

MOTION

Over the past thirty years the City of Los Angeles, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA), and the State of California offered financing to help nonprofits acquire and rehabilitate older single-room occupancy (SRO) hotels and residential buildings in the Skid Row neighborhood. These older units provide critical permanent supportive housing and affordable units for some of our most vulnerable Angelenos, and preserving them is a key strategy of our homelessness response.

Skid Row Housing Trust (SRHT) operates one of the largest SRO portfolios in Los Angeles, housing more than one thousand low-income residents. Thirteen of their properties are particularly distressed and are in default of loan agreements with the Los Angeles Housing Department (LAHD) and other lenders. As revealed in recent reporting, SRHT is on the verge of financial collapse, due in part to financial mismanagement, operating at significant deficits for several years, and rising costs of maintenance of the oldest properties in their portfolio.

SRHT has been working on a plan to transfer ownership of these properties to supportive housing providers, with the consent of LAHD. However, absent adequate working capital and in light of diminishing staff resources, SRHT does not have capacity to provide staff or security to protect residents from immediate habitability and safety concerns. Many of SRHT's properties are facing challenges related to fire protection system malfunctions, elevator outages, unrepaired damage due to excessive and ongoing vandalism, consistent trespassers, electrical problems, and plumbing and sanitation issues.

LAHD's Asset Protection Fund was established to support emergency repairs and receiverships for properties where existing borrowers' non-compliance with City agreements and LAHD loans, or questionable property management practices, place both the collateral and residents at risk. The availability of Asset Protection funds allows LAHD to take immediate action to protect against property neglect, the non-payment of debts, and theft of assets. Actions like this may be necessary to avoid further health and safety hazards to the residents for affordable housing properties owned, controlled, or financed by LAHD.

Of particular urgency is the need to provide security services in the SRHT properties. The City of Los Angeles has contracts with GSG Protective Services to provide security at City buildings. The conditions at many of the SRHT buildings are so concerning that today, Friday, March 17th, 2023, LAHD is entering into a short-term three-month contract with GSG Protective Services to commence security services immediately. LAHD, as the awarding authority, will award the contract pursuant to the City Council's recent resolution suspending standard procurement requirements for contracts needed to address the City's homelessness emergency. In order to



secure the necessary funding for the duration of the contract, the City Council should act quickly to fund these security services at SRHT properties to ensure resident safety, while also requiring that LAHD rapidly develop and finalize a broader plan to stabilize the SRHT portfolio.

I THEREFORE MOVE that \$700,000 be transferred / appropriated within Affordable Housing Trust Fund No. 44G/43 from Appropriation Account No. 43W411 Unallocated to Appropriation Account No. 43W221 Asset Protection & Loss Mitigation, to provide emergency funds to protect against property neglect, the non-payment of debts and theft of assets, including up to \$600,000 for GSG Protective Services to provide security services, and expend funds upon proper written demand of the LAHD General Manager.

I FURTHER MOVE that the City Council instruct the LAHD to work with the Mayor’s Office, the City Attorney, the Chief Legislative Analyst, the City Administrative Officer, and other applicable agencies to report back within 15 days with a proposed plan to facilitate and accelerate the efforts to stabilize the Skid Row Housing Trust portfolio of assets, including timelines for disposing of properties to other supportive housing providers or public agencies.

I FURTHER MOVE that the City Council instruct the LAHD to report back within 30 days with clear guidelines rooted in transparency, monitoring, and accountability for partners to whom the City lends funding for supportive, interim, and accessible affordable housing so any similar issues in the future can be proactively anticipated, identified, and addressed to avoid putting vulnerable residents at risk and to ensure that buildings are in habitable and secure conditions.

PRESENTED BY:  
NITHYA RAMAN
Councilmember, 4th District

SECONDED BY: 

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