH RUBENSTEIN HANNAH L. DUBINA	April 7, 2020	DAVID W. MORESHEAD ANDRE W. BREWSTER III TERRA D. LAUGHTON ROWLEY J. RICE	ADMITTED IN DC.
MELINDA EADES LEMOINE	NICHOLAS D. FRAM		JEREMY S. KREISBERG*	ALL OTHERS ADMITTED IN CA

Honorable Mayor Eric Garcetti 200 N. Spring St. Los Angeles, CA 90012

Re: Authority To Commandeer Hotels In Connection With COVID-19 Emergency

Dear Mayor Garcetti:

We write on behalf of our client, Housing Works, regarding the authority of the Mayor of Los Angeles ("Mayor") to commandeer hotel rooms to house homeless individuals in connection with the novel coronavirus ("COVID-19") emergency.

We recognize the demands on you and your team that have been presented by the COVID-19 crisis, and we want to underscore our great respect for and appreciation of your outstanding leadership. We offer this letter with the intent of extending even further your leadership to the Los Angeles homeless. We thank you for your consideration of it.

I. EXECUTIVE SUMMARY

The Mayor has broad emergency authority to commandeer hotel rooms to house homeless individuals in connection with the COVID-19 emergency. Our analysis focuses on the Mayor's legal authority under local, state, and federal law. We have not undertaken a factual assessment of the threat of COVID-19 and the necessity of the proposed intervention.

1. Authority under City law. The Administrative Code ("L.A. Admin. Code") of the City of Los Angeles ("City") gives the Mayor broad authority during the period of a declared local

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emergency to "obtain . . . such property as is needed for the protection of life and property of the people, and bind the City for the fair value thereof, and if required immediately, may commandeer the same for public use." L.A. Admin. Code, Div. 8, Ch. 3, § 8.30. This authority includes the power to commandeer hotel rooms to protect public health in a declared emergency.

2. Authority under state law. The exercise of such authority would be a valid exercise of the City's police power under the California constitution, and no state law would conflict with or otherwise preempt the exercise of that authority. To the contrary, the California Health & Safety Code expressly contemplates action by local authorities to prevent the spread of disease in a declared emergency.

3. Federal preemption. No federal law would preempt the Mayor's commandeering of hotels to meet a declared emergency.

4. Constitutional requirements. Neither state nor federal constitutional requirements prevent the Mayor from commandeering hotel rooms to meet a declared emergency. Under the takings and due process clauses of the U.S. and California constitutions, the Mayor may summarily commandeer hotel rooms to meet a public health emergency without providing preseizure notice, an opportunity to be heard, or compensation. Post-deprivation process suffices under such circumstances, therefore the Mayor could take control of hotel rooms first, and then negotiate these issues later. "Just compensation" may be measured by the fair market rental value of the rooms during the time of occupation.

II. BACKGROUND

On March 4, 2020, Governor Gavin Newsom issued a Proclamation of a State of Emergency, proclaiming a state of emergency to exist in California with respect to the introduction of COVID-19 in California. Also on March 4, the Mayor issued a Declaration of Local Emergency, declaring the existence of a local emergency under L.A. Admin. Code section 8.27. The City Council ratified the declaration within seven days, as required under state law. *See* Cal. Gov't Code § 8630(b). Because Governor Newsom waived the requirement that local authorities renew the local emergency, the present local emergency relating to COVID-19 may remain in effect until the statewide emergency terminates, or until the City Council terminates the local emergency.

III. ANALYSIS

A. <u>Municipal Law Authorizes the Mayor to Commandeer Property to Combat a</u> <u>Local Emergency</u>

The Los Angeles Administrative Code gives the Mayor broad powers to combat a declared local emergency. *See generally* L.A. Admin Code, Div. 8, Ch. 3. During the period of emergency, the Mayor serves as head of the Emergency Operations Organization ("EOO"), *id*.

8.29, the City's command and control organization for coordinating emergency response operations, *id.* § 8.43. As head of the EOO, the Mayor has the power to:

obtain vital supplies and other *such property as is needed for the protection of life and property of the people*, and bind the City for the fair value thereof, and, if required immediately, *may commandeer the same for public use*[.]

Id. § 8.30 (emphases added); *see also id.* § 8.29 ("The [Mayor] is authorized to promulgate, issue and enforce rules, regulations, orders and directives which the [Mayor] considers necessary for the protection of life and property.").

This authority to commandeer property is not limited to physical objects like "vital supplies," but also extends to real property. *See id.* § 8.43 (listing "services, equipment and facilities" as eligible to be "commandeered by" the Mayor); *see also* Cal. Civ. Code § 657 (defining property as real or personal); *Yuba River Power Co. v. Nevada Irrigation Dist.*, 207 Cal. 521, 523 (1929) (same). And the EOO's mandate includes "coordinating sheltering services for persons rendered homeless as a result of a local emergency." L.A. Admin. Code § 8.59. The vesting of emergency power (and other emergency powers) in the Mayor is backed by criminal sanction for willful obstruction. *See id.* § 8.77 (misdemeanor to "[w]illfully obstruct, hinder or delay" the enforcement of EOO directives).

B. <u>State Law Authorizes the Mayor's Exercise of Emergency Police Powers to</u> <u>Commandeer Property</u>

The Los Angeles Administrative Code's grant of emergency authority to the Mayor during the period of a declared local emergency is supported by the state constitution.

Article XI, section 7 of the California Constitution provides all cities with a broad, discretionary grant of power to "make and enforce within [their] limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws." Cal. Const. art. XI, § 7. Within the city territory, and in the absence of a conflict with state law, the "police power [of a city] . . . is as broad as the police power exercisable by the Legislature itself." *Candid Enters., Inc. v. Grossmont Union High Sch. Dist.*, 39 Cal. 3d 878, 885 (1985). Further, a charter city, like Los Angeles, possesses plenary authority over "municipal affairs." Cal. Const. art. XI, § 5. In practice, this authority gives way only where there is a conflict with state law and the state law addresses a matter of "statewide concern." *Anderson v. City of San Jose*, 42 Cal. App. 5th 683, 699 (2019).

1. Commandeering Hotel Rooms to Meet a Public Health Emergency Would Be a Valid Exercise of the City's Police Power

California courts have recognized that cities have the authority, grounded in their police power, to commandeer property "under the pressure of public necessity and to avert impending

peril," including to prevent the spread of disease. *Holtz v. Super. Ct.*, 3 Cal. 3d 296, 305-06 & n.10 (1970) (quintessential exercise of police power includes taking of property to prevent spread of disease); *see also Teresi v. State of Cal.*, 180 Cal. App. 3d 239, 243 (1986) ("There can be no question that [quarantine of property to prevent spread of disease] was an exercise of the state's police power."); *Jacobson v. Commw. of Mass.*, 197 U.S. 11, 25, 27 (1905) (state police power includes action to protect public health, explaining "a community has the right to protect itself against an epidemic of disease which threatens the safety of its members").

This power to commandeer property under the police power is reserved for emergencies. "The term 'emergency' has long been accepted in California as an unforeseen situation calling for immediate action. Not only must urgency be present, the magnitude of the exigency must factor." *Los Osos Valley Assocs. v. City of San Luis Obispo*, 30 Cal. App. 4th 1670, 1681 (1994) (citations and quotations omitted). During a local emergency, the City's police power to use, take, or destroy private property is at its height. *E.g., House v. L.A. Cty. Flood Control Dist.*, 25 Cal. 2d 384, 388-89 (1944) ("The state *or its subdivisions* may take or damage private property without compensation if such action is essential to safeguard public health, safety or morals." (emphasis added)); *see also Macias v. State of Cal.*, 10 Cal. 4th 844, 856 (1995) ("To take action in times of 'extreme peril to life, property, and the resources of the state' clearly represents the quintessential *governmental* function." (citation omitted)).

2. No State Law Would Conflict with Such Action

No state law would conflict with the Mayor's exercise of the City's police power to commandeer hotel rooms to meet a public health emergency. To the contrary, state law expressly contemplates action by local authorities to prevent the spread of disease in a declared emergency. The California Health & Safety Code provides that "[t]he governing body of a city shall take measures necessary to preserve and protect the public health, including the regulation of sanitary matters in the city, and including if indicated, the adoption of ordinances, regulations and orders not in conflict with general laws." Cal. Health & Safety Code § 101450. The Health and Safety Code further authorizes the governing body—here, the Los Angeles City Council—to appoint a city health officer who "may take any preventive measure that may be necessary to protect and preserve the public health from any public health hazard during any 'state of war emergency,' 'state of emergency,' or 'local emergency,' . . . within his or her jurisdiction." *Id.* § 101475; *see also* Cal. Health & Safety Code § 120175 (similar grant of authority).

Although the City has not appointed a health officer, the grant of this authority to localities indicates that the state does not intend to preclude local action in responding to public health emergencies. *See Sherwin-Williams Co. v. City of L.A.*, 4 Cal. 4th 893, 898 (1993) (preemption by state law occurs where state manifests intent to "fully occupy" the area). In *Davis v. Justice Court*, 10 Cal. App. 3d 1002 (1970), for example, the court held that state law governing emergency response did not preempt a local emergency response, including where the state law granted certain authorities to localities. *Id.* at 1007-10. The court held that the grant of

authorities "was not intended by the Legislature to be an exclusive grant of power" or "to interfere with the powers granted to [the localities]" under the California constitution (such as the police power). *Id.* at 1009. Similarly, there is no conflict here with the California Emergency Services Act, which grants authority to the Governor to commandeer property in emergencies. *See* Cal. Gov't Code § 8572. There is no indication that the state intended that grant of authority to the Governor to be exclusive.

Lastly, state-law limitations on the taking of property through eminent domain—such as procedural requirements under the California Eminent Domain Law, Cal. Code Civ. Proc. § 1230.010, *et seq.*—do not apply to the taking of property under the City's police power (although, as described below, due process requires certain post-deprivation process). *See Lees v. Bay Area Air Pollution Control Dist.*, 238 Cal. App. 2d 850, 856-57 (1965) (distinguishing exercise of eminent domain and police powers); *GCP Mgmt.*, *LLC v. City of Oakland*, No. A135871, 2013 WL 5872243, at *5 (Cal. Ct. App. Nov. 1, 2013) (same).

C. <u>Federal Law Does Not Preempt the Mayor's Authority</u>

Federal law presents no obstacle to the exercise of the Mayor's authority to commandeer property in a public health emergency. Courts recognize three types of federal preemption: express preemption, implied preemption, and field preemption. *Ariz. v. United States*, 567 U.S. 387, 399 (2012); *Nat'l Fed'n of the Blind v. United Airlines Inc.*, 813 F.3d 718, 724 (9th Cir. 2016). None of these types of preemption is present here.

Express or implied preemption. We have not identified a federal law expressly prohibiting the Mayor from commandeering property in a public health emergency or impliedly conflicting with such action. The Stafford Act, the primary source of federal emergency power, authorizes the federal government to procure buildings by "condemnation or otherwise" for emergency preparedness, 42 U.S.C. § 5196(i)(1), but it does not preclude the states from doing so as well.

Field preemption. Nor does field preemption—where Congress makes a decision "to foreclose any state regulation in [an] area, even if it is parallel to federal standards," *Ariz.*, 567 U.S. at 401—apply, because Congress has not determined that public health or emergency response "must be regulated by . . . exclusive [federal] governance." *Id.* at 399. Many federal laws address issues that may arise during public health crises. *See, e.g.*, Centers for Disease Control, Selected Federal Legal Authorities Pertinent to Public Health Emergencies, <u>https://www.cdc.gov/phlp/docs/ph-emergencies.pdf</u>. But nothing about their text, structure, or purpose suggests they would preempt the City's authority to commandeer hotel rooms in a public health emergency. Indeed, federal emergency laws are designed to facilitate cooperation between all levels of government to ensure effective emergency response.¹ Further, emergency

¹ See, e.g., 42 U.S.C. § 5121 (Stafford Act) (purpose is to assist state and local governments when disaster strikes); 42 U.S.C. § 247d(b)(2) (Public Health Service Act) (federal funds used to

confiscation of property for public use goes to the core of states' sovereign power. *See Duke Energy Trading & Mktg., LLC v. Davis*, 267 F.3d 1042, 1053 (9th Cir. 2001). And, as noted above, states retain inherent police power to take action to prevent the spread of disease.

D. <u>Neither Federal Nor State Constitutional Limitations Prevent the Mayor</u> <u>from Commandeering Hotels to Meet an Emergency—And Notice, an</u> <u>Opportunity to Be Heard, and Compensation May Be Provided After the</u> <u>Fact</u>

1. Federal and State "Takings" Requirements

Both the U.S. and California constitutions prohibit the government from "taking" private property "for public use without just compensation." U.S. Const. amend. V; Cal. Const. art. I, § 19 (hereinafter, the "takings clauses"). These provisions "do[] not *prohibit* the taking of private property, but instead place[] a condition on the exercise of that power." *First English Evangelical Lutheran Church of Glendale v. L.A. Cty.*, 482 U.S. 304, 314 (1987) (emphasis added). Therefore, although they require "just compensation," the takings clauses do not prohibit the Mayor from commandeering hotel rooms to house homeless individuals to meet a public health emergency. *Id.*

The Mayor may take such action summarily and assess compensation at a later time. Although a property owner may bring a takings claim as soon as her property has been taken, the government need not compensate the owner in advance of the taking "[s]o long as the property owner has some way to obtain compensation after the fact." *Knick v. Twp. of Scott, Pa.*, 139 S. Ct. 2162, 2167-70 (2019). We discuss below the post-deprivation process that must be afforded.

In cases involving temporary takings, "just compensation" is the reasonable value of the government's use of the property. *See United States v. Pewee Coal Co.*, 341 U.S. 114, 117 (1951); *First English*, 482 U.S. at 319. The usual measure is the "rental value of the property for the period of the taking." *Yuba Nat'l Res., Inc. v. United States*, 904 F.2d 1577, 1580-81 (Fed.

[&]quot;facilitate coordination between and among Federal, State, local, tribal and territorial entities"); *id.* § 243(a) (federal officials authorized to assist states in enforcing quarantines and preventing spread of diseases); 34 U.S.C. § 50101 (Emergency Federal Law Enforcement Assistance Act) (authorizes federal assistance after state request); 6 U.S.C. § 314(a)(5) (Homeland Security Act) (FEMA administrator directed with "building a comprehensive national incident management system with Federal, State, and local government personnel"); S. Rep. No. 109-319, at 2 (2006) (Pandemic and All Hazards Preparedness Act) (purpose is to "[e]mphasize[] that State and local public health departments . . . are the infrastructure of our Nation's public health security system").

Cir. 1990). Consequential damages like loss of profits or goodwill are generally not recoverable. *See United States v. Gen. Motors Corp.*, 323 U.S. 373, 379 (1945).

The rental value of the hotel rooms during the period of commandeering might be diminished given lower market demand for hotel rooms during the COVID-19 pandemic. Media reports indicate that hotel occupancy and revenue per room have plummeted as a result of the outbreak. The American Hotel and Lodging Association has stated that half of hotels might close as a result.² In this environment, the hotels may in fact *benefit* from receiving government funds for rooms that would otherwise remain vacant. Further, under basic takings principles, the City should be required to compensate owners only for losses incurred by the government's act itself, not those caused by external factors. *Pewee Coal Co.*, 341 U.S. at 119-21 (Reed, J., concurring). The City could therefore potentially compensate a significantly discounted rate for the rooms.³

2. Summary Property Seizures in an Emergency Do Not Violate Due Process Protections, but Post-Deprivation Process Should be Provided

Both the U.S. and California constitutions provide due process protections applicable to the deprivation of legally protected property interests. U.S. Const. amend. XIV, § 1; Cal. Const. art. I, § 7. Due process has both a procedural and a substantive component. Neither doctrine precludes the Mayor from exercising his authority to commandeer hotels as an emergency response measure for homeless individuals threatened by COVID-19. The City should, however,

² See Harriet Baskas, "Hotels face drop in occupancy, revenue amid coronavirus outbreak," CNBC (Mar. 18, 2020), <u>https://www.cnbc.com/2020/03/18/coronavirus-hotels-face-drop-in-occupancy-revenue-amid-outbreak.html</u>; Newley Purnell & Frances Yoon, "Do Not Disturb: Hotels Hammered by Coronavirus Offer 14-Day Quarantine Packages," Wall Street Journal (Mar. 19, 2020), <u>https://www.wsj.com/articles/hit-by-coronavirus-slowdown-hotels-try-catering-to-the-quarantined-11584624502</u>; David Oliver, "Half of US hotels could close amid coronavirus crisis, industry exec says," USA Today (Mar. 21, 2020) <u>https://www.usatoday.com/story/travel/hotels/2020/03/20/coronavirus-half-us-hotels-couldclose-amid-pandemic/2885071001/</u>; Rachel Siegel, "U.S. economy expected to lose 4.6 million travel-related jobs this year from coronavirus fallout," Washington Post (Mar. 17, 2020), <u>https://www.washingtonpost.com/business/2020/03/17/travel-hotel-industry-coronavirus-jobs/</u>.

³ The City could argue that it need not pay owners because commandeering is necessary to avert imminent peril to the community. But cases applying this so-called "emergency" or "necessity" exception involve damage or destruction to property, often for some urgent law enforcement need. *See, e.g., Bowditch v. Boston*, 101 U.S. 16, 19 (1879); *United States v. Caltex*, 344 U.S. 149, 154 (1952); *Customer Co. v. City of Sacramento*, 10 Cal. 4th 368, 383 (1995). Its applicability to *use* of property is unclear, and case law in this area is underdeveloped.

provide post-seizure notice to hotel operators and an opportunity to be heard, and it should assess and provide just compensation after the fact.

(a) Substantive Due Process

Substantive due process "bars certain arbitrary, wrongful government actions 'regardless of the fairness of the procedures used to implement them." *Zinermon v. Burch*, 494 U.S. 113, 125 (1990). A court reviewing a deprivation of property, as here, would apply a deferential rational basis standard. *See Lone Star Sec. & Video, Inc. v. City of L.A.*, 584 F.3d 1232, 1236 (9th Cir. 2009) (applying rational basis review to towing law); *Levald, Inc. v. City of Palm Desert*, 998 F.2d 680, 690 (9th Cir. 1993) (applying rational basis review to "economic legislation"). Under that standard, state action will be upheld unless it "was 'clearly arbitrary and unreasonable, having no substantial relation to the public health, safety, morals, or general welfare." *Sinaloa Lake Owners Ass 'n v. City of Simi Valley*, 882 F.2d 1398, 1407 (9th Cir. 1989), *overruled on other grounds*.

To survive rational basis review in the context of a public health intervention, the City must meet two requirements: (1) there must be a demonstrated public health threat; and (2) the intervention—here, seizing housing for homeless persons—must be rationally related to the goal of mitigating the threat. *See, e.g., Jacobson,* 197 U.S. at 28-31 (rejecting constitutional challenge to mandatory vaccination law because "all civilized peoples" appreciate the efficacy of vaccinations in stopping contagion); *Compagnie Francaise de Navigation a Vapeur v. La. Bd. of Health,* 186 U.S. 380, (1902) (permitting involuntary quarantine of persons suffering from communicable diseases); *Hickox v. Christie,* 205 F. Supp. 3d 579, 600 (D.N.J. 2016) (holding that quarantine of nurse after caring for Ebola patients did not violate substantive due process because it was reasonably related to protecting public health).

The intervention need not be the <u>only</u> way or even the <u>most effective</u> way to address the situation. Courts give deference to public officials in identifying public health threats and developing a response. *See Zucht v. King*, 260 U.S. 174, 176 (1922) ("[T]he municipality may vest in its officials broad discretion in matters affecting the application and enforcement of a health law."); *Jacobson*, 197 U.S. at 30-31 (explaining that legislatures, not courts, must determine which policies will best promote public health). As long as it is "at least fairly debatable" that the state's actions are reasonably related to mitigating a health threat, substantive due process is satisfied. *Christensen v. Yolo Cty. Bd. of Supervisors*, 995 F.2d 161, 165 (9th Cir. 1993).

Thus, substantive due process would not limit the Mayor's authority to take action, including to commandeer hotel rooms, rationally related to the goal of mitigating a demonstrated public health threat.

(b) *Procedural Due Process*

Procedural due process requires, at a minimum, notice and an opportunity to be heard. *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 542 (1985); *D & M Fin. Corp. v. City of Long Beach*, 136 Cal. App. 4th 165, 174 (2006). Although the state generally must provide such process <u>before</u> it deprives a party of a protected interest, <u>post-deprivation</u> notice and hearings or remedies can sometimes satisfy due process. *Cleveland*, 470 U.S. at 542; *see Calero-Toledo v. Pearson Yacht Leasing Co.*, 416 U.S. 663, 679-80 (1974) (explaining that, under certain circumstances, "postponement of notice and hearing until after seizure d[oes] not deny due process"). Courts balance three factors to determine whether post-deprivation process will suffice: (1) the private interest that will be affected by the official action; (2) the risk of an erroneous deprivation of that interest and the probable value, if any, of additional procedures; and (3) the government's interest, including the burden of providing additional safeguards. *Mathews v. Eldridge*, 424 U.S. 319, 335 (1976).

In weighing these *Mathews* factors, courts grant substantial deference to officials who take immediate action to address an emergency. California and federal authorities have held that "summary governmental action taken in emergencies and designed to protect the public health, safety and general welfare does not violate due process." Sinaloa Lake Owners Ass'n, 882 F.2d at 1405-06; Leppo v. City of Petaluma, 20 Cal. App. 3d 711, 718 (1971) ("In an emergency situation involving the physical safety of the populace, the city could dispense with a due process hearing and demolish a building summarily."). Therefore, faced with exigent circumstances, the state may deprive a party of protected rights without pre-deprivation process, saving such process for a later time. See Parratt v. Taylor, 451 U.S. 527, 539 (1981), overruled on other grounds ("[T]he necessity of quick action by the State . . . when coupled with the availability of some meaningful means by which to assess the propriety of the State's action at some time after the initial taking, can satisfy the requirements of procedural due process"); Leslie's Pool Mart, Inc. v. Dep't of Food & Agric., 223 Cal. App. 3d 1524, 1532 (1990) (describing same); N. Am. Cold Storage v. City of Chi., 211 U.S. 306, 315 (1908) (public health emergency justified summary seizure and destruction of potentially contaminated food without a pre-seizure hearing): Ewing v. Mytinger & Casselberry, Inc., 339 U.S. 594, 599 (1950) (same).

Thus, the Mayor may take summary action in an emergency, including to commandeer hotel rooms, where providing pre-deprivation process would not be adequate to meet the emergency. Neither state nor federal law prescribes a specific form that the post-deprivation process must take. For example, in *County of Los Angeles v. Baker*, No. B160577, 2005 WL 1661986, at *5 (Cal. Ct. App. July 18, 2005) (unreported), the court held that due process was satisfied based on *negotiations* between a county and plaintiff in connection with an alleged property deprivation. *Id.* at *5. The court held that the negotiations provided the plaintiff notice of the county's contemplated action, an explanation of the evidence against it, and an opportunity to be heard. *Id.*; *see also id.* at *8 (rejecting argument that post-deprivation judicial review was

an inadequate substitute for an administrative hearing on the ground that the pre-suit negotiations satisfied the hearing requirement).

3. Commandeering Property to Meet an Emergency Is Also Consistent with the Fourth Amendment Prohibition on Unreasonable Seizures

When a seizure is sustainable under the Due Process Clause, constitutional analysis of the same acts under the Fourth Amendment "is similar and yields a like result." *G. M. Leasing Corp. v. United States*, 429 U.S. 338, 352 n.18 (1977); *see also Soldal v. Cook Cty., Ill.*, 506 U.S. 65, 70-71 (1992) (explaining that it would be "a laborious task" to establish that a seizure that satisfied due process was "unreasonable" under the Fourth Amendment). The touchstone of the Fourth Amendment analysis, like in the due process analysis, is reasonableness.⁴

Because the commandeering of hotel rooms to meet a public health emergency, followed by post-deprivation notice and an opportunity to be heard, comports with due process, the same conduct satisfies the Fourth Amendment. *See Camara v. Mun. Ct. of City & Cty. of S.F.*, 387 U.S. 523, 539 (1967) (explaining that the Fourth Amendment does not "foreclose prompt inspections, even without a warrant, that the law has traditionally upheld in emergency situations"). If anything, the Fourth Amendment presents a lower bar to the contemplated action than procedural due process. This is because the commercial nature of the owners' properties mitigates their Fourth Amendment interests. As the Supreme Court has explained, "the expectation of privacy that the owner of commercial property enjoys in such property differs significantly from the sanctity accorded an individual's home." *Donovan v. Dewey*, 452 U.S. 594, 598-99 (1981). This reduced privacy interest affords the City significant latitude in seizing commercial properties to slow the spread of contagion. *Id.; see also Hroch v. City of Omaha*, 4 F.3d 693, 696-97 (8th Cir. 1993) (holding that warrantless demolition of condemned building

⁴ For example, courts routinely hold that once a building has been condemned through constitutional administrative procedures, it is reasonable for authorities to seize the property and abate the nuisance. *See Freeman v. City of Dallas*, 242 F.3d 642, 653 (5th Cir. 2001) (holding that city's demolition of apartments that had been declared "urban nuisances" was reasonable given the adequacy of condemnation procedures and the city's interest in protecting the public from unsafe structures); *Samuels v. Meriwether*, 94 F.3d 1163, 1168 (8th Cir. 1996) (holding that "an abatement carried out in accordance with procedural due process is reasonable in the absence of any factors that outweigh governmental interests"). Authorities need not obtain a warrant before seizing a nuisance property, unless seizure would infringe a constitutionally protected privacy interest. *See Freeman*, 242 F.3d at 644-45 ("A warrant is unnecessary when a municipality seizes property that has been declared a nuisance by means of established police power procedures."); *Schneider v. Cty. of San Diego*, 28 F.3d 89, 91-92 (9th Cir. 1994) (holding that county's warrantless seizure of vehicles under a nuisance ordinance did not violate the Fourth Amendment when the owner had no legitimate expectation of privacy in the area where the vehicles were parked).

was not unreasonable when owner did not live in the buildings, used them only for commercial purposes, and took no steps to protect personal property inside).

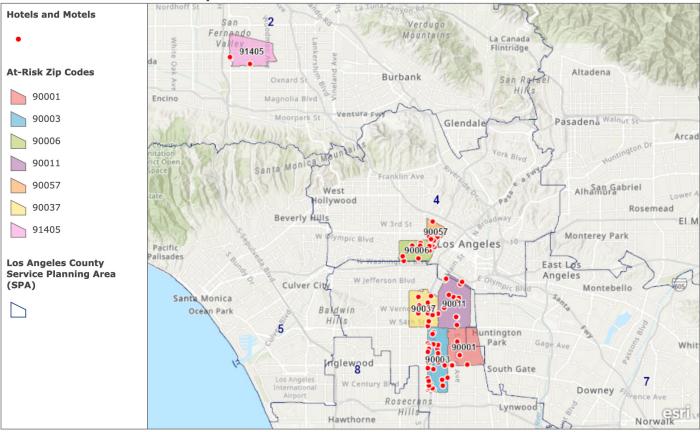
Sincerely,

Erel Pellitein

MUNGER, TOLLES & OLSON LLP Ronald L. Olson Andrew Cath Rubenstein Trevor N. Templeton Dane P. Shikman Stephen Hylas Andrew Lewis

Cc: Ana Guerrero, Chief of Staff

Appendix 2 Hotels and Motels in At-Risk Zip Codes



Hotels and Motels in At-Risk Zip Codes

Esri, NASA, NGA, USGS | County of Los Angeles, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA

An interactive version of this map, allowing users to select properties to view information on their size, use, and current valuation, is available at <u>http://arcg.is/1eiaX5</u>.

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Author Biographies



Ananya Roy Ananya Roy is Professor of Urban Planning, Social Welfare and Geography and inaugural Director of the UCLA Luskin Institute on Inequality and Democracy. She holds the Meyer and Renee Luskin Chair in Inequality and Democracy. Ananya's research and scholarship has a determined focus on poverty and inequality. Her various books and publications have examined processes of dispossession and displacement and the movements and mobilizations that contest them. She is the recipient of several awards including the Paul Davidoff book

award, which recognizes scholarship that advances social justice, for *Poverty Capital: Microfinance and the Making of Development* (Routledge, 2010). Ananya currently leads two research initiatives: a National Science Foundation Research Coordination Network (BCS 1758774) on *Housing Justice in Unequal Cities* and a Mellon Foundation Sawyer Seminar on *Sanctuary Spaces: Reworlding Humanism*.



Gary Blasi is Professor of Law Emeritus at the UCLA School of Law. He joined the faculty of the law school in 1991, after working as an advocate and attorney for people in poverty for 20 years. Early in his career, Blasi specialized in the representation of low-income tenants. When mass homelessness came to Los Angeles in 1983, his primary work began to focus on working with and representing unhoused people. For eight years, he directed the Homelessness Litigation Project at the Legal Aid Foundation of Los Angeles, where he coordinated litigation on

behalf of indigent and homeless people in Los Angeles County. After becoming a law professor, Blasi's research included examining the public response to homelessness across a range of issues, including the cognitive and social psychology of how people understand the causes of homelessness and why people come to support particular solutions to the problem, with a special focus on the role of race in shaping both. Professor Blasi took emeritus status in 2012 but continues to do research and maintain an active pro bono legal practice.



Jonny Coleman is a writer and organizer with NOlympics LA, a grassroots coalition opposing the LA Olympic bid and the Olympics at large for their role in gentrification, displacement, and policing. Much of this work has focused around hotel speculation, eminent domain, and the consequences of using redevelopment as a solution for holistic inequity. He has contributed to several of the recent Los Angeles-based projects mentioned in this report which expose the barbarity of our hypercommodified housing systems like No Vacancy CA and Reclaiming Our

Homes. His work on mega-events, hotels and gentrification has been published in *The Nation, The Appeal, In These Times, Deadspin, Knock LA*, and elsewhere.



Elana Eden is a movement researcher and housing justice activist from Los Angeles. She co-directs the Anti-Eviction Mapping Project-LA, which resists racist displacement and dispossession through oral history, data work, advocacy and direct action. She is also an editor of the *Radical Housing Journal* and a member of its global collective of scholar-activists. Elana's research and organizing interests are focused on the intersection of housing justice and prison abolition. She studied rhetoric and social and cultural geography at UC Berkeley, and currently works in fair housing.

