

# Daily Journal

## Developer Facing Tenant Accusations Gets Millions

Advocates Say His Handling of Another L.A.-Funded Project Should've Halted Deal

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LOS ANGELES - The City Council voted Friday to give millions of dollars to a for-profit affordable-housing developer mired in controversy over his handling of another city-funded project.

The council voted to give San Diego-based Amerland Group \$8 million in city redevelopment money to take over the Frontier Hotel, a downtown residency hotel once home to some of the city's poorest residents.

Last year, Amerland secured \$35 million in state bonds and a promise of \$11.9 million in city funding to turn the neighboring Alexandria Hotel into affordable housing. The Community Redevelopment Agency approved the project on the conditions that the 463 units remain affordable and that Amerland not displace tenants.

In less than 10 months, Amerland filed 77 unlawful detainers against tenants that the company said did not pay rent or were a nuisance.

Many remaining tenants, some of them disabled and on public assistance, have complained of harassment, discrimination and poor living conditions.

"Before the city gave this developer any more public funds, allegations of race and disability discrimination, habitability problems and harassment of tenants should have been investigated," said Legal Aid Foundation of Los Angeles attorney Barbara Schultz, whose organization is helping tenants fight evictions and who has been trying to address tenant issues since the project began.

The company is exempt from city tenant protections under the city's Rent Stabilization Ordinance because it partnered with a Sacramento-based nonprofit that said it will provide tenant services when construction is complete. Partnerships with nonprofits also allow developers to get property-tax exemptions and apply for additional tax credits.

Amerland denies allegations of harassment and said the 77 unlawful detainers were because of nonpayment of rent.

Chief Operating Officer Jules Arthur said he doesn't think most of the tenants served with unlawful detainers were evicted.

"If that were true, they could prove that incredibly easily," Schultz said. But she said Amerland refuses to provide a list of renters so she can compare the unlawful detainers to the list of tenants still in the building.

Schultz said tenants regularly complain that management refuses to take their rent.

Arthur said his project depends on the stability of the Alexandria's tenants, and he insists his company is working to make improvements that will benefit them in the long run.

"We want the existing tenants to stay in the building," he said. "And we've been very careful."

When Amerland secured the bonds to buy and refurbish the building, the company said it could keep the units affordable for people who earn up to 60 percent of the area's median income. But most of the Alexandria's tenants are at 35 percent of the median income.

To keep these tenants in place, the Community Redevelopment Agency bought down the affordability levels of close to half of the units.

Amerland did not present the agency with relocation plans for the 211 units that would have to remain less affordable. Half of those were empty, according to the redevelopment agency's records, and Amerland said the remaining units would empty through attrition.

The nonprofit that Amerland partnered with, Pacific Housing Inc., will provide services in both the Alexandria and the Frontier.

Pacific Housing's executive director, Mark Wiese, said those services will be based on the needs of the population. Wiese said his organization will not provide the services but will contract with local providers, mostly nonprofits.

"Our objective is to help operate the project and to introduce services into the building," he said. "Those services could include computer labs, health services and life-skill classes, depending on the need."

Wiese said Pacific Housing has 55 projects throughout the state. According to the organization's 2006 nonprofit IRS form, Wiese is one of two employees on salary.

Although he said his organization provides services to many affordable-housing projects in Southern California, he could not name any of the nonprofits with which it has contracted in the area.

Wiese said his organization has eight active partnerships with Amerland.

The services he said his organization provides allow developers to better compete for state tax credits earmarked for affordable housing.

Ten percent of the state's tax credits are set aside for affordable-housing projects that can prove nonprofit participation. A scoring system in the application gives extra points to projects that provide service amenities catering to tenants.

Hilda Quintana, who has lived at the Alexandria for 25 years, said she finds it difficult to believe Amerland wants to create community spaces designed for her.

The 71-year-old said that, just months after Amerland took over, tenants were told not to hang out in the lobby, which is where most of the building's elderly occupants used to congregate. When tenants continued to sit in the lobby, Quintana said, Amerland removed old benches that were once wrapped around lobby columns and didn't replace them with any seating.

"I've been protesting," she said. "I'm not supposed to sit in the lobby, but I've been sitting there for three or four hours [each day]. I told them they could arrest me if they want."

She brings a chair down from her apartment, she said.

Arthur said tenants were told to stay out of the lobby for safety reasons.

"We had construction crews running through the lobby," he said.

He said the benches were removed for the same reason and new community spaces would be ready soon.

The Frontier hotel recently was emptied by previous owner Rob Frontiera, who hoped to turn units into market-rate lofts. Frontiera was accused of kicking tenants out of their units without notice or relocation money and shuffling tenants every 28 days, before protections kicked in. Last year, the city attorney brought charges against Frontiera for illegal and unfair business practices.

Amerland secured \$30 million in state bonds for the Frontier, and the council voted to give the company an additional \$8 million in city money.

Only half of that money will be used to make units more affordable. The other half is to help with the purchase and rehabilitation of the building.

According to tenant advocates, Frontiera displaced 400 people. The city attorney is seeking relocation fees averaging \$10,000 per tenant, according to Becky Dennison, director of the Los Angeles Community Action Network, a tenant organizing group that has opposed city funding of Amerland's projects.

"Miraculously, there's your \$4 million," Dennison said. "The original proposal [for \$4 million] changed when Frontiera changed his purchase price. This is the city financing the landlord who is being sued by the city."

Council members Jan Perry and Tony Cardenas both voiced support of Amerland at Friday's meeting. They also came to a recent community redevelopment meeting to convince that board to support the company's plans for the Frontier.

In what many see as an unusual move, both council members stayed at that four-hour meeting until the agency voted to approve the project and send it to the City Council.

At a subsequent community redevelopment meeting to address Alexandria tenant complaints, agency board member Joan Ling expressed concern about the 77 unlawful detainers.

Ling is executive director of Community Corp. of Santa Monica, a nonprofit developing and managing affordable housing for low-wage working families.

At the meeting, she said her organization operates 1,400 units and might file a few unlawful detainers "in a bad year."

Amerland's attorney, Linda Hollenbek of Kimball Tirey & St John, said at the board meeting that the situation with the Alexandria is different.

"This place we took over was not the most pleasant of places," Hollenbek said, "and there was a lot of cleanup

that needed to be done."

Schultz said that statement "implies that the low-income tenants who have been residents there for many years, many of whom are disabled and elderly, are trash to be thrown out into the street."

Amerland CEO Ruben Islas may have run into problems with tenants before. According to news reports from the Monterey County Herald, Islas bought 133 units in the city of Seaside on the Monterey Bay that were developed in the 1960s as part of the federal Urban Renewal Program. The units, scattered in 14 locations in the city, had remained affordable to low-income tenants.

Eighty-three units qualified for the federal Section 8 program, and the remaining units benefited from an additional program designed for those who cannot pay market rent but do not qualify for Section 8.

That program, according to the news reports, was to run out two years after Islas bought the units in 2004. Islas lined up state funding that would keep those units at below-market rates, but the tenants of those 48 units, according to news reports, had to leave because they earned too much money for the requirements of the state bonds Islas received.

Arthur said the Seaside units are "a nonissue" and denied allegations that tenants were displaced. He said the city of Seaside was happy with the project.