

October 9, 2023

VIA ELECTRONIC MAIL ONLY

Planning and Land Use
Management Committee
Los Angeles City Council
200 North Spring Street, Room 340
Los Angeles, CA 90012
Email: clerk.plumcommittee@lacity.org

Re: Rendon Hotel – Justification for Approvals and Rebuttal of Appeals
City Council File Nos: 22-1162-S1 and 22-1162-S2.

Dear Honorable City Councilmembers:

Our law firm represents 1711 Lincoln, LLC ("Applicant") regarding its proposed independent artists-based hotel development ("Project") located at 2053-2059 E. 7th Street ("Property") in the arts district area of the City of Los Angeles ("City"). In April 2022, the City Planning Commission ("Planning Commission") unanimously approved certain quasi-judicial entitlements, recommended that the City Council approve certain legislative entitlements, and found that the City adequately performed environmental review pursuant to the California Environmental Quality Act ("CEQA"). From that point, the Project should have quickly advanced to the City Council for consideration.

Instead, union appeals stalled the Project for more than a year. With hard work, and several rounds of union negotiations, the Applicant was finally able to advance the Project. It is now before the Planning and Land Use Management ("PLUM") Committee of the City Council for consideration. The Coalition for Responsible Equitable Economic Development Los Angeles ("CREED LA") supports the Project and the many construction jobs it will create. Unite HERE Local 11 ("Unite HERE"), however, has not accepted any of the labor offers made by the Applicant to provide jobs – and affordable housing – for the members of Unite HERE. Thus, Unite HERE remains the lone appellant in this case.

On September 22, 2023, the City noticed the Project for a PLUM Committee hearing scheduled for October 17, 2023. We thank the City for taking this step and we are grateful that the Project is moving again. The City is in the midst of a post-pandemic recovery, and downtown Los Angeles is particularly hurting. We trust that the PLUM Committee can see the value in approving the Project to create jobs, stimulate economic investment in the City, and concurrently activate affordable housing units.

Therefore, we respectfully request that the PLUM Committee: (1) deny the last remaining appeal; (2) uphold and concur with the approval actions of the Planning Commission; (3) approve the Project consistent with the recommendations in the planning staff report; and (4) advance the Project to the full City Council for final actions.

I. PROJECT BACKGROUND

The Project is an independent artists-based hotel proposed by artists who are local constituents. [Art At The Rendon – An immersive, site-specific experience](#). This is the first hotel project proposed by the Applicant. The Project is intended to be an inclusive community gathering space that celebrates the creation of art. Local artists will make art in the Rendon's immersive studios, sharing their processes with travelers from around the world. Likewise, guests will enjoy food and drink from Los Angeles' culinary community. Gathering and gallery spaces will flow seamlessly between the Rendon's indoor and outdoor areas. In a sense, the Project embodies the unique cultural and lifestyle elements that have made the arts district one of the most vibrant areas of downtown.

More quantitatively, the Project is a 15-story hotel including 103 guest rooms, a total floor area of 67,615 square feet, with approximately 15,907 square feet of commercial floor area for gallery, café, bar, and restaurant uses. The case numbers for this matter include CPC-2017-4734-GPA-ZC-HD-CUB-CUX-ZAA-ZV-RDP-SPR, ZA-2021-9890-ZV-1A, and ENV-2017-4735-MND. To implement the Project, the Applicant is proposing an adaptive reuse of the existing building whereby it would structurally enhance and improve an existing low-rise building on the Property and then connect that to the new proposed 15-story building. See, [The Rendon | omgiving](#). See also, [Exhibit 1: Rendon Hotel Aerial](#). Conceptually, the Project preserves older existing architecture and combines it with new architecture to provide a modern redevelopment that stays true to the roots of the arts district while enhancing its profile among the community.

Importantly, development of the Project would not only bring new hotel and mixed-use space to the area, but it would also activate affordable housing units. Precisely, by ordinance, the Project must comply with its residential hotel unit conversion requirements for the Rendon Hotel. This regulatory requirement resulted in the Applicant securing the Rendon Hotel Housing Replacement Plan ("[Replacement Plan](#)"). The City has already approved the Replacement Plan, which thereby assures the City that the Applicant will activate affordable units before or concurrent with building the Project. Furthermore, the Planning Commission (in its August 30, 2022 letter of determination) added a condition of approval that similarly requires the Project to provide replacement units. These obligations were memorialized in the administrative record after the City published the Mitigated Negative Declaration ("[MND](#)") for the Project. As explained below, that timing is relevant to, and allowed by, CEQA. In any case, the Replacement Plan shows that the Applicant has purchased the replacement site from a commercial business, known as the "El Sol property", and will activate new affordable housing units in it by renovating the structure to accommodate 42 low income units.

In short, the Project activates affordable housing units at a time when the City desperately needs additional stock. And, the Project invests in the local community at a time when development activity is increasingly scarce. Sadly, the appeal by Unite HERE is the only

thing standing in the way of investment and creating affordable units. Thus, we hope that the PLUM Committee is clear-eyed here and denies the appeal so the Project can move forward.

The entitlement background is long. The Applicant filed a land use application with the City in November 2017. We thank the City and supporting stakeholders for their patience. Now, the time has come for all parties to complete the process.

Based on our general review of the record, the procedural history relevant to the appeal is as follows:

- February 2021 – City publishes the MND analyzing potential impacts of Project.
- March 2021 – Unite HERE comments on the MND.
- September 2021 – City responds to Unite HERE comments on the MND and rebuts claims in the record and provides supporting evidence.
- February – March 2022 – City indicates that the Project will be conditioned to obligate replacement units for the Rendon Hotel at the El Sol property, in compliance with existing regulatory rules.
- March 2022 – City prepares Erratum to MND clarifying that implementing replacement housing condition of approval would not create new impacts.
- March 2022 – City approves entitlement (ZA-2021-9890-ZV) related to Applicant providing replacement units required by Project, which are to be located at the offsite El Sol property.
- March 2022 – Unite HERE appeals the City's entitlement approval related to the affordable housing replacement units for the Rendon Hotel at the El Sol property.
- April 2022 – Unite HERE files additional claims alleging violations of Wiggins Settlement Agreement and the Residential Hotel Unit Conversion and Demolition Ordinance No. 179868.
- August 2022 – City unanimously approves all entitlements (CPC-2017-4734-GPA-ZC-HD-CUB-CUX-ZAA-ZV-RDP-SPR) for the Project and finds that City complied with CEQA, and concurs that the Project had satisfied its replacement housing obligations pursuant to applicable agreements and ordinances.
- September 2022 – Unite HERE appeals all entitlements and challenges position of Planning Commission.
- September 2022 to September 2023 – Project stalls due to union appeals. Applicant executes labor and environmental agreement with CREED, and CREED withdraws appeal. Applicant offers Unite HERE several types of labor

agreements including hotel jobs and affordable housing units at the El Sol property. Unite HERE rejects offers and continues opposition.

- September 22, 2023 – City publishes notice of PLUM Committee hearing to consider all relevant entitlements and pending Unite HERE appeals.
- October 17, 2023 – PLUM Committee hears Project and appeals, unless matter is continued.

As we demonstrate below, for several reasons, the City is justified in approving the Project and denying the final appeal.

II. PROJECT APPROVAL JUSTIFICATION AND REBUTTAL OF APPEALS

The City is justified in its prior unanimous approvals of the Project. And, the PLUM Committee has sufficient evidence in the record to support the recommended approval actions and deny the pending appeal.

A. There are Not Two “Interrelated Projects” as Claimed in the Appeal.

There is only one Project – the Rendon Hotel – and its conditions of approval. Unite HERE claims in its appeal that there are “two interrelated projects.” That is simply not true. Unite HERE is misleading the City and the public on this issue.

Here is the truth. In February 2022, the City determined that establishing the El Sol property as an operating residential hotel would be a condition of granting permission in the Rendon Hotel case application. See Exhibit 2: CD14 El Sol Condition Letter. That position is consistent with the laws that require replacement units if the Applicant constructs the Project. In March 2022, the City prepared an Erratum to the MND to demonstrate that complying with the replacement housing condition of approval would not change any of the conclusions in the MND. In August 2022, the Planning Commission memorialized the replacement housing condition of approval in its letter of determination. Therefore, the record demonstrates that creating the replacement units at the El Sol property is merely the Applicant complying with a condition of approval for the Project.

Let us put this in factual perspective. The El Sol property is a vacant building that was most recently used as a commercial cannabis business headquarters. The Applicant would perform tenant improvements with no change to the building envelope. The construction would rehabilitate the interior of the existing structure. The interior space is limited to approximately 17,887 square feet. Plainly, the totality of construction required to implement the condition of approval is interior and very minor. We hope that the PLUM Committee can see that Unite HERE is trying to make a mountain out of a molehill with this issue.

Let us put this in legal perspective, too. Interior improvements are typically permitted by right. CEQA even exempts such activities. For example, CEQA Guidelines, Section 15301 provides a Class 1 exemption for existing facilities. It states that “Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing

public or private structures involving negligible or no expansion of existing or former use. Examples include but are not limited to: interior and exterior alterations involving such things as interior partitions, plumbing and electrical conveyances; and restoration or rehabilitation of deteriorated or damaged structures to meet current standards of public health and safety.” See CEQA Guidelines, Section 15301(a) and (d), respectively. The repairs needed at the El Sol property, to ready it for occupancy, are the type of activities that CEQA recognizes as exempt. Here, the City went beyond use of an exemption and analyzed the potential effects of the El Sol property interior renovations with a more comprehensive MND and Erratum to ensure that the totality of potential impacts from the Project (and implementing its conditions of approval) were adequately analyzed. Thus, the City has properly used a defensible CEQA mechanism for the environmental review of the Project.

We hope this factual and legal perspective helps the PLUM Committee see the Project in its true light.

B. CEQA Allows the City to Impose, and the Applicant to Implement, Conditions of Approval Without Recirculating the MND.

The City followed the law when it prepared the MND and its Erratum (referred to herein collectively as the MND) covering the replacement housing condition of approval. The appeal claims that the MND is inadequate to cover the City’s approval actions. However, CEQA provides precisely for the scenario at hand. CEQA Guidelines, Section 15073.5(c)(3) states that “recirculation is not required under the following circumstances: measures or conditions of project approval are added after circulation of the negative declaration which are not required by CEQA, which do not create new significant environmental effects, and are not necessary to mitigate an avoidable significant effect.” The CEQA Guidelines contain this provision because the drafters understood the common occurrence of cities conditioning projects even after initial publication of CEQA documents. Accordingly, CEQA expressly provides for this scenario so recirculation is not triggered.

Applied here, it is easy to see how the chronological actions of the City align with the aforementioned CEQA allowance. First, in February 2021, the City publishes the MND. Next, in February 2022, the City informs the Applicant and zoning administrator that the Project will be conditioned to provide replacement units at the El Sol property. Then, in March 2022, the City prepares an erratum to the MND to cover the condition of approval. Last, in April 2022, the Planning Commission approves the Project entitlements and the condition of approval. Related back to the law, the City actions did not trigger recirculation because: (1) it added the housing replacement condition of approval after initial MND publication; (2) that condition is not required by CEQA per se and is instead a regulatory obligation to comply with the City’s replacement housing rules; and (3) there is no possibility that the Applicant complying with the condition of approval could create new significant impacts. The Erratum backs up these points with qualitative and quantitative analysis that clarifies, and makes insignificant modifications to, the MND. Thus, the City abided by the procedural and substantive requirements of the law.

This issue also needs context to keep perspective. Recall, implementing the condition of approval only requires interior improvements to a small amount of space in an existing building.

As you would expect, the potential impacts from such improvements are infinitesimal and do not legitimately move the needle on impact levels. The Erratum proves this point. For example, the potential construction and operational air quality emissions are dramatically below (e.g. reactive organic gas is 44 lbs./day versus a 75 lbs./day thresholds; carbon monoxide is 17 lbs./day versus a 550 lbs./day threshold; particulate matter is 1.5 lbs./day versus a 150 lbs./day threshold) the applicable South Coast Air Quality Management District (“SCAQMD”) thresholds. Similarly, construction noise impacts are minor temporary occurrences, inside of a building that attenuates the sound, and hence does not create a perceptible change in the ambient noise conditions outside of the building. Likewise, potential operational traffic impacts, measured as Vehicle Miles Travelled (“VTM”), were so minor (e.g. 40 trips net increase per day assuming every unit in the El Sol property is occupied versus a 250 trips/day threshold) that the operation of the building is screened out from further analysis according to the Los Angeles Department of Transportation’s (“LADOT”) VMT calculator. The Erratum elaborates on this technical information, and more, in the record. As you can see, the potential impacts associated with implementing the replacement housing condition of approval are so far below all applicable thresholds that there is no rational argument that the discussion of these issues in the Erratum could require recirculation of the MND. Any claim by Unite HERE otherwise would be disingenuous. We respectfully request that the PLUM Committee deny the appeal accordingly.

C. The City Adequately Considered Comments on the MND.

CEQA requires the City to circulate the MND for up to 30 days. The City did that. CEQA does not require the City to respond to comments submitted on the MND. Nonetheless, the City went beyond its legal duty and prepared responses to comments even though it was only required to “consider” the comments. See CEQA Guidelines, Sections 15073(a) and 15074(b), respectively. In particular, on September 9, 2021 the environmental consultant responded to every comment that Unite HERE submitted on the MND. Those responses were considered by the City and incorporated into the administrative record. In addition, the responses included additional technical work from KOA Corporation (traffic consultants) and Veneklassen Associates, Inc. (noise consultants), which provided additional evidence supporting the conclusions in the MND that the Project does not have any significant environmental impacts. The City made all of that information available to the public, including the appellants, before the Planning Commission considered the Project. The City has proceeded in the manner required by law, and in fact went beyond its obligations, in providing the appellant detailed responses to its comments. Therefore, we urge the PLUM Committee to concur with the Planning Commission and planning staff and find that the CEQA documents for the Project are adequate.

D. Evidence Demonstrates that the Project Complies with Applicable Replacement Housing Obligations.

By separate transmittal, our firm provided the PLUM Committee a detailed letter, with supporting evidence, proving that the Project complies with the law and its replacement housing obligations. Please refer to that letter for further analysis. In summary, that letter demonstrates that the Applicant is only required to replace the existing 41 units at the Rendon Hotel. By law, the Project’s total replacement obligation is 41 single-room occupancy (“SRO”) units from the Rendon Hotel and zero SRO units from the El Sol property. There is consensus on this issue

from multiple City departments. Factually, research of the record shows that qualifying use of the El Sol property for residential hotel was stopped in 1988 because the then-owner (Salvation Army) transformed the El Sol into an alcoholic rehabilitation facility. That transformation broke the chain of residential hotel use and another qualifying residential hotel use was not reestablished. As such, the El Sol property is not subject to the Wiggins Settlement Agreement or the City's residential hotel ordinance. The City was justifying in approving Replacement Plan on these grounds and others. Accordingly, we request that the PLUM Committee deny the appeal and approve the Project.

E. The Project is Aligned with the Intent and Permitted Uses in the Downtown Community Plan Update.

The City has worked hard to create a new Downtown Community Plan Update ("Community Plan Update"), which the City Council unanimously approved on May 3, 2023. As you know, the Community Plan Update is not effective yet. Nonetheless, there are a few important points we should highlight about the synergies between the Project entitlements and the Community Plan Update. These points relate primarily to the two variances approved for the Project to: reduce parking requirements at the Property; and to allow an apartment hotel use (for the El Sol property replacement housing site) in the existing M2-2D zone. Both of these variances should remain in place for now. However, once the Community Plan Update becomes effective, the need for the variances is likely moot.

The Planning Commission approved a variance from Los Angeles Municipal Code ("LAMC") Section 12.21.A4 to reduce onsite parking requirements for the proposed Rendon Hotel. This aligns with the intent of the Community Plan Update to minimize or eliminate parking requirements for sites in downtown. The Community Plan Update includes as a core principal "[e]liminating parking minimums." Additionally, LU Goal 11.8 seeks to "promote compact development and encourage walking, biking, and transit use by encouraging no or minimal parking, when possible." MC Goal 6.1 seeks to "[e]liminate parking minimums Downtown to encourage non-vehicular travel, increase affordability, and improve design outcomes." In addition, the Draft Zoning Code's Development Standards assign the Rendon Hotel site to Development Standards District 5, in Parking Package A, which eliminates parking requirements, including for restaurant, lodging, and other commercial uses. Therefore, the approved parking variance would likely become moot if the Community Plan Update, and implementing zoning, become effective as currently adopted.

Similarly, the Planning Commission approved a variance to allow an apartment hotel use (for the El Sol property replacement housing site) in the existing M2-2D zone. The Community Plan Update would also likely eliminate the need for this variance. The Draft Zoning Code's Development Standards assign the El Sol replacement housing site to Use District IX1, which permits dwelling uses that are 100% affordable. Here, the vacant El Sol property would serve as the location for proposed Rendon Hotel replacement units. Such units would be permitted-by-right as 100% deed-restricted affordable units. The Planning Commission emphasized this point when approving the variance. Therefore, the approved use variance would also likely become moot if the Community Plan Update, and implementing zoning, become effective as currently adopted.

Overall, the Community Plan Update would effectively streamline certain entitlements needed to implement the Project. And, it is worth noting that the Project is aligned with the City's long-range planning vision for the arts district. Accordingly, we hope the PLUM Committee will approve the Project, and deny the appeal, so the Applicant can implement its vision of creating an independent artists-based hotel that also activates affordable housing units.

F. Unite HERE Lacks Genuine Standing and Would Not Be Aggrieved by the Project Approval.

Unite HERE claims that "Local 11 members live and/or work in the vicinity of the Project site, breath the air, suffer traffic congestion, and suffer other environmental impacts of the Project unless they are properly analyzed and mitigated." Played out, this statement by Unite HERE would mean that every person in Los Angeles that breathes air or sits in traffic would have standing to challenge any project in the City. We all know that is outlandish. The appellant's extremely broad statement is a rehashed claim used by the unions when stretching to establish legal standing. That is a flawed approach for several reasons.

To start with, the MND concluded that the Project has no significant impacts on people or the environment. Hence, Unite HERE's claim that its members will suffer environmental harm is not based on facts or evidence in the administrative record. The MND demonstrates that the potential impacts have been properly mitigated and the City approvals illustrate how the Project would adhere to applicable regulations.

Next, Unite HERE has not demonstrated that its members have a geographic nexus to the Property in a manner that subjects them to environmental impacts. It should be noted that the appeal forms filed by Unite HERE check the box that it was appealing as "a person," but then failed to identify any person with proper nexus or who could actually be aggrieved by approval of the Project. We understand that Unite HERE may have intended to appeal on behalf of itself, an organization. We recognize that Unite HERE may claim it has standing under CEQA as an organization. But proving even that relatively low level of standing requires more from Unite HERE to show that its members do in fact reside in the vicinity of the Property, and that the Project – with no significant impacts – otherwise impacts its members. To date, Unite HERE has not met this burden.

G. The Appeal Contradicts Unite HERE's Mission to Provide Jobs and Affordable Housing for Union Members.

There is an ironic twist of fate in Unite HERE's appeal. The appeal claims that Local 11 is committed to ensuring that there is "informed decision-making by public officials regarding projects that may significantly impact the environment and affordable housing in the City of Los Angeles." The appeal also claims that granting the appeal (which means stopping the Project) "will confer a substantial benefit to Local 11 and the public." But, in this case, that is wholly untrue and contrary to Unite HERE's job creation and affordable housing mission. Accordingly, we should inform the PLUM Committee about the reality underlying the appeal.

The Applicant has offered Unite HERE several variations of a labor deal. In basic terms, the Applicant has offered a labor neutrality agreement that permits Unite HERE to seek all of the traditional hotel jobs, including but not limited to, hotel service, housekeeping, bell persons, hosts concierges, laundry works, parking employees and front desks workers. Importantly, the Applicant has also offered the members of Unite HERE the right of first offer for all 42 affordable housing units that will be activated at the nearby El Sol property.

Having hotel jobs and affordable housing within one mile of a job location is a dream scenario for Unite HERE members. In fact, a co-President of Unite HERE Local 11, was recently quoted saying “[t]he No.1 issue among the 28,000 Unite HERE Local 11 members in Southern California is trying to afford a place to live that is anywhere near where they work.” See [Exhibit 3: Press Article – Jobs Near Home, L.A. Hotel Workers Fight an Uphill Battle to Live Where They Work \(capitalandmain.com\)](#). The Project provides the exact solution that union leadership says its members want. Yet, the union negotiators continue rejecting the Applicant’s offer to provide jobs with adjacent affordable housing, why?

The Applicant is only asking to retain the food and beverage component of the hotel because that is necessary to operate this independent artists-based hotel in an economically feasible way. This is more than a fair trade and creates a win-win-win scenario. The union gets more hotel jobs, its members and the City get new affordable housing units, and the Applicant gets to build and operate the Project. Please understand that the Applicant is willing to enter a labor agreement with Unite HERE. But, the Applicant cannot enter an agreement that would result in an economically unsustainable hotel. Therefore, we urge Unite HERE to be reasonable in finding a labor solution instead of using its “all-or-nothing” mentality.

In sum, the Project is good for the City and Unite HERE. However, the Applicant cannot allow the Project to be stalled forever. Therefore, we ask the PLUM Committee to concur with the recommendations of the Planning Commission and approve the Project so it can advance to final administrative actions.

H. The City Has Not Abused Its Discretion in Approving the Project.

The appeal closes with another unsupported claim that City “improperly granted two Project’s entitlements and approved the MND in violation of the RSO and Code and relied on an inadequate CEQA review.” As stated herein, the record demonstrates that the opposite is true. The City proceeded in a manner required by law that was supported by substantial evidence. There was no prejudicial abuse of discretion in the City’s decision making process. The City prepared an adequate MND and proved the Project has no significant unavoidable impacts. The City has also demonstrated that the Project would comply with its regulatory obligations, especially for the provision and activation of affordable housing units. Therefore, we respectfully request that the PLUM Committee deny the appeal and approve the Project.

October 9, 2023
Page 10

Regards,

A handwritten signature in blue ink that reads "James E. Pugh". The signature is fluid and cursive, with the first name "James" and last name "Pugh" clearly legible.

James E. Pugh
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

SMRH:4884-5034-8421.2

cc:

Gerald Gubatan, Council District 14
Heather Bleemers, Department of City Planning
Oliver Netburn, Department of City Planning

Exhibits:

Exhibit 1: Rendon Hotel Aerial
Exhibit 2: CD 14 El Sol Condition Letter
Exhibit 3: Press Article – Jobs Near Home

EXHIBIT 1



EXHIBIT 2



Estineh Mailian, Chief Zoning Administrator
Los Angeles Department of City Planning
200 N. Spring St., Room 621
Los Angeles, CA 90012

February 15, 2022

**RE: Council Office Support of Waiver of Hearing for ZA-2021-9890-ZV
“El Sol” 719-725 E 5th Street**

Dear Chief Zoning Administrator Mailian,

The Office of Councilmember Kevin de León, Council District 14 is in support of a waiver of public hearing for planning case ZA-2021-9890-ZV the re-establishment of a residential hotel use. Our office generally supports waivers of public hearing for cases that have already had or will have opportunities for other public input in agendaized meetings, or other public hearings. We also support waivers where the opportunity to reduce review time offers public benefit, as in this case, where approval of this planning case will re-establish 42 units of affordable housing.

As such, zone variance case ZA-2021-9890-ZV meets our office criteria for waiver as the location at 719-725 E 5th Street, the property known as El Sol, will be returned to its original use as a Residential Hotel. This site is currently in poor repair and is being partially used for retail and manufacturing. No tenants have resided at El Sol since 2014. The applicant is proposing to return the vacant El Sol to the former residential use, restricted to affordable housing for 42 units, as a component of their required Replacement Housing Plan associated with the redevelopment project at the Rendon Hotel, 2053-2059 East 7th Street under planning case CPC-2017-4734-GPA-ZC-HD-CUB-CUX-ZV-ZAA-SPR-RDP. The Councilmember strongly supports returning this site to a housing use.

As part of the related context, there is a proposed project at the Rendon Hotel where units are required to be replaced as per the Wiggins Settlement and their relocation to the El Sol is a component of the Rendon Hotel's Housing Replacement Plan. This plan is in the final stages of review by the Housing Authority of the City of Los Angeles, and the terms are also being shared with the Legal Aid Foundation of Los Angeles. We have been provided with a draft of the proposed Replacement Housing Plan, and spoken to the applicant's representative as well as community stakeholders.

As the establishment of El Sol as a residential hotel is a condition of granting permission in the Rendon Hotel case application, we wish to also note that the City Planning Commission will be



hearing the Rendon Hotel case sometime in the next few months and the public will be able to attend and provide public comment on that case. Lastly we wish to note that El Sol is located within the boundaries of the Downtown Los Angeles Neighborhood Council, while the Rendon is within the jurisdiction of the Arts District Little Tokyo Neighborhood Council, therefore we recommend that Department of City Planning share project updates and notices on both cases with both neighborhood councils given the close relationship between the two cases.

Thank you for your consideration in this matter.

Regards,
Emma G. Howard

Planning Director
Office of Councilmember Kevin de León
200 N. Spring Street, Suite 425
Los Angeles, CA 90012

CC: Heather Bleemers, Senior City Planner, Los Angeles Department of City Planning
Oliver Netburn, City Planner, Los Angeles Department of City Planning
Nancy Yap, President, Arts District Little Tokyo Neighborhood Council
Aram Garikian Land Use Chair, Arts District Little Tokyo Neighborhood Council
Claudia Oliveira, President, Downtown Los Angeles Neighborhood Council
Ryan Afari, Land Use Chair, Downtown Los Angeles Neighborhood Council
Elizabeth Peterson-Gower, CEO, Elizabeth Peterson Group

EXHIBIT 3

STATE OF INEQUALITY

L.A. Hotel Workers Fight an Uphill Battle to Live Where They Work

Making developers who stoke the housing crisis repair the damage they've done.



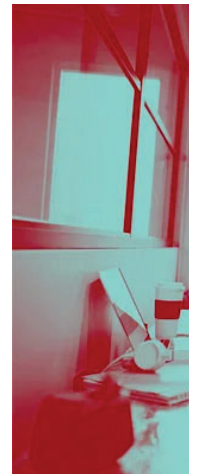
Published on February 2, 2023
By **Mark Kreidler** [t](#)



The L.A. Live complex in downtown Los Angeles. Photo: John Edward Linden.

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LATEST



Brenda Mendoza is an Angeleno. Born and raised in the Koreatown neighborhood of central Los Angeles, she returned there as a young adult to begin raising her own family. Thirteen years ago, at age 28, she took a job as a uniform attendant at the JW Marriott L.A. Live hotel, about 10 minutes from home.

It was Mendoza's plan to stay. But after nearly a decade of rapidly rising housing costs in her old neighborhood, the mother of two faced an unhappy truth: She and her family could no

longer afford to live in the city.

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The first move was to Downey, south of downtown and a 40-minute commute to work on most days. “But our rent just kept going up,” she said. When it hit \$3,000 a month for a two-bedroom apartment, the family made a more drastic decision.

“I now drive 200 miles round trip daily,” said Mendoza, speaking from her home in Apple Valley, a town in San Bernardino County. “We wanted our own house to live in. We did what we had to do.”

The crisis of affordable housing in Los Angeles is hardly new. The metropolitan area has for decades been the most housing overcrowded in the country, the product of insufficient income and a chronic inventory shortage. Those living in overcrowded conditions face a variety of disadvantages and disproportionately poor health outcomes, and the pandemic illustrated the danger, with overcrowded people experiencing higher early rates of COVID infection and death. ^

Overcoming problems that have been 30 years in the making will, of course, require action on several fronts and by several parties. There’s no single way past L.A.’s affordable housing crisis. But Mendoza’s workers union has an idea of one place to look: the hotel industry itself.

* * *

Last week, outside the L.A. Live Marriott, more than 1,000 members of UNITE HERE Local 11 gathered for a demonstration. Inside, executives mingled at the American Lodging Investment Summit, which is billed as the largest hotel investment conference in the world.

The union members’ goal: to make the investors understand they’re part of the problem in L.A. — and should be part of the solution.

“We believe there are more hotel rooms under construction than affordable housing in the city of Los Angeles.”

~ Kurt Petersen, co-president of UNITE HERE Local 11

“We believe there are more hotel rooms under construction than affordable housing in the city of Los Angeles,” said Kurt Petersen, co-president of UNITE HERE Local 11. (Disclosure: UNITE HERE is a financial supporter of Capital & Main.)

A proposal pushed by the union would address at least some of the fallout from the rapid expansion in hotel development. Under the Responsible Hotel Ordinance, which goes before L.A. voters in March 2024, developers who demolish or convert existing housing in order to



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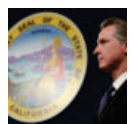
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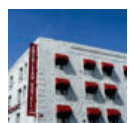
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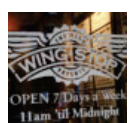
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build their hotels would be required to replace the inventory with an equal number of affordable housing units.

“If there is a replacement issue with affordable housing, the developers need to replace it,” Petersen said. “They’re building hotels without regard for the current housing on site, and without regard for the housing problem in the city in general — and right now the law doesn’t require them to.”

For decades, under state law, corporations have been able to develop new hotel properties in Los Angeles with only limited consideration given to the effect on the existing neighborhood. If the construction of a new hotel means blowing down a rent-stabilized apartment complex, for example, the developers are under no requirement to address the resulting reduction in affordable housing — only to build as many units as they tore down.

That dynamic is being felt in the city right now. According to data presented at the investment summit, Los Angeles has the highest number of hotel rooms under development in the country, with almost 20,000 rooms in the pipeline and more than 3,600 in active construction. With the 2028 Olympic Games and its attendant tourism crush approaching in L.A., the rate of development won’t abate anytime soon.

The Responsible Hotel Ordinance would also require that hotel projects of 100 or more rooms secure a conditional use permit, which would be contingent on a review of the development’s impact on its surrounding neighborhood, including local affordable housing, public transit, child care and the expected wages to be paid the hotel’s workers.

“We want to be paid enough to live where we work.”

~ Brenda Mendoza, JW Marriott L.A. Live hotel employee

For the union’s workers, the proposal strikes close. The No. 1 issue among the 28,000 UNITE HERE Local 11 members in Southern California, Petersen said, is trying to afford a place to live that is anywhere near where they work. While the union battles for wage hikes in negotiations with hotels, airports, restaurants, sports venues and convention centers, the spiraling cost of housing regularly outstrips annual pay raises and further squeezes workers who are already financially vulnerable. The Los Angeles hotel minimum wage is \$18.86 an hour, or about \$3,000 per month before taxes.

Mendoza, her husband and two sons, now ages 23 and 21, had no intention of leaving L.A. — “It’s home,” she said. But as their rent rose, they were stretched to a breaking point. Their only hope of owning a place was to move far outside the metropolitan area and join the ranks of long commuters.

Mendoza’s husband and both sons have jobs in Los Angeles’ meatpacking industry that require them to start between 5 and 5:30 a.m. each day. Thus, Mendoza said, the family rises most days at 2:30 a.m. in order to get ready and then make the commute, which she said is an hour and a half going in and can be as much as 2 ½ hours on the return to Apple Valley.

Mendoza said a few co-workers have similar commutes, and almost all of them live well outside Los Angeles itself. “We want to be paid enough to live where we work,” she said, “but

it's tough to keep up with what it costs to have a place to live.”

* * *

Requiring hotel developers to replace the affordable housing they demolish could be a useful step in at least preserving the supply of such housing in Los Angeles, but it hasn't been the public focus of the proposed ordinance. Instead, conversation has swirled around a separate requirement, which would force hotels to open their unused inventory to people who are unhoused.

The proposal, Petersen said, plays off the success of California's Project Roomkey, which at the height of the pandemic turned vacant hotels into short-term shelters. At a time when estimates suggest more than 60,000 people are unhoused in Los Angeles County, the need for more short-term solutions is obvious.

Project Roomkey, though, was a voluntary operation, just as existing hotel voucher programs around L.A. have been for years. The Responsible Hotel Ordinance would make it mandatory for hotels to report daily their number of unused hotel rooms and make them available to temporarily house people, for which they'd be paid market rate by the city. The city would naturally gravitate toward less expensive hotels, but no hotel would be exempt.



Bringing hotel developers into the affordable housing equation has a chance to make a long-term impact on a city where the cost of living is skyrocketing.

The hotel industry and its supporters were not pleased, and they showed up in force at a meeting of the City Council to register their opposition, even though many hotels participated in Project Roomkey, which is winding down. “Hotels did not cause the homeless problem. Hotels are not the solution for the homeless problem,” Stuart Waldman, president of the Valley Industry and Commerce Association, told councilmembers during a public comment session last year.

The council voted 12-0 against adopting the ordinance outright, opting instead to put it before Los Angeles voters next year. The union easily qualified the measure for such a vote, but it will be wildly outspent in public campaigning by the hotel industry between now and March 2024.

While the requirement to offer housing to homeless people sparked the most emotion, bringing hotel developers into the affordable housing equation has a chance to make a long-term impact on a city where the cost of living is skyrocketing. Should the larger ordinance ultimately fail, its supporters would do well to bring back the development requirements on their own.

“We want the industry to take accountability for what is happening, because it's happening to us,” Brenda Mendoza said. “Of course they aren't the only answer. But they can be a part of the solution, and we need them to be.”

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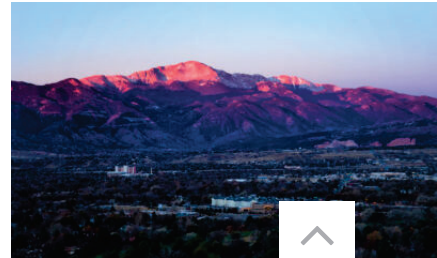
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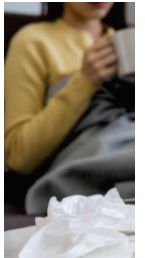
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