

L.A. Renters Face a Mounting Crisis

Middle Class and Poor Are Finding Housing Increasingly Unaffordable

By JILL STEWART, *Times Staff Writer*

Peter Herreshoff has a master's degree, but his teacher's salary of just under \$25,000 cannot support his baby and wife after paying \$700 a month rent in Silver Lake. When school opened this fall, he hurried to his credit union and got a loan to pay mounting bills.

Herreshoff, 38, rides a bike three miles to work to save money and is reluctantly thinking of leaving Los Angeles "for Oregon or someplace we can afford to live. I figured out the budget for the next few years, and I don't see how we'll ever make it here."

Rebecca Atkinson, 36, is a maid at the Century Plaza Hotel struggling to support three teen-age daughters while spending half of her \$8,000 yearly income on rent.

Despite their crowded life in a tiny bachelor apartment in Hollywood, the mother and girls get by, sewing their own clothes and sometimes "splurging" at MacDonal-d's if they can squeeze \$10 from the monthly budget. A member of the city's vast force of working poor, Atkinson said, "I love my daughters, but it is a tough life. Sometimes I ask, why?"

Renter's City

The two families point up the mounting rental crisis in a city increasingly dominated by renters—60% of all households.

California has the worst rental-affordability problem in America, with a bigger shortage of low-priced apartments than any other state, according to the Center on Budget and Policy Priorities in Washington. Nowhere else does the crisis reach the epic proportions of Los Angeles.

Officials say well over one-third of the city's renters—a staggering 300,000 families—live in units considered unaffordable by the government, that drain the family budget and make the thought of getting ahead a troubling dream.

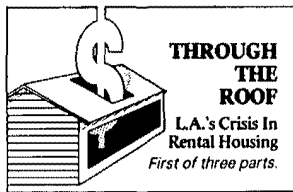
Middle-class renters who make \$25,000 or less—our teachers, bank tellers and grocery checkers—live uneasily from paycheck to paycheck, unable to save for homes whose median prices have soared to \$190,000. The number of homeless has reached 35,000, according to the city, and the working poor are cramming ever-more family

members into grim one-room apartments and garages in their fight to stay off the streets.

Gary Squier, Mayor Tom Bradley's housing coordinator, said that each year, "1,000 more families get squeezed out of two bedrooms and crowd into one bedroom or no bedrooms, and 6,000 more families begin paying half of their income to rent. What's happening in L.A.—in the city and its suburbs—is that working incomes are not going up, but rents are going wild."

Ironically, the city is enjoying its highest vacancy rate in more than a decade, as a glut of luxury apartments offers plentiful choices to those who can pay top prices.

Driven by the region's economic and land boom, rents have spiraled dizzily upward since 1982, outstripping inflation, local wage increases,



the cost to landlords of maintenance and management and other measures, according to housing experts, including the Joint Center for Housing Studies of Harvard University.

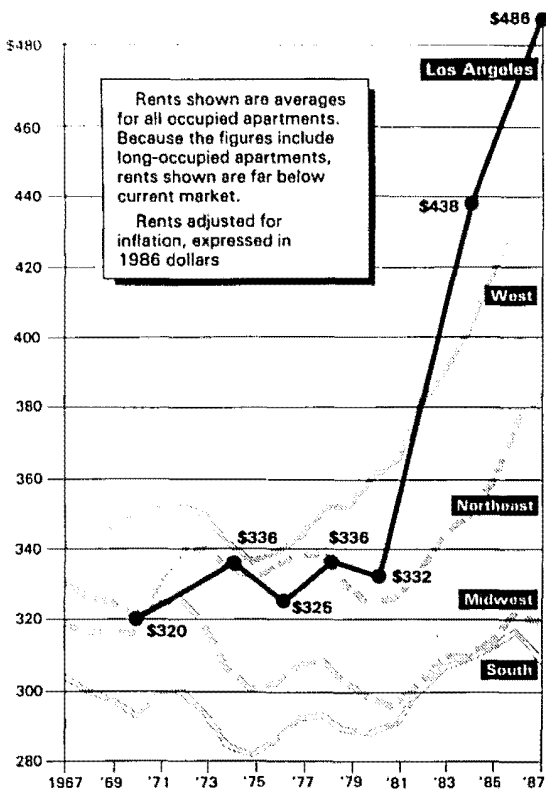
City officials say the average price of a vacant one-bedroom apartment is nearing \$600 per month, making Los Angeles one of the steepest big-city markets in America, tied with Boston and trailing the traditionally tight markets of New York and San Francisco.

Rents here, however, are just as tough for many to meet: That's because the warehousemen, waitresses, computer operators, mall clerks, secretaries and others who make up the area's working class and low-paid "pink collar" ranks tend to earn significantly less than people in the same jobs in San Francisco and New York.

Countywide, hundreds of thousands of families spend more than 30% of their income on rent—the

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SKYROCKETING LOS ANGELES RENTS



Los Angeles Times

RENTAL: Crisis in L.A. Housing Market Is Rising

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federal cutoff test for affordability. In Los Angeles alone, city officials said, 150,000 families use more than half of their earnings for rent.

Signs of trouble have been building since 1981, when the Reagan Administration began dismantling federal housing programs, eventually slashing help to cities by 78%.

Other cities, such as Boston, San Francisco and New York, dreamed up ways to woo nonprofit developers, who build affordable housing without marking up the rent. Some cities began requiring their developers, luxury hotels and big banks to ante up special money for housing, as the cost of doing business within city limits.

In Boston, \$70 million is expected to be paid by big commercial developers into a housing fund in the next decade, and 1,830 low-income rentals, condos and homes are being built with the first wave of money. In San Francisco, nonprofit developers were given city funds to set up shop and have built and renovated 2,000 units. In Seattle, voters overwhelmingly backed a special \$50-million property tax to house their struggling neighbors.

No Formal Policy

But Los Angeles, governed by its freewheeling, developer-oriented market, has done none of these things.

Remarkably for a city its size, Los Angeles has no agency or person in charge of construction or rehabilitation of low-cost rental housing. Housing issues are the purview of eleven disconnected entities. Nor have the City Council or Mayor Tom Bradley adopted a formal policy to guide them in addressing the crisis.

"God, don't tell anyone I said this, but there is no plan," said one high-ranking city official familiar with the city's planning efforts.

Among 15 members of the City Council, only Ernani Bernardi has consistently fought for innovative housing programs embraced elsewhere. Three newer council members have made some effort during the last year, notably Gloria Molina, but with little progress.

"You ask who on the City Council fought me? Who didn't fight me, that's the question," Bernardi said. "I lay the discredit at the feet of the mayor and council. They're all so proud, so damn proud, and they've done nothing at all! Look at their financial backers if you want to know why developers run this town."

The city's policy problems help explain its seemingly misdirected housing efforts. Consider that:

- Scarce federal money is funneled to those who are not truly in need. The Community Development Department (CDD) pours half of its federal funds into renovation loans to homeowners. Many loans were used to build dens, country kitchens—even decks for hot tubs—according to city officials. Moreover, of the \$24 million the CDD got last year, it spent 40% on administration, an unusually high figure.

- The Community Redevelopment Agency (CRA), the biggest builder of low-rent apartments in Los Angeles, has caused the destruction of so much low-cost housing in the name of redevelopment that it cannot claim a net gain after more than a decade of effort. The CRA has built 10,700 low-income units but has caused the demolition of 11,240 units.

- The CRA keeps no tally of the number of bedrooms in the units it builds, nor does it monitor how many are needed. The agency says it selects projects that get "the biggest bang for the buck." Thus, although three-bedroom family units are the most desperately sought, the CRA has built only 525.

- Using city-approved jargon, the CRA and CDD are permitted to portray as "family housing" thousands of one-bedroom and studio units they have built, as well as dormitories and hundreds of hotel-style single rooms on Skid Row.

- The CDD's heavy reliance on tax-exempt bonds to create affordable housing in the wake of President Reagan's cuts has produced little. Using low-interest loans, developers were allowed to build thousands of luxury units so long as 20% were reserved at low rents. In

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IRIS SCHNEIDER / Los Angeles Times

Silvia and Ruben Solano and their four children live in a one-room plus a small kitchen and bathroom.

RENTAL: Glut of Luxury Apartments

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eight years, only 2,000 low-rent units have been built, and rents are too high for the poor. One-bedroom units go for \$570. Congress has slashed the rents on future bond projects and restricted the program because of its relative ineffectiveness and huge cost.

• Nonprofit developers, the backbone of affordable housing efforts in many cities, are not officially backed and have no political clout in Los Angeles. Their low-rent projects are financed by the CRA on a case-by-case basis, a situation that has kept them from speaking out as the public debate over housing mounts.

• The city has ordered earthquake strengthening in brick buildings containing 44,300 low-rent apartments, but owners have begun tearing them down rather than pay \$2,000 to \$10,000 to repair each unit. The CDD has made loans to save more than 2,000 units, the CRA has rescued 973 and Bradley has proposed a \$100-million housing bond issue. Meanwhile, the city cannot legally stop demolitions, and 3,538 units have been permanently lost.

As if Los Angeles does not have enough problems, two changes in the federal government's housing role portend even more troubles.

First, over the next few years, private owners of 19,000 federally subsidized rental units citywide and 39,000 in the county will be allowed to raise their restricted rents to market levels. And mass conversions to high rents are feared.

Second, tax breaks for apartment builders have largely been eliminated by the 1986 federal tax reform. As a result, apartment construction could plummet.

Mindful of these interwoven and mounting crises, Mayor Bradley last year called together a Blue Ribbon Committee on housing that is expected to release a report next month calling for a major retooling of city housing efforts.

Bernardi fears that the report, although authored by housing experts and community leaders, will be "the usual whitewash, saying that homelessness is caused by the mentally ill and that housing is a federal problem."

Airing of Issues

But Blue Ribbon Committee Chairman Sydney Irmias, a wealthy businessman alarmed by homelessness, who has turned his talents to building nonprofit housing, has promised a full airing of the issues.

"If our city housing programs were a business, and I were talking right now to the board of directors, I'd have to be considering filing for Chapter 11 bankruptcy—that's how poorly things have been run," said Irmias, former co-owner of Price Pfister Inc. "We are light years behind other cities."

That critical sentiment is not shared by officials who run the housing programs.

While agreeing that the city must do far more to create low-income housing, Ralph Esparza, of the Community Development Department's housing division, said the city's heavy reliance on bond programs is "something we can really be proud of, given our resources after [President] Reagan's cuts."

John Tuite, administrator of the CRA, said his agency "has done a fine job providing housing, not just for [the poor] but for all kinds of people in each neighborhood that we are redeveloping."

But the positive picture they paint angers many families who, unlike most members of the city hierarchy, do not own homes and probably will remain renters for many years to come.

"When I'm troubled over how bad things are, I think of Mr. Reagan," said Rebecca Atkinson, the hotel maid. This month, her rent is being raised from \$325 to \$345 for her one-room apartment on one of the worst drug-trafficking blocks in Hollywood.

"But," she said, "when I see people getting so much richer in Los Angeles while others get so much poorer, then I think the fault might be closer to home."

Patricia Franco, 34, an elementary school teacher in Los Feliz, said that to supplement her \$23,000 pay, she works some nights selling flowers at posh restaurants on Melrose Avenue. Franco also is attending night school to complete her teaching degree and get a small pay raise, which will barely cover the increase she expects soon in her monthly \$600 rent.

"The price of rent, car insurance, utilities, compared to my salary—it's all so disgusting," she said. "I bet nobody making decisions that will affect the cost of my housing, or the level of my salary, is actually a renter himself."

Ominously, experts predict that no matter how expertly the city responds, the rental crisis will get worse before it gets better. That is because rents are being forced higher by the region's economic boom at the same time that dwindling federal incentives to build apartments, the slow-growth movement and citywide downzoning have placed limits on developable land and construction activity.

New apartments cost about \$900 a month in Los Angeles, with much of the increase due to higher land

then saw all the people living in doorways, you'd have a tough time sending back a report that made sense," said Gary Blasi of the Legal Aid Foundation.

This ironic form of prosperity hits hardest at welfare families and the working poor—the restaurant employees, garment workers, janitors and maids who make \$10,000 or less at full-time jobs.

According to the city's own study of renters, welfare families and the working poor are paying 58% to 68% of their income for rent, an amount that consultants who wrote the study termed "stratospheric."

These families, dominated by Latinos and blacks, are "just one unexpected crisis" away from being evicted for failing to pay rent, according to Blasi. He sees them as a new generation of potentially homeless people, numbering in the tens of thousands.

With a disproportionate share of the homelessness, overcrowding and unaffordable rents being borne by minorities, the racial implications are grave, believes Lee Streib, a researcher for Hotel and Restaurant Employees Union Local 11, AFL-CIO.

"If the city, state and feds don't respond quickly by controlling rents and building more affordable housing, there's going to be a potential for a huge explosion of unrest in the 1990s—and I mean racial unrest," said Streib, whose union has many Latino and black members.

"Prices are increasing as we sit at the table asking for six bucks an hour," Streib said. "Our people work for the richest men in the world—the Sultan of Brunei owns the Beverly Hills Hotel, and Merv Griffin owns the Beverly Hills Hilton—and these workers get a clenched in their stomachs every time they think about meeting the rent."

The Solano family knows how that pressure can feel. Silvia and Ruben Solano live with their four children in a tiny \$325-a-month bachelor unit on the fringes of the Convention Center downtown.

Recurring Dream

There is not much room to walk around, what with the dining table, a bunk bed for the kids and a double bed for the couple all crammed into one small space.

Some nights as she sleeps, soft-spoken Silvia Solano has a recurring dream. In it, the family no longer lives in the dowdy apartment. Instead, she said, "we are in a big house, where everyone has a bedroom all their own."

A delivery man for a caterer, Ruben Solano is temporarily disabled. But even when working, he said, he can afford nothing bigger.

"We must keep our sense of humor, to live this close without privacy," he said, stroking the hair of Veronica, 3, his second-youngest. "See where you are sitting? That is what I call the dining room. And where I am standing? Why, this is the bedroom!"

Paul Ong, a researcher at UCLA's Graduate School of Architecture and Urban Planning, said that one in four workers in Los Angeles is of Mexican descent, but they are paid far less than Anglo workers, even with the same education and experience.

He recently completed a study showing that the wage gap between American-born Latinos and Anglos widens even after years of work experience, meaning that when it comes to meeting expenses such as rent, Latinos are falling behind.

"The schisms are being defined along racial lines, at least in Los Angeles," he said.

Joe Carreras, of the Southern California Assn. of Governments, said of the gap "between big earners and low earners in Los Angeles—this pressure is why people are turning to living in garages, illegal bootleg apartments, overcrowding, whatever." Garages alone provide homes to 42,000 families, according to a 1987 survey by The Times.

Black families, many of whom lost economic ground during the last decade when Los Angeles

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—Paul Ong, UCLA researcher

prices. On the increasingly elite Westside, where land has skyrocketed, new apartments go for about \$1,200 a month.

Poor and middle-class families can no longer find family-size rentals priced from \$300 to \$400, though they are still widely available in many American cities.

Larry Gross, of the Coalition for Economic Survival, a group lobbying to toughen the city's rent-control laws, which cover only buildings occupied before October of 1978, said, "L.A.'s speculators are just like 'Poltergeist': They're baa-ack."

Stanley Mindel and his neighbors can attest to that. They were recently evicted from their well-kept, friendly building west of the San Diego Freeway after their longtime landlady died and a developer bought the building to replace it with luxury units.

Huge Jump in Rent

Mindel, a recently laid-off photography teacher who is squeaking by on unemployment benefits, went from paying \$300 a month to paying \$675 for an apartment in a worse area.

"All my money is going to rent, but maybe I didn't get hit as bad as one elderly lady in the building," Mindel said. "She couldn't find a comparable rent and moved to Lompoc."

Two other elderly people in his building, both with health problems, fared worse. They ended up in nursing homes.

"The building was immaculate, and they just pulled it down," Mindel said. In its place stands a \$1,000-a-month luxury complex.

Not surprisingly, the glut of boxy luxury units—many of them built where single-family homes and cheap apartments once stood—has created the region's highest vacancy rate in years: Between 2.6% and 4.3%, according to different sources. A study by the Federal Home Loan Bank of San Francisco found high vacancies were concentrated almost entirely in upscale areas.

Vacancy rates of 10% and 20% exist in overbuilt areas of Woodland Hills, Glendale, Palms and Studio City, where warring landlords have papered streets with bold banners announcing: "Month Free Rent" or "Free Microwave!"

Against this backdrop, the grotesque specter of homelessness has earned Los Angeles the title of the Homeless Capital of America.

"If you landed in a spaceship from Mars and looked at our vacant office towers and apartments and

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shifted from heavy manufacturing toward high-rise office jobs and high-tech industries, have also been disproportionately stung by the rental crisis.

In fact, many who can afford the price of a U-Haul are "voting with their feet" by streaming out of Los Angeles in the tens of thousands, seeking cheaper housing in the Inland Empire and even in the South, according to UCLA Prof. Jim Johnson.

"We know that 73,000 to 76,000 blacks left L.A. between 1975 and '80," Johnson said. "This out-migration is definitely continuing and I believe increasing, and it goes hand in hand with the housing problem."

Joan Allen, a 49-year-old black mother with one teen-ager at home, spent nine years "trying to make it" in Los Angeles. But the longtime secretary recently gave up and moved back to her native Baltimore.

Allen—who asked that her real name not be used because she is embarrassed by her plight—could afford to pay only \$350 a month in rent in Los Angeles. The price forced her into a series of bad neighborhoods in South-Central Los Angeles and Compton.

Better in Baltimore

"I was mugged twice . . . and I just couldn't stand waiting at the bus stop and looking at the 'crack heads' operating," she said. "All I could afford to do was pay my rent and utility bills. A grown woman, and I never even had a savings account."

In Baltimore, she said, "I have a five-room flat for \$365 a month in a beautiful neighborhood across from a park. My daughter is just thrilled. We aren't coming back."

Despite these signs of growing inequities in housing, some observers believe Los Angeles leaders will resist fundamental changes. City officials are concerned that businesses will flee if too many demands are made upon them.

The same fears were expressed by developers in San Francisco and Boston when those cities began charging \$6 and \$5 per square foot, respectively, to developers wanting to build major commercial buildings. In San Francisco, the fees have paid for 3,000 units of low-rent housing in five years.

"Most cities think, 'God it's communist to charge these fees,'" said Bill Rumpf, San Francisco's housing production chief. "But our . . . developers were not driven out. On the contrary, we are now overbuilt with office towers and we have a moratorium downtown."

Business Threat

Michael Davies, a Los Angeles city planner, said few knowledgeable planners take seriously the threat that businesses will leave.

"L.A. has gone increasingly forward, and nobody's leaving this game just because they have to put money in the kitty," Davies said. "But L.A. is still the Wild West, a cowboy economy where the intervention of planning is a new idea. Developers don't like to be told what to do."

Some observers fear that the City Council and Bradley will be reluctant to disrupt their amiable relationships with developers and other real estate interests, who since 1983 have given \$3 million to council members' campaign chests, and \$2.7 million to the mayor—far more than any other industry.

"Developers are down at City Hall every day and have incredible access to elected officials that community groups and nonprofits simply do not have," said Gross of the Coalition for Economic Survival. "Developers make a suggestion one day, and you might hear it as a motion on the council floor that week. Until they get rid of that approach, housing will go hand in hand with greed."

But some big developers, such as Nathan Shapell and Jona Goldrich, who have built thousands of homes

and apartments in Los Angeles, say builders are alarmed by the housing crisis and support changes in city, state and federal policies—even if it means some government intervention.

Shapell, who is so worried about the housing crisis that his company gives \$300,000 a year to programs for the homeless, would support a program in which all residential and commercial builders "pay cash into a low-income housing fund" in return for being granted increased densities on developments.

The city already gives apartment builders increased densities if they set aside some units, but that has produced only 700 low-income units since 1983.

"These are pennies, picking at pennies," Shapell said of current city programs. "Deep down in their hearts, developers know something has to be done, and I say to the federal government and to the city, 'Let's wake up, because people are suffering.'"

Shapell and Goldrich are proponents of the "trickle down" housing theory promoted by the Reagan Administration—the idea that if developers are given wider rein to build luxury and middle-class housing, upwardly mobile people will have more choices and will free up cheap rentals for those making less money.

In September, Reagan went so far as to announce that his Administration had "achieved affordable housing for all Americans."

That obvious distortion aside, Alan Heskin, an urban planning professor at UCLA, said, the "trickle down" theory of the Administration is viewed by academicians as a fallacy.

"The old housing was supposed to trickle down to those who needed it, but we know the theory didn't work," Heskin said. "Houses aren't trickling down, people are—right onto the street."

Goldrich said trickle down is failing in Los Angeles, "but only because slow-growth movements and downzoning have put ridiculous limits on housing supply," causing fewer low-priced rentals to be vacated by people who could move up.

With such divergent views among those who are well-acquainted with housing, the emerging question is who should be given control when—and if—the city finally begins to grapple with its massive housing troubles.

"Where the rubber hits the road is: Who is going to be given authority and financial backing to force some of these programs to be successful?" asked Davies, the city planner.

Many critics question whether the CRA should be allowed to continue in its nearly autonomous role as the biggest builder—and biggest destroyer—of low-rent

housing.

The mayor and the CRA want to funnel \$4.25 billion in downtown property taxes to the agency over the next 20 years so it can continue redeveloping downtown.

The CRA would use \$2.1 billion on luxury housing, preservation of old buildings, face lifts for the downtown garment industry and other private concerns, and a city-wide child-care program. The mayor wants the other half to go to affordable housing.

The plan could give the CRA far-reaching power over the city's housing programs. It is opposed by numerous community groups, legal aid agencies and anti-poverty advocates.

"Is anyone happy with the way we've housed our working families and poor, by relying upon these enlightened leaders?" asked Blasi of Legal Aid. "There hasn't been a time since the Great Depression when housing was an option, like it is in L.A. today. That's got to tell you something."

Tomorrow: The mayor's \$4.25-billion plan for Los Angeles.