Guest View: A boutique hotel and Pasadena's stimulus

By Peter Dreier
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THERE are two signs in front of the seven-story building on the southwest corner of Colorado Boulevard and Mentor Avenue.

One says: "Putting America to Work. Project Funded by the American Recovery and Reinvestment Act."

The other says: "Pasadena Manor. Retirement Hotel."

The first sign was erected after the Pasadena City Council recently approved awarding its entire $11.1million allocation of federal stimulus funds to a private developer who wants to turn the building into a 156-room boutique luxury hotel. This is a mistake, and a misuse of scarce tax dollars, on both economic and moral grounds. The council, which will soon hold a public hearing on this project, should rethink this

decision.

An Arcadia-based developer,

Singpoli Pacifica, purchased the

building with the goal of converting it and several adjoining buildings into a 261,000-square-foot, $76-million

megaproject that includes the hotel,

a seven-story office building on the corner of Lake and Colorado replacing the current two-story Bank of America building, five luxury condos and additional commercial stores.

Having paid $9.6 million for the property, Singpoli is now coming hat in hand to the city to bail it out. If it needed $11.1 million to make the project "pencil out," it shouldn't have paid so much for the building. Who do they think they are - Goldman Sachs?

According to city officials, the federal

funds are targeted entirely for the hotel renovation. The rest of the project is supposed to pay for itself.

The sign boasts that the funds will be "putting Americans to work." Indeed, the luxury hotel will create

70 to 80 jobs. That translates into approximately $160,000 in federal funds for each job.

But what kind of jobs? According to the developer's consulting firm,

CB Richard Ellis, the hotel will pay poverty-level wages. That's the situation in the other non-union Pasadena hotels, which also offer employees

few benefits such as health insurance and paid vacations. For example, non-union hotel housekeepers in the area are paid an average of

$9.78 an hour (below the official poverty level) an ... to 30 rooms per day, while unionized hotel

Should this new hotel project get the green light, few of its employees will be able to afford to live in Pasadena on such meager salaries.

Is that really a good use of $11.1million? Should taxpayers really subsidize a business that will make big profits but pay poverty-level jobs? If a private developer can't make money creating a luxury hotel, why should the city pour taxpayer funds into the project?

The other sign, "Pasadena Manor. Retirement Hotel," is the only visible reminder that just three years ago, about 160 elderly and disabled people lived there. The residents, some of whom had lived there for decades, were involuntarily evicted from their homes in August 2007.

Two of the tenants I talked to told me that they received their notices of eviction 40 days before the day they had to leave. This was confirmed by two lawyers for tenants. State law requires 60 days. On Aug. 24, 2007 - within days after the last tenant was thrown out - Singpoli Pacifica paid Ruchel Enterprises $9.6 million for the property.

The city also failed to implement its own ordinance requiring landlords to pay relocation expenses. Lawyers estimate the typical tenant should have received $4,500 to $5,000 each, based on the law. The Pasadena Manor owner argued that the residents were not really "tenants" because it was a retirement home,

not an apartment building. But residents had a lease and paid rent by the month., and city officials failed to enforce the law. One of the residents died soon after she was evicted. Another former resident believes that her death was due to the trauma of that eviction.

"Everybody's world was turned upside down," recalled Jean Atkinson, who lived at the Pasadena Manor for several years.

Atkinson paid $950 a month for a small room, with only $115 left over from her Social Security check each month. But, she said, "they provided three meals a day, and they did your laundry and took you to your doctor appointments."

The closing of the Pasadena Manor represented a significant loss of affordable housing units in a city already facing a desperate shortage. According to the city's Housing Element report, Pasadena has met less than 30 percent of its need for low-income housing and is still far from reaching its need for moderate-income housing. In contrast, the city has met 253 percent of its need for market-rate and luxury housing.

Moreover, the developer has told the owners of several long-term retail businesses - including a Thai restaurant, a copy store and a nail parlor - they will be evicted from the adjoining building. According to Anna Truong, who owns Pasadena Nails, the developer almost tripled her rent from about $3,300 a month to about $9,000 a month.

What steps should the city take?

It could allow the office project to continue, but kill the hotel component and insist that the old Pasadena Manor remain as housing, utilizing federal funds to guarantee that some of the apartments are affordable to working families, seniors and low-income renters.

As a quid pro quo for the $11.1million subsidy, it could require the hotel pay its employees at least $11.88 an hour, a "living wage" under the city's own ordinance.

It could require the developer to pay several million dollars into Pasa-

dena's housing trust fund to mitigate the worsening housing crisis that its low-wage jobs will cause.

None of this will bring back the elderly tenants who were inhumanely evicted from their homes three years ago. But it would restore some sense of moral and economic fairness, and allow Pasadena to live up to its self-image as a city that cares about its residents and seeks to share its prosperity. In that way, Pasadena would be saying its decisions should benefit the entire community, not just the fortunate few.

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