Hollywood
A Comeback Story and the Lessons Learned

By Beth Steckler & Lisa Payne

1986
CRA/LA
Redevelopment
Plan Adopted

1991
Recession
El Capitan
Theater

1994
Northridge
Earthquake

1995
Subway Sinkhole
St. Andrews

1996
Hollywood
Entertainment District
(HED) Established

1998
Egyptian
Theater
Rehabilitation

February 24th, 2012
HOLLYWOOD HAS FOR SO LONG been thought of as the heart of the film industry that it is hard to imagine the actual place as anything but glamorous. However, 20 years ago there wasn’t a shred of glamour left on the streets of Hollywood: Most of the big studios had left by the 1960s, the department store and nicer shops had been replaced with trashy lingerie outlets, t-shirt stands, and seedy clubs and bars dotted the neighborhood — leaving tourists to wonder where the legendary Hollywood had gone.

During the 1980s gangs claimed Hollywood’s streets and aging apartment buildings as their turf, sparking a crime wave that dramatically increased the murder rate and led to the closure of Hollywood Boulevard on weekend nights. Crack houses sprang up and death by drug overdose was a daily occurrence. Hollywood’s “no-tell motels” became the center of a prostitution epidemic.

By the early 1990s Hollywood had hit bottom, and some considered the TV ads by mayoral candidate Richard Riordan to be the last nail in Hollywood’s coffin. Dubbed the “Hollywood cesspool ad” by an aide to one of Riordan’s rivals, the commercial showed gritty streets, graffiti-splattered walls and a body on a coroner’s gurney.

Fast forward to 2011, and Hollywood has recaptured much of its former greatness, with movie stars walking the red carpet to film premiers, tourists taking photos at Grauman’s Chinese Theater, restaurants and nightclubs busy with customers, and the sidewalks full of people taking in the famed “Walk of Fame.” Hollywood today boasts three subway stops, two new upscale hotels, the largest farmers market in Los Angeles, luxury lofts, refurbished historic theaters, national chain stores alongside independent stores owned by local merchants, and hundreds of new apartments with affordable rents. Crime rates have fallen and property values have soared -- property taxes collected in 2010 were six times the amount collected a decade earlier.

How did Hollywood manage such a stunning comeback?

It took years of sustained effort by a large number of people, with the public and private sectors working side by side with community-based groups. Hollywood’s renaissance was not without its ups and downs, and the work is not finished. But this is a good time to pause and consider the hard-won success and the lessons learned. This assessment is especially well-timed as LA Metro begins construction on 12 new rail and bus rapid transit lines and 100 new stations in LA County. The Hollywood story can inform efforts to revitalize neighborhoods around transit stations across the region.

KEYS TO SUCCESS: ORGANIZING COMMUNITY STAKEHOLDERS

Civic Leadership and a Strong Vision

MANY PEOPLE, businesses and organizations played significant roles in bringing Hollywood back, but the role of director was shared by the Community Redevelopment Agency (CRA/LA), LA Metro and the three LA city councilmembers who represented Hollywood -- Michael Woo, who served on the council from 1985 to 1993, Jackie Goldberg, who served from 1993 to 2000, and Eric Garcetti, who succeeded Goldberg and is still in office.

In 1986 the City of Los Angeles tasked CRA/LA with transforming Hollywood, and by 2000 when three Metro Red Line subway stations opened along Hollywood Boulevard, the agency had succeeded in attracting substantial development. CRA/LA broke new ground in the world of redevelopment by ensuring that the benefits of revitalization were shared broadly with community residents — dedicating 10 percent of its tax-increment to social services and 20 percent to affordable housing, soliciting the input of immigrant renters and partnering with them in the redevelopment process, crafting living wage agreements and encouraging labor peace in new commercial developments subsidized by the city — meaning that project owners would not oppose workers if they attempted to organize.

Leading roles were also played by the local property owners, historic preservationists, local businesses, low-income residents, churches and affordable and market-rate developers. And there were many inspired supporting actors, including the “Martini Sisterhood” of women who were active in the Hollywood Chamber of Commerce, social service agencies, the business improvement district, redevelopment agency, and the offices of Councilwoman Goldberg and Mayor Riordan.
A challenging and acrimonious beginning

Upheaval, mistrust and discord marked the early years of the redevelopment effort. Residents sued to try to stop the city from establishing the Hollywood Redevelopment Project Area, the project’s community advisory committee was dissolved after infighting led to gridlock — prompting yet another lawsuit — and allegations of improprieties abounded. Nonetheless, important groundwork was done to prepare the area for investment: a Slum Housing Task Force was created, the Hollywood Farmer’s Market opened, the historic El Capitan Theater was restored, and a Historic Commercial Façade program and graffiti-abatement program were started.

In 1993, Jackie Goldberg was elected to the city council and the challenges continued: Hollywood Boulevard was especially hard hit in the 1994 Northridge earthquake, and construction of the subway caused a huge sinkhole along the boulevard one year later, even as a lingering economic recession plagued the region.

But Councilmember Goldberg’s office crafted bold responses to big problems, and succeeded in convincing a variety of constituencies that a revitalized Hollywood was possible and would be well worth the effort. Goldberg and her staff of community organizers saw three Hollywoods, not one. The first Hollywood was the neighborhood that was peopled mostly by renters. The second Hollywood was the destination — with clubs, restaurants, theaters and shops that attracted people from across the city, country and around the world. The third Hollywood was the entertainment industry, with its post-production facilities, recording studios and talent agencies. The key was making Hollywood function well as a place to live, work and play for all three Hollywoods. The major stakeholder groups were low-income tenants, the business community including commercial property owners, the creative class, preservationists, architects and urban designers. All contributed to Hollywood’s amazing comeback.

Promote responsible development

The CRA had put together a list of 12 redevelopment goals to guide the agency as it invested public resources, and if a developer was interested in accessing funding his or her project had to meet at least six of the goals. This made it easy for developers to understand what the city was trying to achieve, and helped ensure that projects would benefit the community.

Hollywood CRA/LA 12 Criteria for Public Investment

THE CRA/LA IN HOLLYWOOD synthesized the goals of the redevelopment plan. All project proposals were required to meet at least 6 of the 12 redevelopment goals before being considered for public funding.

- **Catalytic projects** that will have significant economic impact in the Hollywood community
- **Transit-oriented development** that promotes “walkability” and public transportation
- Supports **economic growth** in a core Hollywood industry:
  - Film & Entertainment
  - Tourism
  - Health Care
  - Education
- Provides **education or job training** in core Hollywood industries
- Creates **living wage jobs** for local residents
- Provides **affordable housing** for low and moderate income households
- **Reduces homelessness** in Hollywood
- Is an **energy-efficient development** that meets or exceeds LEED Silver standards
- Preserves a **significant historic structure**
- Contributes meaningfully to **public art and/or cultural institutions** of Hollywood
- Creates publicly accessible **parks** and/or open space
- Strengthens and supports a **nonprofit social service** provider in Hollywood.

Helmi Hisserich
former director of the Hollywood region of the Community Redevelopment Agency of Los Angeles

“Jackie Goldberg was like a force of nature and a fantastic cheerleader rolled into one. She really understood the dynamics among the different stakeholders and she challenged people to move forward.”

Julie Kleinick
former President of the Hollywood Chamber of Commerce

February 24th, 2012
community and not just property owners and developers. CRA/LA had an open-door policy with developers, and encouraged them to come in and discuss their project ideas.

The developers of several major projects agreed to adopt “labor peace” agreements stating that they would not interfere with or retaliate against newly hired workers if they wanted to form a union — a provision that was unusual at the time — and to hire locally. These projects included a major shopping complex and theater atop the Hollywood/Highland station and the adjacent Renaissance Hotel, as well as the W Hotel, condos and apartments at the Hollywood/Vine station, and the redevelopment of the Cinerama Dome on Sunset Boulevard and Vine. These agreements provided major benefits to workers who lived in the neighborhood, and to the local economy because they spent their wages locally.

Neighbors band together to root out crime and slums

In the 1980s and 1990s the Yucca Corridor — a central area bounded by Hollywood Boulevard and the 101 Freeway, Vine Street and Highland Avenue — was rife with crime, drugs, and gang activities. Immigrant families from Central America, mostly headed by women, lived in the neighborhood’s dilapidated apartment buildings. These women joined with Inquilinos Unidos (United Tenants), an organization of church members called Hollywood Interfaith Sponsoring Committee (now called LA Voice), the Hollywood Beautification Team, and community organizers from the council office in an effort to reduce the number of liquor stores in the neighborhood, clean up slum housing, build more affordable apartments, and create parks for children.

These community activists went to work identifying and chasing away corner drug dealers. They protested outside liquor stores that attracted criminal activity, and testified against store owners at public hearings. They painted over graffiti, organized clean-up campaigns and pushed the city to create a new park. Working with Hollywood Beautification Team leader Sharon Romano, they succeeded in getting surveillance cameras installed along the Yucca Corridor to discourage drug dealing.

When the redevelopment area was created, social service agencies succeeded in convincing then-Councilmember Woo to support the dedication of 10 percent of redevelopment funding for social services, a requirement shared by no other redevelopment area in Los Angeles. Later, community groups urged the city to use some of the money to help house Hollywood’s large homeless population. When affluent homeowners living in the Hollywood Hills sought to derail the CRA-funded Villas at Gower, a $30 million housing complex at the corner of Hollywood and Vine for low-income families and homeless people, community groups turned out en masse to support the project, and Councilmember Eric Garcetti backed them up.

Slumbusters and renters

A top priority for both the CRA and community groups was to get rid of slum housing. Inquilinos Unidos, the Yucca Corridor Coalition and the city council office organized tenants in a dozen apartment buildings at a time, and worked in partnership with the city’s Slum Housing Task Force to bring them up to code and to prosecute the slumlords. A number of condemned properties were bought by community developers, who rehabilitated them into safe, decent and affordable apartments. Merle Singer was one of seven property owners who formed “SlumBusters,” an organization that supported city efforts to crack down on slumlords who were depressing property values. The extent of this problem in Hollywood and the resources required to bring it under control led to a revamping of citywide housing code enforcement. Under the Systematic Code Enforcement Program, adopted in 1998, the city inspects each apartment building once every three years and requires landlords to remediate unsafe conditions. Written in large part by Councilmember Goldberg aide Mirta Ocaña, the program was recognized by the Harvard Kennedy School of Business with an “Innovations in American Government” award.

There was a silver lining to the devastation of the 1994 Northridge earthquake — many of the buildings owned by slumlords were declared structurally unsafe after the earthquake and were condemned. Landlords who did want to repair the earthquake damage could get help from FEMA, but many of the slumlords were not interested in rebuilding and turned the keys over to the banks. This provided enormous opportunity for developers who were interested in building affordable housing on these sites because they were also able to get FEMA’s help. The availability of federal disaster aid, the

“The City Attorney’s Slum Housing Task Force had been going after slumlords for years. By the time I started working in Hollywood they had won a number of convictions where owners were sentenced to live in their own horrible, rat-infested buildings. That was a big stick for us in dealing with Hollywood slumlords.”

Roxana Tynan former aide to Councilmember Goldberg.
Security was a top priority so we hired some off-duty police officers for a 90-day pilot, and saw a huge drop in crime. Safe and clean are still our top priorities.

Kerry Morrison
Hollywood Entertainment District

Building housing for people with mental problems, living with AIDS and facing other challenges was very important, and it was scary for some residents. We told them we would work with them on any legitimate concerns, but when it came to unfounded fears we were all about building understanding and acceptance.

Jackie Goldberg
former LA City Councilwoman for Hollywood

The homeless people in Hollywood were very visible on the street – teenagers and adults. We began peeling back the layers of anonymity and overcoming our fear, until we could then see homeless people as our neighbors.

Kerry Morrison
Hollywood Entertainment District

Drug dealers and gangs controlled a number of buildings in Hollywood — from courtyard bungalows to 10-story apartment buildings — terrifying neighbors and scaring away investors. The CRA worked with developers who had the expertise required to take control of these problem properties and make them over into affordable homes. The historic Hollywood El Centro Apartments, for example, had become a hotspot for drug and gang activity. The CRA forged a public-private partnership with Thomas Safran and Associates and the Los Angeles Community Design Center (now called Abode Communities). They took control of the property, restored the building and created 88 apartments with rents affordable to seniors on fixed incomes and working families.

Similarly, St. Andrews Bungalow Court was vacant and slated for demolition in 1989, meantime serving as a hang-out for prostitutes, homeless people and drug-dealing members of the White Fence gang. Trees were growing through porches, and fire-damaged walls were covered with mold and graffiti in 1992 when the nonprofit Hollywood Community Housing Corporation (HCHC) bought the 16 bungalows with help from the CRA/LA. Today St. Andrews provides affordable homes for the disabled and formerly homeless.

Councilmember Michael Woo, the CRA and the Los Angeles Community Design Center (Abode Communities) had founded the nonprofit HCHC to focus on building new affordable apartments in Hollywood. In the last 20 years, HCHC has built more than 700 apartments. HCHC was one of many high-caliber affordable builders working in Hollywood; others included Thomas Safran, McCormack Baron Salazar, A Community of Friends, the Thai Community Development Corporation, and the ONE Company.

The business community’s strategy: clean and safe streets

Councilmember Goldberg challenged property owners along Hollywood Boulevard to show the world that they believed in Hollywood, and the Chamber of Commerce, led by then-president Julie Kleinick and Leron Gubler, responded by organizing the Hollywood Entertainment District (HED) in 1996. The State had recently enacted a new law that allowed property owners to tax themselves to form a “business improvement district” (BID), and Kleinick and Gubler decided to begin by organizing six blocks of businesses.

The HED kicked off a campaign that included sweeping the streets and pressure-washing the sidewalks, polishing the stars on the “Walk of Fame,” removing graffiti and trimming trees among other things. The HED hired a private security company to make citizens arrests, usually for drug and alcohol-related offenses, and in 2005 installed five security cameras at Hollywood and Vine that were monitored by the LA Police Department. Three years later 91 percent of the property owners voted to renew the HED, and its success inspired the creation of BIDs throughout the city.

One thing that distinguishes the Hollywood Entertainment District is its work on homelessness. HED formed a partnership with PATH, a leading homeless agency, to connect homeless people with social services. Inspired by President George W. Bush’s policy czar on homelessness, Philip Mangano, the HED helped organize a homeless count, adopted a 10-year plan to end homelessness in Hollywood, helped build apartments that provided on-site social services, and launched Hollywood Forward, an innovative community roundtable on homeless issues.

The preservationist bring back the historic theaters

Most of Hollywood was built before 1930, and 60 years later many buildings were decaying, in disrepair, or vacant. The community was keenly interested in seeing these older buildings restored. On their list of high-priority buildings the historic theaters all ranked high.

Jeffrey Rouze, a developer from the Midwest with considerable experience in restoration, focused on the El Capitan Theater,
bringing in Disney and Pacific Theaters as financial partners and working closely with the CRA/LA and council office. When Disney’s “Lion King” premiered in the fully restored movie palace in 1991, the event generated a lot of buzz and the theater’s success inspired the restoration of the nearby Egyptian Theater and Cinerama Dome. Goldberg’s office worked with the community to prioritize the renovation of more than 100 buildings in Hollywood listed on the National Register of Historic Places.

KEY TO SUCCESS: PLANNING AROUND TRANSIT STATIONS

ALTHOUGH HOLLYWOOD had always been a transit hub for major bus lines, the introduction of the Metro Red Line subway and three stations along Hollywood Boulevard in the heart of the redevelopment project area served as a catalyst for development. The CRA adopted a “bookend strategy” that at first focused investment around the stations with the assumption that it would then be easier to attract development to the rest of the project area.

HOLLYWOOD/HIGHLAND

Completed in 2000, the Hollywood/Highland station launched a dramatic revival. Retailers, restaurants and nightclubs gravitated to the area, surrounding landmarks including the Egyptian Theater were given facelifts, and the Academy Awards and movie premieres began to enliven the streets, making Hollywood once again the center of the entertainment industry.

STRATEGY: Attract high-end retail and good jobs

In 1998, construction began on a shopping, entertainment and hotel complex above the Hollywood/Highland subway station. CRA/LA invested $90 million in the development, which opened in 2001. Flanked by iconic statues of elephants from the Babylon scenes in D. W. Griffith’s silent-movie masterpiece Intolerance, the Hollywood and Highland complex houses dozens of high-end shops and restaurants and the Kodak Theater — the new home of the Academy Awards. The developer, TrizecHahn, agreed to a project labor agreement that ensured construction workers earned prevailing wages and received health and pension benefits. In addition, the developer agreed to a “labor peace agreement,” which meant there would be no opposition to workers’ efforts to organize. As a result, the staff at the 637-room Renaissance Hotel became members of the hotel workers’ union, and the complex’s maintenance, security, and parking staff are also unionized. Moreover, the involvement of community groups helped ensure that many of these good jobs went to local residents.


Helmi Hisserich
former director of the Hollywood region of the Community Redevelopment Agency of Los Angeles

“The jobs fair for Hollywood and Highland drew thousands of people, and thanks to the amazing energy of Jeanmarie Hance, who organized it, over 60 percent of the first round of hires were people living in the 90028 area code. We were so proud of everyone for making real on the pledge to bring good jobs to the community for the residents.”

Roxana Tynan
former aide to Councilwoman Goldberg

![Map of Hollywood and Highland area](image)
**STRATEGY: Revitalize landmarks and bring the stars back**

Walking out of the Hollywood/Highland station today, tourists immediately see some of Hollywood’s landmark theaters, including the Egyptian Theater, built in 1922 and home to Hollywood’s first movie premiere. With the help of the CRA, the Egyptian was refurbished in 1998 and together with the El Capitan became critical to the revival of Hollywood Boulevard. Today the Egyptian Theatre is home to American Cinematheque, a non-profit organization dedicated to showing classic films, documentaries, and international cinema. When the city closes Hollywood Boulevard now, it’s not to shut out gang members but to make way for the movie stars and moguls on their way to film premiers or the Academy Awards.

**HOLLYWOOD/VINE**

The corner of Hollywood and Vine was certainly on the skids in the early 1990s, but today the Metro Red Line station is flanked by the W Hotel with its condominiums and affordable apartments, a Trader Joe’s market, and a bike station, as well as dozens of upscale clubs and restaurants. Four key strategies are credited with catalyzing this corner’s revival: the launch of Los Angeles’ largest farmers market, successful efforts to root out crack houses and to make the streets and sidewalks clean and safe, as well as the negotiation of a “community benefits agreement” for the W Hotel.

**STRATEGY: Create a community happening**

Every Sunday morning for more than 20 years the farmers market has unfolded along several nondescript blocks of Ivar Street just southwest of Hollywood and Vine. Considered to be “Hollywood’s Front Porch,” the market is a place where visitors can meet friends and neighbors and enjoy the diversity of the community while shopping for fruit, vegetables, flowers, fresh fish, coffee, fresh-baked bread, tamales, paella, handmade soap, or getting a massage. More than just another produce market, it is an intentional economic development effort to create a place for people to sell hand-crafted goods.

**STRATEGY: Combat liquor stores and crime**

Dealing with the neighborhood’s huge drug and crime problem was a priority for the low-income residents who lived there. Councilmember Goldberg worked closely with the city attorney, the Hollywood Division of the LA Police Department, and a large contingent of mothers — most of whom were immigrants from Central America — to reduce the influence of criminals and gangs. They worked to ban the sale of malt liquor and reduce the number of liquor stores, build more parks, prosecute slumlords, close the “no-tell motels,” and build quality apartments with affordable rents on problem properties.

**STRATEGY: Preserve the landmark Cinerama Dome**

Built in 1963, the Cinerama Dome movie theater near the corner of Vine and Sunset Boulevard was in need of a make-over by the late 1990s. The restored building reopened in 2002 as the high-end ArcLight Hollywood movie theater, with shops, a fitness center, cooking school, and a CRA-built and owned parking structure. When Amoeba Music, the world’s largest independent music store, opened on the next block, these two venues together with a mixed-use apartment building across the street began to generate enough foot traffic to reinvigorate several blocks of Sunset on either side. The developers of the Cinerama Dome hired locally during construction, helping to boost the local economy.

**STRATEGY: High-end hotel and community benefits**

For more than 10 years transit riders had to enter the Hollywood and Vine subway...
station first through a parking lot and then a construction site, a situation that changed when the upscale W Hotel opened in 2010. The 300-room W Hotel caters to the entertainment industry and is located in a mixed-use complex that includes 140 condominiums, 375 apartments, ground floor retail and a bike station. During the planning phase, the Yucca Corridor Coalition and LA Voice successfully advocated for the inclusion of 75 apartments with rents affordable to working families and for the hiring of local people to work in the complex.

**HOLLYWOOD/WESTERN**

More than any other part of Hollywood, the area around Hollywood Boulevard and Western Avenue — to the east of the other stations — included apartment buildings and homes that were owned by slumlords and flanked by corner properties that served as magnets for crime. Neighbors who had long felt victimized urged the city to take control of these nuisance properties, and sometimes the City was able to work with affordable developers to rehabilitate them. These improvements were noticed by investors, who began considering properties on the eastern end of the boulevard and to feel that in fact it might be safe investing throughout Hollywood.

The Metro Hollywood Apartments and adjacent Carlton Court apartments, built by McCormack Baron Salazar and the Hollywood Community Housing Corporation, were instrumental in revitalizing the neighborhood around this intersection, long known for its adult entertainment theaters and bookstores, prostitution, arson and crime. The Metro Hollywood Apartments, located over to the subway station and at the junction of seven bus lines, provide affordable homes for 60 families, and the shops and daycare center on the first floor make it easy and convenient for families to live there.

Carlton Court provides affordable homes for another 60 families. The two buildings share a courtyard that offers a welcoming space where children can play. The surrounding neighborhood is very diverse, with a mix of Latino, Armenian, Russian, Thai and Korean residents. The new developments are well-managed, and the crime is gone.

**WHAT HAPPENED TO THE NEIGHBORHOOD?**

The story of Hollywood’s revitalization is not just about development, it’s also about the impact that new rail stations, new development and rising property values have had on the people who live in the surrounding neighborhood. Hollywood’s long-term residents were primarily low-income people who lived in rent-stabilized apartments and used public transit. About 96 percent of the people who

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**“I lived in a building with eight apartments and over three years I saw one Latino family after another move out until the whole building was new people. I remember one family that had been there for many years, and all of a sudden the landlord lost their rent check three months in a row. It was such a hassle for them. The people who moved in were paying much higher rent and there were fewer families.”**

Christian Peralta
Renter at Fountain and Mansfield 2000-2004

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**“Our kids grew up in their elementary and high school years knowing the families and friends who lived around us, and then suddenly the prices started jumping up. They used different tactics. They would say, ‘We are going to remodel the apartment building and we need you to move.’ They would give you a very small amount of money to relocate. They didn’t do what they were saying. They would just paint a little bit”**

Manuel Romero
a former Hollywood resident and LA Voice member
lived in the 12 census tracks that comprise the redevelopment project area were renters.

By 2009 the demographics of Hollywood's residents had changed: they owned more cars, lived with fewer people in each apartment, and had higher incomes than the residents who'd lived there before. Despite all the development, the number of people living in central Hollywood fell by about 10 percent, while population in the city grew about 9 percent. Per capita income rose 34 percent in Hollywood, but just 2 percent citywide. And there was an increase in car ownership despite the easy availability of high-quality transit: There was a 32 percent decrease in car-free households, while households with one car increased by 15 percent. This information has implications for ridership on the transit system. All the numbers in the adjacent chart suggest that, despite the city’s extraordinary efforts to keep housing affordable, Hollywood has started to gentrify.

**KEEPING LONG-TERM RESIDENTS NEAR TRANSIT**

Providing low-income people and neighborhoods with stability is important for at least three reasons. First, because it’s very expensive to own a car in Southern California, and because low-income working families are less likely to have cars — and more likely to use public transportation. The transit system will be more efficient if there are a lot of riders who live near the stations, and the transit agency won’t have to turn valuable land near stations into parking structures. In some cities transit ridership has fallen when people with higher incomes and more cars displaced lower-income transit riders. The increased car ownership in revitalized Hollywood should serve as a warning that bold measures are required to counter the market forces pushing low-income people away from transit.

Second, most of the non-construction jobs were created in the service sector — most workers had jobs in hotels, restaurants, shops and theaters. People working in these types of jobs can reasonably afford to pay $600 to $1,000 a month for rent. Employers benefit when their employees live nearby: These workers are more reliable than if they have to travel long distances by either car or transit. Families benefit because they save time and money with short commutes, and they can spend their time with friends and families, and be more involved in their children’s education.

Third, revitalization takes the efforts of the whole community and, to be fair the whole community should benefit. Many of the residents who were agents of change in Hollywood were low-income renters. They were key players in both the safe streets and safe housing campaigns. Socorro Callejas, a low-income resident of Hollywood, moved to Inglewood when she could no longer afford the ever-increasing rents. Now she is back in Hollywood, living in one of the affordable apartments she worked so hard to get built — one of the lucky few to get a subsidized apartment. She misses her old neighbors, and how they worked together to improve the community.

**MISSING STRATEGY: Discourage Condo Conversions & Enforce Tenant Protections**

Almost almost three quarters of the apartments in Hollywood — both before and after Hollywood's comeback — were older apartment buildings subject to the city's Rent Stabilization Ordinance (RSO). While they weren't demolished, many began to disappear: As the price of for-sale homes rose during the housing bubble, developers started finding ways to convert these rent-stabilized apartments to luxury condominiums in spite of the RSO. According to the LA Housing Department, between 2001 and 2007 over 600 “rent-stabilized” apartments were lost in Council District 13, which includes Hollywood — either because buildings were demolished or converted to condominiums.

According to a USC study there are over 200,000 rent-stabilized apartments located within a half mile of a transit stop in Los Angeles.

One of the lessons of Hollywood’s comeback is that low-income renters will be displaced if the city doesn’t enforce its own rent stabilization and tenant protection ordinances. The RSO and other local ordinances should have protected low-income renters once revitalization took hold, but rising rents encouraged unscrupulous landlords to push out long-term residents — including many of the neighbors who worked so hard to get rid of prostitution, drugs and slumlords. It’s not enough to have laws on the books. Enforcement is key. Enhanced RSO enforcement could be targeted around transit stations likely to gentrify or through a more aggressive citywide effort, like the city’s Systematic Code Enforcement Program.

As the name suggests, the RSO stabilizes neighborhoods by protecting tenants from large rent hikes or unfair eviction. Once these tenants move somewhere else and apartments are vacant, landlords are free to increase rent to market levels. As Hollywood became safer and more trendy, many landlords successfully circumvented RSO protections and raised rents or harassed tenants until they moved out. The city should bolster its lax enforcement of renter protections in order to enable more low-income renters to continue to live near stations in neighborhoods that are being redeveloped.

The second big loophole in the RSO is that landlords are allowed to evict tenants in order to do renovations. At the time landlords
were not allowed to renovate more than four apartments in a building at a time without providing a relocation agreement, but landlords could renovate just three apartments and evict tenants, allowing them to fly under the radar of the RSO. This loophole has since been closed.

MORE ROBUST STRATEGIES TO BUILD MORE AFFORDABLE HOMES

Building apartments with affordable rents is a powerful redevelopment strategy for four reasons: First, it’s an effective way to “prime the pump” for investment by bringing new high-quality housing to an area that is not likely to attract market rate development. Second, nuisance and slum properties can be rehabbed and turned into well-managed buildings that are lovely living environments and an asset to the neighborhood. Third, building apartments that are affordable for neighbors and not just for “rich outsiders” can enhance the community’s trust in redevelopment activities. Finally, building affordable apartments can create safe homes for workers, core transit riders, and others living near transit stops, as well as for seniors, people with disabilities, and homeless people — homes that market-rate developers are unlikely to build. According to the US Census, nearly half of workers in Los Angeles make under $25,000 and nearly three-quarters make under $50,000.

Since 1990, over 1,700 apartments have been built in affordable developments in or just outside the Hollywood CRA project area. Although not all were funded by the CRA/LA, this is an impressive effort. But looked at another way, it’s less than 90 new affordable apartments each year – clearly insufficient to keep up with demolitions, condo conversions and a growing population.

Although the city incorporated the construction of affordable homes as part of the Hollywood strategy, more strategies are needed — so that the people who are most likely to be regular transit users can continue to live in these places. The trick, of course, is finding the money. The funds used to build apartments with affordable rents during the Hollywood redevelopment have been cut by at least 75%. CRA tax increment financing is no longer available, federal Home funds have been cut by more than 50% over the last two years, and there are no state bond monies left. While there are some promising ideas being discussed in Sacramento, quick action on housing funding is needed. The funding needs to be robust enough for both an aggressive building program and to purchase buildings where agreements with owners to offer subsidized rents are set to expire, allowing affordable rents to rise beyond the reach of current residents. According to a USC study, there are over 7,000 such apartments with affordable rent agreements scheduled to expire within the next five years located within ½ mile of a transit stop in the City of Los Angeles.

Other land-use tools used in other places to meet the need for affordable homes around transit include:

- tax increment financing in neighborhoods around stations;
- leasing or selling land owned by the transit agency to affordable developers at below-market prices;
- requiring developers to include some apartments with affordable rents (or pay a fee) when they build around transit;
- instituting or increasing housing affordability requirements as cities expand the building envelope for new projects near transit; and,
- setting goals for the number of affordable homes that should be built around stations.

While having affordable housing as one of a list of options for developers was helpful, the need for affordable homes is so great, and so critical to supporting transit investments, that the city missed out by not requiring all residential developers to include some apartments with affordable rents.

MORE ROBUST STRATEGIES TO CAPTURE VALUE CREATED BY PUBLIC INVESTMENT

Clearly, the successful revitalization of Hollywood was the work of community members, business owners and governmental agencies with the expectation that the whole

When we established the district in 1986 we could have mandated a 20 percent affordable housing standard per project, which would have priced itself into the transaction cost. After the revitalization, it became too expensive to retroactively create affordable housing.”

Helmi Hisserich
former director of the Hollywood region of the Community Redevelopment Agency of Los Angeles
community would share the benefits. Property values increased dramatically in Hollywood in the years following the public investment in transit. In the 10 years following the opening of the Red Line, property tax revenues increased by 667 percent, from $6.4 million in 2000 to $44 million in 2010. The CRA captured some of the value that was created to help fund development and other community benefits, including 20 percent for affordable housing and 10 percent for social services.

As of February 1, 2012 redevelopment no longer exists in California, and without this valuable tool the City of Los Angeles will be unable to orchestrate anything like the Hollywood comeback around new rail stations. This is of acute concern given the fact that the Measure R sales tax will fund the construction of 12 new rail and bus rapid transit lines and more than 100 stations across LA County during the 30-year sales tax measure.

MISSING STRATEGY: Set up a Parking District

Developers, residents, merchants, architects and planners all agree that getting the parking right around stations is critical. The “right” parking strategy depends on the vision that stakeholders have for the neighborhood or district. The older buildings in Hollywood were built before cars became the preferred way to travel in Los Angeles, so businesses are concentrated in close proximity to apartments and provide the “bones” of a very walkable neighborhood. The Metro Red Line provides transit riders with a fast and convenient way to get to Hollywood without having to drive and then find a parking place — it’s very difficult and expensive to park in Hollywood. The city owns five parking structures, including the garages at Hollywood and Highland and at the Cinerama Dome. But without a parking district, it is more difficult to set up shared parking — so that movie-goers or farmers market shoppers could park in office buildings during the weekends, for example.

“Half measures are not the answer. The tools we have to keep working people from being pushed out are simply inadequate. We need a new policy that protects the rights of tenants in neighborhoods where taxpayer dollars are being invested, whether it’s redevelopment or new transit.”

Roxana Tynan
former aide to Councilwoman Goldberg

Recommendations for Transit-Oriented Development Around Metro Stations

1. Be bold in addressing big problems: In Hollywood, leadership was critical. The problems seemed overwhelming, but the list of “firsts” is impressive from the negotiation of “labor peace” to housing code enforcement — and the results speak for themselves.

2. Get city agencies working together with the community: Big problems require coordinated and creative action on multiple fronts. Key public agencies who should be involved include: LA Metro, city council offices, the city attorney, the LA Housing Department, LA City Planning, LA Department of Transportation, LA Police Department, and the mayor’s office.

3. Engage communities of interest to help address problems: In Hollywood, tenants worked on safe streets and safe housing, property owners set up the BID to make streets clean and safe, and all stakeholders worked closely with city agencies and the city council office.

4. Tackle crime and problem properties: In Hollywood, private security patrols were formed to deal with public drunkenness; and the council office, city attorney, LA Police Department and community activists worked together to shut down nuisance properties — from abandoned buildings to liquor stores to “no-tell motels” that were the sites of drug dealing and prostitution.

5. Deliver on the promise of good jobs for the community: Negotiate a labor peace agreement and require that jobs created with public subsidies pay a living wage and offer them to neighborhood residents.

6. Capture some of the increased property value for area-wide goals including parks and affordable housing.

7. Devise strategies for making streets and sidewalks clean and inviting: In Hollywood, they set up a Farmers Market, close streets for events, offer homeless services and housing, and set up a BID to keep the streets clean and safe.

8. Minimize displacement of transit-riding, low-income residents. Limit demolitions and condo conversions of rent-stabilized apartments. Set mixed-income housing goals and policies early; enforce tenant protections from rent increases and illegal evictions; be aggressive in building affordable homes.

9. Seize opportunities for moving mission forward: In Hollywood, the Northridge Earthquake provided unforeseen opportunities to get control of slum properties, reign in liquor licenses, and rehab apartments.

10. Get the parking right for the people who live, work, or play in the area. Set up a parking district so that some of the value from increased parking costs gets funneled back into the community.

11. Advocate for local, regional, statewide, and federal policies and programs that fund affordable homes, parks, and other smart infrastructure.
Beth Steckler  
*Deputy Director, Move LA*

Move LA’s mission is to build a broad constituency that will advocate for the development of a comprehensive, diverse, robust, clean, and financially sound public transportation system for Los Angeles County and champion strategies to accelerate its implementation.

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Southern California Association of Non-Profit Housing is a membership organization that supports the production, preservation and management of homes affordable to lower-income households. While we work in broad coalition with other nonprofit, public and private partners, we believe that nonprofit community development corporations do the best job of advancing our mission. We increase the capacity and expertise of our members, educate policymakers and the public about the need for affordable homes, and help to establish policies and programs that further these objectives.

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**SPECIAL THANKS TO:**  
Rev. Ryan Bell, Shane Boland, Patrick Burns, Socorro Cállejas, Sarah Dusseault, Jackie Goldberg, Helmi Hisserich, Julie Kleinick, Michael Kralovich, Kerry Morrison, Gloria Ohland, Marissa Potasiak, Kirin Rishi, Manuel and Cecilia Romero, Jeffrey Rouze, Emma Sorrel, Roxana Tynan and Michael Woo