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Where'd my apartment go?

May 21, 2006 | Peter Dreier | PETER DREIER is a professor of politics and director of the Urban & Environmental Policy program at Occidental College.

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IN JANUARY, Schaffel Development Co. bought an apartment building on Albers Street in Valley Village, near the new Metro Orange Line station. Soon after, tenants received eviction notices. The company intends to convert the 74 apartment units into condominiums. Meanwhile, Apartment Investment & Management Co., which owns the 795-unit Lincoln Place apartment complex in Venice, has already evicted most of the tenants to make way for market-rate housing.

Since 2001, at least 11,000 affordable rental housing units in Los Angeles have been demolished or converted to condos, and the trend is escalating. In 2004, 1,261 units were lost; last year, 5,273. At its current pace, the 2006 figure will be higher. The city is working to add affordable housing, but it is losing as many such units. The Los Angeles City Council recently enacted a moratorium on the demolition and conversion of residential hotels into condos, and it is holding public hearings on the bigger issue of turning rental units into condos. But stronger government action is urgently needed before the scarcity of affordable housing gets even worse.

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February 24, 2003

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June 16, 2000

At the root of the battle over condo conversions are two views of the proper role of government. Real estate lobbies and landlords regard regulations as constraints on their freedom to develop private property. Renters and community residents look to government to protect vulnerable people and neighborhoods when their interests clash with developers out to make a quick profit. Elected officials have to choose which side they are on.

L.A. has a severe shortage of affordable housing. The rental vacancy rate is under 5%. For more affordable apartments, it's even lower. The waiting list for affordable housing developments -- rental, condo and single-family homes -- is long. Rent, on average, exceeds \$1,000 a month, and it eats up more than half of many families' incomes.

Many of the city's working families -- secretaries, bus drivers, nurses, schoolteachers, computer programmers, waiters, cashiers, garment workers, police officers -- are priced out of a housing market whose median-priced home is more than \$400,000. The poor are forced to double-up and triple-up in slum apartments, paying almost all their incomes for rent -- or wind up on the street or in shelters.

The housing shortage puts stress on the city's social fabric. Families are weakened and neighborhoods undermined. The business climate suffers because employers prefer to invest in cities where their workers can afford to rent an apartment or buy a house. Retailers feel it too when families have little discretionary income to spend after the rent or mortgage is paid.

Constructing new condos, especially when the buildings include market-rate and affordable units, makes sense. Razing affordable rental housing and replacing it with luxury condos, or simply converting apartments to condos, mostly provides a windfall to developers. No net units are added. The costs of existing ones are increased.

Tenants make up 60% of L.A.'s residents, and condo conversion is changing the nature of neighborhoods by setting a price for who can live in them. It presents financial and emotional hardship to elderly and low- and moderate-income tenants, most of whom can't afford to buy their converted apartments. Suddenly, a \$700-a-month apartment becomes a \$350,000 condo. Those forced out usually relocate to inferior housing and higher rents. And once they resettle, there is no guarantee their new unit will not be sold out from under them.

Other cities have addressed this problem. Here are some steps L.A. city government could take to protect tenants and help preserve the inventory of rental housing:

- * Require landlords and developers to pay moving expenses and one year's rent for tenants evicted because of condo conversions. Although this a Band-Aid, it addresses the reality that the rental vacancy rate is so low that many displaced tenants will have difficulty finding an affordable apartment.

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- * Require landlords, developers and investors to give renters a year's notice before eviction for condo conversions -- with a limit on rent increases during the period.

- * Ban all demolitions and condo conversions -- or at least all evictions for these purposes -- until the rental vacancy rate exceeds 5%.

- * Require developers who eliminate rental housing to make at least one-third of the new (or converted) condos affordable to low- and moderate-income households.

Part of the problem in deciding the best course of action is a lack of complete information on where in the city condo conversions are occurring and who and how many people are being affected. At a minimum, the City Council should place a moratorium on demolitions and condo conversions until it can gather this crucial information.

The council must act decisively to protect the city's renters -- and its housing stock -- before "condo fever" further depletes affordable housing in L.A.

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