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PHOTO: Bettina Monique Chavez (Pasadena Manor today)

Poverty living at luxury prices

Stimulus funds should not be used to bankroll a private project that has already displaced poor and elderly people while promising poverty-level jobs

By Peter Dreier 11/04/2010

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Three years ago Singpoli Pacifica, an Arcadia-based developer, purchased the seven-story building at the southwest corner of Colorado Boulevard and Mentor Avenue in Pasadena for $14 million. In July, the Pasadena City Council approved allocating $11.1 million in federal stimulus funds to the developer to convert the building into what it describes as an "upscale limited service boutique hotel."

What is wrong with this picture?

First, it is absurd for the local government to bail out Singpoli Pacifica because it paid too much for the property and now can't make the project "pencil out." If a private developer can't make money creating a 156-room luxury hotel, why should the city pour taxpayer funds into the project?

Second, the stimulus program was enacted to create good jobs, but the hotel will pay its employees poverty-level wages. Should this hotel project get the green light, few of its employees will be able to afford to live in Pasadena on such meager salaries due to the city's desperate shortage of low-rent housing. Why should taxpayers subsidize a business that creates poverty-level jobs?

Third, until Singpoli purchased the building, it was called Pasadena Manor, home to 160 elderly and disabled people who were involuntarily and illegally evicted from their homes. Pasadena needs affordable housing more than it needs another luxury hotel. Putting $11.1 million in federal financing into this deal compounds the city's failure to protect the vulnerable seniors whose rights were violated when they were evicted.

The City Council still has an opportunity to stop this outrageous misuse of tax dollars. If citizens appeal the city's approval, the council will hold another public hearing on the project. At that point, it should rethink its decision.

The hotel is part of a larger $76 million, 232,000 square-foot mega-project that includes several adjoining buildings on the same block. Singpoli's plans also include a seven-story office building on the corner of Lake Avenue and Colorado (replacing the two-story Bank of America building), five luxury condos, an underground parking garage and additional commercial stores. The developer has told the owners of several long-term retail businesses — including a Thai restaurant, a copy store and a nail parlor — that they will be evicted from the building next to the hotel.

According to city officials, the federal financing is targeted solely for the renovation of the hotel, which was built in 1926 as the Constance Hotel. The rest of the project is supposed to pay for itself.

Had city officials been more entrepreneurial, they could have targeted Pasadena's federal stimulus funds to a project that would actually create good jobs, as other cities have done. But no City Council member or appointed city official raised any serious questions about the city designating its entire $11.1 million allocation to a high-price but low-wage hotel.
What happened?

Representing Singpoli Pacifica is attorney Richard McDonald, who was serving as vice chair of the council-appointed Pasadena Planning Commission when that body reviewed the project in May 2009. At the time, McDonald recused himself from discussing the project. His seven-year tenure on the commission ended this June. But his involvement has the appearance of a conflict of interest. It reflects the kind of insider politics that can undermine the public's faith in government.

Eager to see the hotel fixed up, Pasadena Heritage, the influential historic preservation group, endorsed the project. But there's no reason that it can't be historically restored as housing for seniors. The group seems more concerned with protecting old buildings than old people.

Likewise, the Pasadena Chamber of Commerce and the South Lake Business Association want the project to move forward to create jobs. But most of the project's permanent jobs will be in the office complex, not the hotel. The project will create the same number of construction jobs whether the old Pasadena Manor becomes a fancy hotel or affordable housing.

To make matters worse, city officials failed to conduct an independent analysis of the project's potential economic impact, including the hotel component that is receiving the stimulus funds. Instead, they relied on the developer's consultant, CB Richard Ellis (CBRE). Economist Ross Selvidge, a politically connected Pasadenan who has served on the Rose Bowl Operating Co. and on other appointed commissions, conducted CBRE's analysis.

In a December 2009 memo, Selvidge projected that the hotel would generate 156 permanent jobs — one for each room. But the industry rule-of-thumb is about one employee for every two hotel rooms — half of Selvidge's bogus figure. For example, the Pasadena Hilton, a full-service 296-room hotel, has 150 employees.

Based on more realistic estimates, the boutique hotel will create between 70 and 80 permanent jobs. But what kind of jobs?
According to Selvidge, the hotel will pay its employees an average of $22,000. This is below the official poverty level. Non-union hotel housekeepers in the area earn an average of $9.78 an hour — below the poverty level — clean up to 30 rooms per day, and don't get health insurance or paid vacations. In contrast, unionized hotel housekeepers earn $14.80 an hour, clean 12 to 15 rooms per day and receive significant benefits.

A city official acknowledged that one criterion for allocating the federal funds was supposed to be the quality of the jobs. Congress certainly didn't intend American Recovery and Reinvestment Act funds to be used to create poverty-level jobs. The city is also using federal stimulus funds to repair the road in front of the Singpoli property, which will enhance the project's value.

Singpoli Pacifica initially focused on construction projects in China before investing in California in the early 1990s. The firm owns office and retail buildings, including the building that houses the Pasadena Star-News, across the street from Pasadena Manor.

Singpoli purchased the Pasadena Manor building from Ruchel Enterprises, which owns a chain of retirement homes. Ruchel gave the elderly residents only 40 days to move, according to several tenants and lawyers. State law requires 60 days. On Aug. 24, 2007 — a few days after the last tenant was thrown out — Singpoli paid Ruchel $14 million for the property. Singpoli clearly wanted the building emptied before they bought the property.

The city also failed to enforce its ordinance requiring landlords to pay relocation expenses — about $5,000 to each tenant. Ruchel claimed 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.

"No one will be evicted," then-City Manager Cynthia Kurtz told Pasadena Now at the time. She told the online publication "we'll continue to see if we can find places for them to stay as close as possible, if not right within Pasadena."

Interviewed recently, several former Pasadena Manor residents said the city provided no help in challenging the illegal evictions, making the landlord pay the relocation expenses, or assisting tenants to find new places to live. "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, leaving her 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's appointments."
One of the residents died soon after she was evicted. Another former resident believes her death was due to the trauma of that eviction.

Few of the residents found comparable housing in Pasadena, close to friends, family, doctors and other services that provided support and a sense of community. Atkinson, who reluctantly moved to San Bernardino, misses her friends from what she calls "the Manor."

The Pasadena Manor's closing represented a significant loss of affordable housing 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. In contrast, the city has met 253 percent of its need for market-rate and luxury housing. For years, Pasadena's development policy has promoted gentrification while doing little to address the housing needs of the working families and seniors who represent a majority of Pasadena's population. It adds insult to injury that now the City Council has rubber-stamped $11.1 million in federal financing to subsidize a private developer.

What steps should the city take?

- Allow the office project to continue, but kill the hotel component and insist that the old Pasadena Manor remain as housing, utilizing different federal funds to guarantee that some units are affordable to working families, seniors and low-income renters.
- Or, as a quid pro quo for the $11.1 million in government financing, require the hotel to pay its employees at least $11.88 an hour, considered a “living wage” under the city’s own ordinance.
- Either way, require the developer to pay $3 million into Pasadena’s housing trust fund to mitigate the worsening housing crisis that its low-wage jobs will cause, a policy other cities have adopted.

None of this will bring back the elderly tenants who were illegally and inhumanely evicted from their homes three years ago. But it would 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 that its decisions should benefit the entire community, not just the fortunate few.

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"Third, until Singpoli purchased the building, it was called Pasadena Manor, home to 160 elderly and disabled people who were involuntarily and illegally evicted from their homes.

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The city also failed to enforce its ordinance requiring landlords to pay relocation expenses —"

Do you really think that "the government" is there to serve the "peeepul?" America's SCOTUS made it official when the corporate fascist fiction was granted (super)personhood, and as was also ruthlessly made clear with the Raymond Theater, Pasadena City Hall IS for sale to the highest (corporate) bidder.

As a facilitator, the fiction of Uncle Sam is now almost fully absorbed by Mussolini's brain-child.

Also, the primary reason why Meg Witman didn't win her political contest was because she ran as an individual. The modern definition of biological individuals today is encompassed by the three words "second-class-citizen."

By contrast, have no doubt, there IS a(t least a few) corporate hand(s) sticking up Jerry Brown's butt. What's your name-brand?

DanD

posted by **DanD** on 11/04/10 @ 07:36 a.m.

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