The Struggle to Create a Residential Community in Downtown Los Angeles

A Dissertation submitted in partial satisfaction of the requirements for the degree Doctor of Philosophy in Geography

by

Norman Dale Carter

Committee in charge:
Professor Fernando Bosco, Chair
Professor Helen Couclelis
Professor Pascale Marcelli
Professor Stuart Sweeney

December 2014
The dissertation of Norman Carter is approved.

Helen Couclelis

Pascale Marcelli

Stuart Sweeney

Fernando Bosco, Committee Chair

November 2014
The Struggle to Create a Residential Community in Downtown Los Angeles

Copyright © 2014

by

Norman Dale Carter
ACKNOWLEDGEMENTS

I have a debt of gratitude to the many, many people who assisted and supported me in this endeavor. The list is long. The Downtowners who spent hours talking to me about their homes and businesses, sharing stories about themselves and their neighbors - a number of whom have become good friends. The architects, city planners, developers, social activists, neighborhood council members and art gallery owners...the list goes on and on. But I never would have met any of these people if Dr. Larry Ford had not encouraged me to explore the unique urban morphology of Downtown Los Angeles and explore the budding Residential Renaissance underway there. Larry's vast store of knowledge about everything urban, his insight and quick wit was always of great value to me. I owe an equal debt of gratitude to Dr. Fernando Bosco for stepping up to be my committee chair after Larry passed away. Fernando has been equally inspiring, thoughtful and patient as he has guided me down the Dissertation road. Special recognition is also due to my dissertation committee members for their willingness to work with me on this project. I value their counsel and time expended on my behalf. I would like to give special thanks to Hal Bastian, Senior Vice President and Director of Economic Development of the Downtown Center Business Improvement District, for his assistance in arranging interviews and allowing me access to his treasure trove of housing data. Lastly, none of this could ever have happened without the unfailing support of my lovely wife, Kathy, and our wonderful family.
EDUCATION

Bachelor of Arts in Geography, California State University, Fullerton, 1999 (Highest Honors)
Master of Arts in Geography, California State University, Fullerton, 2000
Doctor of Philosophy in Geography, San Diego State University and University of California, Santa Barbara, 2014 (expected)

PROFESSIONAL EMPLOYMENT

2001 - 2014 Lecturer, California State University, Long Beach
2004 - 2006 Teaching Assistant, San Diego State University
2000 - 2005 Lecturer, California State University, Fullerton
2000 - 2003 Adjunct Faculty, Fullerton College, Fullerton, CA
2000 - 2001 Adjunct Faculty, Golden West College, Huntington Beach, CA
2001 (Spring) Associate Faculty, Saddleback College, Mission Viejo, CA

PUBLICATIONS

"Using the Internet as an Educational Tool in Geography Courses," Unpublished thesis submitted in partial fulfillment of the requirements for the Master of Arts degree in Geography, California State University, Fullerton, 2000. 73 pp.


FIELDS OF STUDY

Urban Geography, Gentrification, Population Geography, Economic Geography, Migration, Downtown Los Angeles, Southern California, East and Southeast Asia
ABSTRACT

The Struggle to Create a Residential Community in Downtown Los Angeles

by

Norman Dale Carter

This dissertation is a mixed methods case study of the Residential Renaissance of Downtown Los Angeles. This revitalization of the residential community was spawned by the passage of an Adaptive Reuse Ordinance by the Los Angeles City Council in 1999 enabling developers to renovate underutilized and abandoned office and commercial buildings into apartments and lofts. The first apartments renovated under this ordinance were ready for occupancy in August 2000. Following the initial success of the pioneering developers thousands of rental lofts and condominiums were constructed in the next seven years resulting in a glut of unoccupied housing units by 2008. This case study utilized a Urban Regime theoretical framework to analyze the type of regime coalition that enabled this revitalization. Data collection included archival research of Census data, government documents, business and non-profit organization reports, and newspaper and magazine articles. Active research encompassed personal interviews, focus groups and a mail survey to residents in condominiums in the Historic Core area of Downtown considered the genesis of the
Residential Renaissance. Analysis of the data indicates that the City of Los Angeles has a multi-faceted urban regime coalition based upon the land use powers vested in the fifteen city council districts by the city charter. Another finding suggests that the Downtown area can be divided into spatial amenity zones that are better suited for analysis rather than the traditional districts utilized by the city planning department. A third finding indicates that the demographic group targeted by the revitalization efforts of the city, the Creative Class as identified by Richard Florida, would be better served by rental housing instead of for-sale condominiums. Finally, the health and safety issues in Skid Row, adjacent to the Historic Core, are greater challenge than the resources available to the city government can handle and additional resources from the county and state will be required to accommodate the needs of the homeless population.
# TABLE OF CONTENTS

Chapter 1. Introduction............................................................................................................... 1

1.1. Art Walk.......................................................................................................................... 1

1.2. Statement of Purpose....................................................................................................... 8

1.3. Research Question.......................................................................................................... 14

1.4. Significance of Study....................................................................................................... 14

1.5. Research Design and Methodology................................................................................ 16

1.5.1. Mixed Methods........................................................................................................... 16

1.5.2. Data Collection........................................................................................................... 19

1.6. Organization of the Remaining Chapters....................................................................... 25

Chapter 2. Literature Review.................................................................................................. 27

2.1. The L.A. School................................................................................................................ 27

2.2. Urban Regime Theory..................................................................................................... 31

2.3. The Community Power Debates.................................................................................... 34

2.4. Urban Growth Machines............................................................................................... 39

2.5. Urban Regimes in Geography......................................................................................... 43

Chapter 3. The Central City: A Decade of Growth................................................................. 60

3.1. Population........................................................................................................................ 60

3.2. Housing, Income and Education.................................................................................... 65

3.3. The 2010 Census............................................................................................................. 67

3.4. Employment..................................................................................................................... 70
3.5. High-rise Entitlements.................................................................75
3.6. Skid Row.....................................................................................78
3.7. Residential Districts.....................................................................80

Chapter 4. The Downtown Residential Renaissance (Part I)..................90
4.1. FIMBY (Fear In My Backyard)....................................................91
4.2. Organization of the Chapter.......................................................94
4.3. Theme 1: Government Involvement in Housing Construction........94
   4.3.1. Public Housing.................................................................95
   4.3.2. Bunker Hill..........................................................................97
   4.3.3. The Silver Book.................................................................99
   4.3.4. The Affordable Housing Paradox.......................................101
   4.3.5. The Nation's Largest Redevelopment Project.....................104
   4.3.6. Housing for Seniors............................................................106
4.4. Theme 2: The Emergence of Condominiums in L.A.....................111
   4.4.1. "Condomania"..................................................................111
   4.4.2. Condominiums on Bunker Hill.........................................117
   4.4.3. Government Sponsored and Financially Assisted
         Condominiums........................................................................122
   4.4.3.1. Skyline Condominiums................................................123
   4.4.3.2. Premiere Towers Condominiums....................................130
   4.4.4. Prisoners of Spring Street................................................139
4.5. Theme 3: The Adaptive Reuse Ordinance...................................141
Chapter 5. The Downtown Residential Renaissance (Part II)...........................................157

5.1. Theme 1: The Pioneers..........................................................................................157
   5.1.1. The Old Bank District......................................................................................158
   5.1.2. The Gilmore Effect.........................................................................................165
   5.1.3. Spring Tower Lofts.........................................................................................170
   5.1.4. The Pegasus Apartments................................................................................174
   5.1.5. The Flower Street Lofts..................................................................................177

5.2. Theme 2: Danger on the Streets..........................................................................183
   5.2.1. Parolees and Sex Offenders..........................................................................183
   5.2.2. The Battle for Main Street............................................................................189
   5.2.3. The Safer Cities Initiative............................................................................199

5.3. Theme 3: Construction Boom...............................................................................202
   5.3.1. Loft Fever......................................................................................................203
   5.3.2. The Market Evolves......................................................................................205
   5.3.3. Los Angeles Downtown News.......................................................................208
   5.3.4. Affordable Housing Alarm...........................................................................212

5.4. Theme 4: Boom Goes to Bust...............................................................................219
   5.4.1. A Flood of Condos.......................................................................................220
   5.4.2. Urban Buyers Wanted....................................................................................222
5.4.3. Creative Promotions..........................................................225
5.4.4. Condominiums Become Rentals........................................229

Chapter 6. Place Making in Downtown Los Angeles.............................243
6.1. The Sample............................................................................243
6.2. Demographics, Tenure and Employment....................................246
6.3. Walking and Pets....................................................................248
6.4. Downtown as a Desirable Place to Live......................................252
6.5. Downtown Dislikes..................................................................257
6.6. A Comparison of Surveys.........................................................268
6.7. Overall Satisfaction With Downtown Living..............................274

Chapter 7. Conclusion.....................................................................277
7.1. Research Questions Rejoined..................................................278
7.2. Significant Findings of the Study..............................................280
  7.2.1. Multi-faceted Regimes.......................................................281
  7.2.2. Amenity Zones.................................................................286
  7.2.3. Housing Tenure.................................................................292
  7.2.4. Public Health and Safety...................................................296
7.3. Limitations of the Study..........................................................297
7.4. Future Research Avenues........................................................298

References.......................................................................................300

Appendix A: Homeowner Survey....................................................332
Appendix B: Tenant Survey.............................................................333
LIST OF FIGURES

Figure 1-1: MIKE the POET recites a poem in the lobby of the Museum of Neon Art on 4th Street in downtown Los Angeles. Photo by author, 2009.................................................................2

Figure 1-2: Map of Gallery Row in Downtown Los Angeles. Map by author........4

Figure 1-3: The Downtown Art Walk shuttle bus Hippodrome waiting for passengers on Main Street. Photo by author 2009.........................................................5

Figure 1-4: The Makepeace Brothers jamming at a parking lot faire at the Downtown Art Walk. Photo by author, 2009...............................................................6

Figure 2-1: The exercise of power by coalition members........................................33

Figure 3-1: Residential Districts of Downtown Los Angeles. Map by author..........82

Figure 4-1: Angelus Plaza Senior Housing Complex. Photo by author, 2013........109

Figure 4-2: The 32-story Bunker Hill Tower with the 5-story Promenade condominiums in the foreground. Photo by author, 2012..................119

Figure 4-3: Skyline I condominium tower. Photo by author, 2012..................124

Figure 4-4: Premiere Towers condominiums. Photo by author, 2012........135

Figure 5-1: Hal Bastian with Buddy. Photo by Martin Cox Photography, Los Angeles, CA. Used with permission of owner..............................163

Figure 5-2: Pegasus Apartments. Photo by author, 2012..............................174

Figure 5-3: Flower Street Lofts. Photo by author, 2012..............................181

Figure 5-4: Elleven with Evo in the background. Photo by author, 2013...........207

Figure 5-5: Santee Village courtyard. Photo by author, 2007..........................227

Figure 7-1: Downtown Amenity Zones. Map by author..................................286
LIST OF TABLES

Table 3-1: Comparison of Demographic Indicators..........................................................61
Table 3-2: Comparison of Group Quarters Population..................................................64
Table 3-3: Comparison of Housing and Household Income........................................68
Table 3-4: Central City Plan Area Population Change 2000-2010 Census.................69
Table 3-5: CCCP Group Quarters & Housing Change 2000-2010 Census...............70
Table 3-6: Employment by NAICS Sector in the Central City - 2008......................73
Table 3-7: Residential District Population Increase. Data source Census 2000 & 2010.................................................................74
Table 3-8: Housing Increase by District. Data source Census 2000 & 2010.............85
Table 5-1: Residential projects completed from 2000 to 2005. Source: DCBID Housing Database..........................................................203
Table 5-2: Adaptive Reuse projects completed in 2004 and 2005. Source: DCBID Housing Database..........................................................205
Table 5-3: New residential projects completed from 2003 - 2005. Source: DCBID Housing Database..........................................................206
Table 5-4: Los Angeles Downtown News Residential Project Updates.....................209
Table 5-5: Historical condominium prices from 2000-2007. Source: DCBID Housing Database..........................................................211
Table 5-6: Residential projects completed in 2006-2007. Data source: DCBID Housing Database..........................................................213
Table 5-7: Condominiums under construction 12/31/2007. Source: DCBID Housing Database..........................................................221
Table 5-8: Rental units under construction 12/31/2007. Source: DCBID Housing Database..........................................................222
Table 5-9: Historical condominium prices from 2000-2007. Source: DCBID Housing Database.................................................................224

Table 5-10: Residential projects completed in 2008-2009. Data source: DCBID Housing Database.................................................................236

Table 5-11: Residential projects completed in 2000-2011. Data source: DCBID Housing Database.................................................................239

Table 5-12: Historical condominium prices from 2005-2012. Source: DCBID Housing Database.................................................................241

Table 6-1: Building Survey List. Source: DCBID Housing Database.................................................................244

Table 6-2: Survey Responses by Building.................................................................................................................................246

Table 6-3: Tenure and Median Age.........................................................................................................................................................247

Table 6-4: Downtown Residence............................................................................................................................................................247

Table 6-5: Employment and Commuting.............................................................................................................................................248

Table 6-6: Pet Ownership........................................................................................................................................................................249

Table 6-7: Walking Frequency and Distance........................................................................................................................................250

Table 6-8: No Travel Zones......................................................................................................................................................................251

Table 6-9: Downtown Desirable Convenience and Economic Groups..................................................................................................252

Table 6-10: Downtown Desirable Lifestyle Group Responses..........................................................................................................253

Table 6-11: Downtown Dislikes Convenience Group............................................................................................................................257

Table 6-12: Downtown Dislikes Economic Group.................................................................................................................................259

Table 6-13: Downtown Dislikes Health and Safety Group......................................................................................................................260

Table 6-14: Downtown Dislikes Lifestyle Group.................................................................................................................................263

Table 6-15: Downtown Desirable Response Cluster Summary........................................................................................................264

Table 6-16: Downtown Dislikes Response Cluster Summary............................................................................................................266
Table 6-17: Downtown Dislikes Response Cluster Summary.................................267
Table 6-18: Future Living Plans in Downtown.....................................................274
Table 7-1: Downtown Amenity Zone Population..................................................287
Table 7-2: Household Income by Amenity Zone. Data from ACS 5 Year
Estimates 2006-2010.................................................................289
LIST OF CHARTS

Chart 3-1: Los Angeles City Age/Sex Population Chart (2000).................................62

Chart 3-2: Central City Community Plan Area Age/Sex Population
Chart (2000)........................................................................................................63

Chart 3-3: Household size comparison between Los Angeles City and the
Central City Plan Area.............................................................................................66

Chart 3-4: Household Income Ranges for Los Angeles City and Central City
Plan Area................................................................................................................67

Chart 3-5: Downtown Residential District Population Increase 2000 - 2010...........84

Chart 3-6: Increase in Housing Units by Residential District 2000 - 2010.............86

Chart 6-1: Desirable Convenience Responses...........................................................254

Chart 6-2: Desirable Lifestyle Responses.................................................................256

Chart 6-3: Downtown Dislikes Convenience Group................................................259

Chart 6-4: Downtown Dislikes Health and Safety Group.........................................262

Chart 6-5: Future Living Plans..................................................................................275

Chart 7-1: Amenity Zone Incomes. Data from ACS 5 year estimates
2006 - 2010.........................................................................................................290
1. Introduction

1.1. Art Walk

The tour guide, Mike Sonksen, led his group down the alley from the Lost Souls Café to 4th Street and onto the sidewalk heading east. A band had just begun playing in the alley drowning out Mike’s introduction to the Downtown Art Walk Tour. The sidewalk bustled with pedestrians heading both directions, some stopping at Rocket Pizza adjacent to the alleyway and others milling around in small groups. Mike led his group through the crowd into the lobby of the Museum of Neon Art and herded the group into a semi-circle. Some of the tour trapped in the sidewalk traffic trailed in behind Mike and peered over his shoulder. Mike formally introduced himself and apologized for the hectic start of the tour. After discussing the schedule for the evening’s walk Mike began reciting a poem:

I am alive in Los Angeles!
I am alive in Los Angeles!
I am alive in Los Angeles!
I am alive in Los Angeles!

Here in the wild, wild West
As a whirlwind hit my face
I walked across stained concrete
I cried tears of joy on Flower Street
I watch families dancing on their porches on Christmas Eve
I smile widely and as I move through the city
My heart beats swiftly as sirens speed by me
I revel in the sadness because my soul is deep
I take full responsibility
Give me everything
It hurts it’s so beautiful
It’s that universal, soulful, multicultural, emerging worldwide tribe people

I am alive in Los Angeles!
I am alive in Los Angeles!
I am alive in Los Angeles!

---

1 I am Alive in Los Angeles. Copyright © Mike Sonksen. Used with permission.
The poet continued through three more stanzas of Los Angeles lore and concluded by urging the audience with uplifted arms to join in the final chorus, I AM ALIVE IN LOS ANGELES! Enthusiasm swept through the crowd as applause rang out. Mike then explained that his day job was teaching journalism, fiction and poetry and that he was known as Mike the Poet, the unofficial bard of downtown Los Angeles. He mingled with the crowd for a few minutes before leading the group down a hallway into an art gallery adjacent to the Neon Art Museum.

The Downtown Art Walk is held on the second Thursday of every month beginning at 12:00 noon and officially wrapping up at 9:00 P.M. (although a number of galleries continue serving beverages and hosting musicians until midnight). The
Downtown Art Walk was conceived by gallery owner Bert Green in September 2004, as a vehicle to attract visitors to the growing artist colony and exhibitions in the Historic Core area of downtown Los Angeles (Walk 2009). The Downtown Art Walk is centered on Gallery Row, which was officially designated as an arts district by the Los Angeles City Council in July 2003 (Row 2005). The district includes both Spring and Main Streets running from Second Street on the north to Ninth Street on the south.

The establishment of Gallery Row by the council was a bold move to revitalize the Historic Core District which at that time was viewed as an extension of Skid Row. Growth in the number of art galleries was rapid. From three galleries at the time of the Gallery Row designation, the number expanded to nine a year later (at the time of the first art walk), fifteen by the end of 2005, thirty in 2007 and forty-five in 2009. Even more astonishing is the growth in art walk participation. Seventy-five art lovers (mostly downtown residents) visited the galleries on the first art walk evening in 2004. The sponsor of the event, the non-profit Gallery Row Organization, estimated that the Art Walk crowd had grown to 5,000 visitors by 2009 (Walk 2009).

Over the years the boundaries of the art walk and hours of operation have been altered to accommodate the galleries and patrons. The original Downtown Art Walk encompassed the entire downtown area bounded by three freeways (10, 110 and 101) and the Los Angeles River. This large area was clearly not walkable due to the great distances, and over time, as the number of galleries increased along Gallery Row, the Art Walk perimeter was reduced to the current limits illustrated on Figure 1-2.
A free bus shuttle was added to the program in 2007. The Dash bus service operated by the Los Angeles Department of Transportation (LADOT) ceases operations in the early evening just as the Art Walk brings in the largest crowds. The Art Walk Committee contracted with the LADOT for exclusive shuttle service on Gallery Row during the evening. In 2009, a new contract was signed with Esotouric Tours to provide a larger bus known locally as the “Hippodrome”. It is the official party bus of the Art Walk with entertainment on the bus changing throughout the evening (Esotouric 2009). The "Hippodrome" is shown awaiting passengers at the intersection of 4th Street and Main in Figure 1-3.
Due to the narrow sidewalks ubiquitous to downtown, mini street fairs are set up in empty parking lots along Main Street for food and craft vendors to sell their wares. A festive atmosphere is evident on the streets. The art galleries offer free wine, bottles of water, and sodas to patrons - with a large jar conveniently placed on the serving counter for suggested donations to offset the cost of the beverages. A number of galleries serve glasses of “Two Buck Chuck”, an inexpensive wine popularized by Trader Joe’s in recent years, for a suggested donation of $2.00 per glass. The suggested donation seemed apropos considering the cost of the product. Entrepreneurs have taken advantage of the financial opportunities created by the art walk, and their activities have generated a lively street scene. Local bands use the

Figure 1-3: The Downtown Art Walk shuttle bus Hippodrome waiting for passengers on Main Street. Photo by author 2009
gathering to market their sound. One such group, Makepeace Brothers, set up in a parking lot entertaining shoppers and browsers wandering among the vendor booths (Figure 1-4). Between sets the lead singer peddled raffle tickets for $10.00 where he promised that everyone would be a winner. The prize for the drawing was a Makepeace Brothers music CD – every ticket won a prize! A few vendors selling goods were local but many come from surrounding areas for the evening. One vendor drove in from Lancaster – a seventy mile trip each way – to sell artworks. This behavior is not unusual in Los Angeles - many people don’t think twice about driving long distances for business and pleasure.

Figure 1-4: The Makepeace Brothers jamming at a parking lot faire at the Downtown Art Walk. Photo by author, 2009.
Downtown Los Angeles has undergone a Residential Renaissance following the adoption of the Adaptive Reuse Ordinance by the Los Angeles City Council in 1999. Thousands of new apartments, condos and lofts have been constructed or created through adaptive reuse of abandoned office buildings, department stores and underutilized warehouse space. The Historic Core where Gallery Row and the Downtown Art Walk take place is ground zero for adaptive reuse construction of housing units. Stakeholders of all stripes – developers, merchants, art gallery operators, and the City of Los Angeles are eager to see a successful residential community develop downtown. The Downtown Art Walk has been a resounding success in attracting people to downtown after sunset, when most had previously feared to tread (and many still do). Other cultural and entertainment events including concerts, film festivals and music fests have also been inaugurated over the past few years – all drawing big crowds. The question to be answered is whether these functions are a convincing selling point for developers to entice people to relocate downtown. By 2010, thousands of completed housing units were empty, while thousands more were in the planning and construction pipeline. This glut existed in a city with a decades-long history of a perpetual housing shortage, especially affordable housing (LAMOHED 2008). Downtown Los Angeles has a lot of dedicated boosters espousing the beauty and excitement of downtown life. Many of these people have a financial stake in the successful conversion of deserted streets to bustling nodes and networks of commercial activity. Others are self proclaimed urbanists in love with big city downtowns. Some boosters walk the talk and reside downtown, while others, like
MIKE the POET, do not. The unofficial bard of downtown Los Angeles lives in Monterey Park, eight miles east of the city center.

1.2. Statement of Purpose

The purpose of this sequential mixed method study is to investigate the struggle to create a residential community in downtown Los Angeles. This study will adopt a political economy approach to study the gentrification of the downtown core of the city. Urban Regime Theory will be employed as a theoretical framework to study the underlying processes of gentrification at work in downtown Los Angeles. The first phase will be qualitative, and will include an exploration of residential developments by interviewing key agents, such as property developers, business leaders, and city officials among others in the downtown development process, as well as focus groups which will be conducted with downtown residents. Findings from this qualitative phase were then used to develop a questionnaire to survey downtown homeowners about their downtown living experiences.

The literature on the gentrification of downtown Los Angeles is sparse, especially considering the adoption of the Adaptive Reuse Ordinance by the Los Angeles City Council in 1999, promoting this type of development. The Adaptive Reuse Ordinance permitted the conversion of existing commercial buildings into residential housing units. Criteria was specified by the city as to which provisions of the building code would be "grandfathered in" and which provisions would require updating to current standards. The Adaptive Reuse Ordinance essentially gave developers the "right to build" providing its conditions were met (LAMOHED 2006). As noted by Reese, et al,
"Given its size and high profile among urbanists, it seems strange that Los Angeles has in fact decidedly been overlooked in the gentrification literature. With the exception of Davis (1990) and Keil (1998), most serious researchers of Los Angeles have little to say about central-city commercial/residential upgrading and poverty deconcentration, perhaps because - to the so-called 'LA School' - the periphery organizes the center, which is the complete opposite of gentrification dynamics found in places like New York and Chicago..." (Reese, DeVerteuil et al. 2010). Although two academic studies recently completed (Barney 2007; Powe 2010) focused on the impact of gentrification on Skid Row, this study is the first to analyze the residential development in downtown Los Angeles from the perspective of the new homeowners and tenants.

Downtown Los Angeles at one time had a significant residential population relative to its size, first in the Historic Core and later on Bunker Hill overlooking downtown (Fogelson 1967; Pugsley 1977). As the population of Los Angeles approached one million residents in the 1920s, overcrowding in the downtown area pushed development outward in several directions. Wealthier residents migrated westward along Wilshire Boulevard to Country Club Park and Hancock Park (Bottles 1987; Krim 1992; Fogelson 2001). This abandonment of downtown by the affluent led to a filtering down of existing homes and eventually to the demolition of large amounts of older housing stock (Davis 1990; Loukaitou-Sideris and Banerjee 1998). Beginning in the 1960s, redevelopment removed thousands of dilapidated housing units from Bunker Hill, Skid Row and in the area immediately south of the Historic
Core (Spivack 1998). While new housing units were constructed on Bunker Hill, the limited number and higher price excluded many existing residents from relocating into the new housing (Davis 1990).

The main focus of the redevelopment of Bunker Hill was the construction of a new downtown of high-rise office buildings. Capital migrated westward from the old financial district on Spring Street and new skyscrapers were constructed, heralding the arrival of Los Angeles as a new global player. As professional and financial firms flocked to the new high rise buildings, the older buildings filtered down to lesser uses (Davis 1991). The flagship merchants also abandoned downtown for regional malls in the suburbs. High class hotels that once hosted travelers from across the country were reduced to low price residence or Single Room Occupancy (SRO) status (Groth 1994; Spivack 1998). Over time residential tenants became increasingly scarce in the Historic Core. Many buildings became totally vacant or hosted only nominal ground floor retail, denigrating the value of neighboring buildings. The Beaux Arts and Art Deco architectural jewels of L.A. deteriorated into eyesores on the landscape. While this story is not unique to Los Angeles, what is unusual is the spatial arrangement of the old and new downtowns. By clearing Bunker Hill of dilapidated housing units and constructing new office buildings in their stead the original downtown was left structurally intact (Roseman, Wallach et al. 2004).

The urban fabric of Downtown became disjoint as property owners reacted to the newly constructed space on Bunker Hill and the Figueroa Corridor. The building height limit of 130 feet imposed by the Los Angeles City Council by ordinance in
1904 (increased to 150 feet and incorporated into the City Charter in 1911) created a uniform skyline across Downtown. Stretching from Temple Street on the north to Olympic Boulevard on the south, Bunker Hill on the west and Los Angeles Street on the east, a plethora of ten to thirteen story commercial buildings covered Downtown by the 1930s. The street grid of Downtown was rectilinear with long, narrow blocks and even narrower sidewalks. Plots varied by street. Spring and Main streets were dominated by banks, office buildings and hotels on large plots of land with a few narrower buildings sandwiched in between the taller structures. Alleyways that provided access to the rear of buildings for merchandise deliveries ran parallel to Spring and Main streets. The retail strip of Broadway, on the other hand, was dominated by narrow buildings of two and three story height. These wood and brick structures were built to the plot line without side windows. There were a few taller buildings, mainly department stores and theaters, on the street that were generally located on the corners. South Park had a mix of plot sizes dependent on land use. There were automobile dealers, warehouses, residence hotels and apartment buildings scattered across the neighborhood. Parking had always been a problem when Downtown was developed in the 1910s and 1920s. Businesses, especially merchants, struggled to maintain street parking rights for their customers as automobiles battled streetcars for rights-of-ways on the narrow Downtown streets.

As high-rise buildings went up on Bunker Hill and Figueroa, one and two story buildings were demolished on Spring and Main streets to provide parking for tenants in the old office buildings. The same process took place in South Park. Broadway was
the exception to this trend with few buildings demolished except in the case of a fire. The end result on Spring and Main streets were rows of tall buildings interspersed with surface level parking lots. The appearance was often described as streets with broken teeth. South Park, with a greater number of structures removed in lieu of parking spaces has the opposite image: a few islands (old buildings) on a sea of parking lots. The construction of the Convention Center in 1971 made the contrast even more stark as the parking lots filled with automobiles during conventions. Meanwhile, Broadway continued to age in place with little or no investment by property owners awaiting some future redevelopment activity.

The urban fabric was thus diachronic. The "old downtown" of historic buildings centered on Spring and Main streets (but actually extending west to Grand Avenue with the exception of Broadway) maintained a strong influence on the current and future morphogenetic configuration of the landscape especially after inclusion on the National Registry of Historic Places in 1979. South Park and the "new downtown" connecting Bunker Hill to the Convention Center was subject to urban sedimentation due to the imposition of a new major fabric (skyscrapers) onto the existing layer of historic buildings (Levy 1999; Conzen 2001). A combination of factors led to the political decision to revitalize the "old downtown": increased public appreciation for historic preservation, the belief that the concrete and steel Beaux Arts commercial buildings had economic value, nostalgia for the past by city officials, and a friendly administration to implement a revitalization plan.
The "right-to-build" feature of the Adaptive Reuse Ordinance facilitated development by shortening the permitting cycle for residential conversions (LAMOHED 2006). Recycling of abandoned buildings began in earnest the following year and the Residential Renaissance began. A new construction boom followed within a few years, further accelerating the increase in the housing supply. The Skid Row area of Los Angeles, hosting the largest concentration of homeless people in the United States, lies adjacent to this new residential development (Wolch, Dear et al. 2007). Skid Row has been a fixture in downtown Los Angeles for over 100 years and was initially occupied by transient males looking for seasonal employment while residing in boarding houses and single room occupancy hotels. The area hosted a plethora of low order services catering to this clientele (Salim 2009). The situation in Skid Row changed dramatically in the 1970s. Homelessness emerged as an epidemic following the closure of mental hospitals in California, the conclusion of the war in Southeast Asia, and new types of drugs that became available on the streets of Los Angeles (Wolch and Dear 1993; Wolch 1996; Spivack 1998). The placement and persistence of Skid Row in the downtown landscape has a significant impact on the plan to revitalize commercial buildings into residential units. These impacts will be examined in more detail later in this document.

The well-to-do live in high-rise apartments on Bunker Hill while the poor live on the flat lands below (Davis 1990; Keil 1998). This steep affordability gradient has presented noteworthy challenges for both the city government and property developers. The primary zone of adaptive reuse housing lies as a buffer zone between
the two. This area, officially known as the Historic Core, is the frontier of
gentrification in downtown Los Angeles. A major challenge to developers has been to
convince a portion of the many thousands of workers commuting to jobs every day in
the city center to relocate their residences to downtown addresses.

1.3. Research Question

This study explores the process of building a residential community in downtown
Los Angeles. A central question in this case study is: What are the political and
economic forces engaged in the creation of a new residential community in
downtown Los Angeles? From this initial inquiry four sub-questions emerge. First,
what type of urban regime coalition has formed to facilitate the revitalization of the
existing urban structure in downtown Los Angeles? Second, how has this coalition of
interests shaped the redevelopment of downtown to include or exclude particular
groups? Third, what design elements and amenities reflect these political tensions and
how do they work to attract or repel residents? And fourth, do these political tensions
lead to contradictions in design, planning, policy, and the landscape? Lastly, the
question arises whether the housing recession marks the end of the downtown
Residential Renaissance or is merely a temporary pause. Have the possible
contradictions identified above exacerbated the housing crisis in downtown, and if so,
to what extent?

1.4. Significance of Study

The results synthesized from the data collected in this study will be a valuable
addition to the body of knowledge on residential living in downtown central cities.
Vibrant downtown residential communities are the vanguard of urban development for the future. Many American suburbs are tired and suffering from social and economic ills. Land is at a premium in large metropolitan areas forcing intensification of land uses especially housing. Cities across the country are converting old and abandoned commercial and industrial space into residential housing. High density loft communities are altering the weave of the urban fabric in downtowns. This study will lead to a better understanding of the political and economic processes involved in this transformation.

This study also will contribute to the understanding of how urban morphology of existing underused buildings affects the revitalization of downtowns into residential enclaves. The adaptive reuse of existing buildings in the core areas of downtowns is gaining traction in downtown redevelopment. This activity achieves a number of goals. First, historical preservation efforts in urban areas are becoming more important in cities across the country. Local historical and conservation groups are widespread and well-organized with growing political clout to influence city councils and state legislatures. Los Angeles has the largest locally based preservation society (Los Angeles Conservancy) in the United States (Conservancy 2012). Second, the reuse of existing buildings is eco-friendly. Sustainability has become a high priority in society today. Refurbishing existing buildings saves time and material costs of housing construction. Third, the salvation of existing buildings preserves heterogeneity in building use, size, height and architectural styles in downtown neighborhoods.
Lastly, this study contributes to the body of knowledge in urban geography regarding the operation of urban regime coalitions and the influence of urban morphology in downtown revitalization efforts. Postmodern urban theory posits that conventional downtowns are becoming obsolete and that it makes little sense to promote megaprojects for downtown renewal (Dear and Dahmann 2008). The results of this research refute that thesis as well as the assumption that corporate and philanthropic investment has deserted the downtown. Population growth and development including the construction of privately financed residential skyscrapers in downtown Los Angeles has surged in the last ten years and the momentum shows little signs of subsiding. This study provides one more link in the connectivity between the concrete and the abstract.

1.5. Research Design and Methodology

This research project employed mixed methods to investigate the process of building a residential community in downtown Los Angeles. The case study examined the political, economic and social forces engaged in revitalizing the downtown core area of the city.

1.5.1. Mixed Methods

Mixed methods are well suited for this research project. As noted by numerous researchers, mixed methods research offers an alternative to quantitative and qualitative methodologies and is considered by many as the "third methodological movement" (Greene 2007; Johnson, Onwuegbuzie et al. 2007; Tashakkori and Teddlie 2010). To adequately address the research questions posed in this project, the
methods employed must be capable of dealing with the complexity of human agency in a variegated social setting. Words or verbal data are best entertained with a qualitative approach while numerical data typically employs quantitative methods (Leedy 1989). While each methodology is well suited for its data type neither is perfect or without bias. A major limitation of quantitative methods is the lack of context of the measured data from the real world from which the data was collected. Qualitative methods, on the other hand, are fully contextualized and provide richness of feeling and experience sought by researchers. However, qualitative studies often focus on small groups or samples and lack the rigor of scientific experimentation that is reproducible and transferable across studies (Greene 2007; Castro, Kellison et al. 2010).

Mixed methods research (MMR) is more than just borrowing methods from the quantitative and qualitative tool boxes. MMR has embedded philosophical assumptions that guide inquiry and the collection and analysis of data. The use of qualitative and quantitative approaches is coordinated in tandem in the same study (Creswell 2009). Jennifer Greene describes a mixed methods way of thinking as “multiple ways of seeing and hearing, multiple ways of making sense of the social world, and multiple standpoints on what is important and to be valued and cherished. A mixed methods way of thinking rests on assumptions that there are multiple legitimate approaches to social inquiry and that any given approach to social inquiry is inevitably partial” (Greene 2007: 20).
The philosophical underpinnings of MMR are based on the paradigms employed in quantitative and qualitative methodologies. Quantitative studies are based on the scientific method and supported by post-positivist thinking on generalization and empirical investigation. Qualitative studies are generally based on social constructivist beliefs that people develop subjective feelings about their experiences and surroundings. Because these feelings are so varied the world gains immense complexity as the subject (sample) size expands. While MMR employs both quantitative and qualitative methods and therefore both worldviews the key assumption is the integration of the two paradigms. Many practitioners of MMR adopt a pragmatic paradigm that focuses on the research problem and seeks to understand and find solutions (Johnson, Onwuegbuzie et al. 2007; Creswell 2009; Creswell and Plano Clark 2011).

Extensive research on mixed methods published research by Greene, et al, identified five rationales for utilizing MMR: triangulation, complementarity, development, initiation, and expansion (Greene, Caracelli et al. 1989). This study utilizes three of the five rationales: triangulation, complementarity and development. Triangulation is the corroboration of results achieved by different methods (quantitative and qualitative). Methodological triangulation can occur either simultaneously or sequentially. Convergence through triangulation is attained by integrating the quantitative and qualitative data (Greene 2007; Johnson, Onwuegbuzie et al. 2007; Creswell 2009). Complementarity occurs when the results achieved by one method enhances with richness of meaning (or detail) or clarifies the results.
revealed by a different method. Development occurs when the results of one method are used to build the structure of a different method (Greene 2007).

The mixed method approach utilized in this project is an exploratory sequential design. This two step process uses qualitative methods (interviews and focus groups) on a small group of subjects are conducted to obtain information to construct a survey instrument for a larger sample. This approach was used because the variables needed for the survey were speculative or unknown (Creswell and Plano Clark 2011). The development rationale is evident in the identification of the variables for the survey instrument. Triangulation and convergence occur after the survey is conducted and the results tabulated. More details on the selected methods follow later in this chapter.

1.5.2. Data Collection

A combination of efforts was utilized to collect data to address the research questions. The methods include: archival research, orienting observations, semi-structured interviews, focus groups and mail surveys. Each of the techniques are described below in the sequence undertaken.

Archival research was used to build a historical foundation of the study area. Newspapers and periodicals were invaluable in building a chronology of downtown development projects. Oftentimes, details about projects and events recorded by reporters in interviews are not preserved anywhere else. A careful search of the local newspapers yielded a treasure trove of data. Sources included the Los Angeles Times, The Los Angeles Downtown News, the L.A. Weekly, the Los Angeles Business Journal and Los Angeles Magazine. Government agencies publish documents and
reports on a continual basis. Primary sources were city departments such as the Los Angeles Department of City Planning, the Los Angeles Housing Department, Los Angeles Department of Building and Safety, the Los Angeles City Clerk, the Los Angeles Police Department, and the Mayor's Office. The Los Angeles County Assessor's Office also provided important property data. Demographic statistics from the State of California Department of Finance were accessed as well as the United States Census Bureau.

Business associations also research and publish reports and papers on activities occurring downtown. The Downtown Center Business Improvement District collects extensive data on housing developments in the entire downtown area not just their territory. Other sources included the Central City Association, the Central City East Association, the Los Angeles Chamber of Commerce, and the Los Angeles County Economic Development Corporation. Non-profit organizations were also accessed for their reports and publications. The Los Angeles Conservancy was an excellent source of data on historical buildings and architecture.

Orientating observations were extensively conducted to gain an understanding of the downtown landscape. As discussed earlier, downtown has been subdivided into numerous districts based on function, legal delineation and historical occupation. Within the defined districts numerous micro neighborhoods have developed over time. For example, the Frontier has historically had the Broadway Shopping District which overlaps the Broadway Theater District which overlaps the officially designated Broadway Historical District. The Old Bank District was created by developer Tom
Gilmore to brand his "new" ARO lofts at 4th and Main Streets. Gallery Row also overlays the Old Bank District as well as the officially designated Spring Street Financial District. The Jewelry District also shares space on Broadway with the other districts.

Field observations were critical in understanding the spatial layout of the landscape. I spent hundreds of hours studying the buildings, streets, signs and remnants of times past. I shopped in stores, ate in restaurants, went on walking tours, and joined in community events such as the monthly Art Walk and Skid Row Walk. I attended meetings held by the Downtown Los Angeles Neighborhood Council. I took housing tours offered by the Downtown Center Business Improvement District and attended semi-annual business meetings featuring speakers on banking, real estate, entertainment and development. I used observations to "excavate knowledge" of the study area (Mason 2002). Most of my field work observations were conducted as a "complete observer" to count, complement and contextualize the streets, buildings, people or events taking place. Exceptions to this were my obligations as a docent with the Los Angeles Conservancy where I assumed a "observer-as-participant" role. Most observations were uncontrolled in the sense that I sought to observe all phenomena the setting had to offer. Exceptions to this rule were when special trips were made to study a particular phenomenon such as a count of residents walking their dogs in the evening or to observe the activities after the art walk concluded (Kearns 2005).

Field notes were taken in the field when possible and after the observation episode when note-taking was not feasible. Most field notes were taken as raw data.
with the intent of building a narrative (Mason 2002). Keywords and short phrases were recorded to save time and prevent the field notes from becoming cumbersome and difficult to analyze when the data was combined with other sources. This form of field note taking is common in ethnographic research (Emerson, Fretz et al. 2011). Hundreds of photos were taken over the many observations undertaken downtown. These photos proved invaluable when analyzing the field notes to activities and the landscape.

Semi-structured interviews were conducted prior to the survey to determine the structure and form of the survey instrument. A diverse group of subjects were selected with several goals in mind. First, a key question of this study is the formation and nature of the urban regime coalition that facilitated the revitalization of the existing urban structure in downtown. A lot of this information is proprietary knowledge of the individuals involved in the coalition and has not been recorded in print. Interpretations of meetings and events and the interactions of participants are key to understanding decisions and actions undertaken. Second, I sought information from individuals about their role in specific projects and details about why projects prospered or languished to the point of bankruptcy. Thirdly, I sought information from downtown developers, activists and residents to synthesize into the final data collection tool, the survey.

Twenty formal interviews were conducted and recorded. The list of interviewees included: Two city planners, the mayor's appointee as the Adaptive Reuse Ordinance (ARO) ombudsman with developers (locally known as the ARO czar), a manager at
the Community Redevelopment Agency, the President of the Downtown Los Angeles Neighborhood Council (DLANC), the directors of the two major downtown business associations, the directors of two business improvement districts, two managers of a local conservancy organization, an architect who was involved in the design of adaptive reuse projects, a downtown realtor, three property developers, a manager at a Skid Row service provider, a Skid Row community activist, an art dealer, and a downtown resident. Eight informal, unrecorded interviews were conducted with various other downtown actors that included: a Los Angeles Police officer assigned to the Historic Core and Skid Row, a social service provider in Skid Row, a Downtown Los Angeles Neighborhood Council board member, a real estate investor active in downtown, a downtown property developer, one downtown resident and two potential downtown residents.

Interview questions in general asked broadly about the interviewee's perception of the residential development of downtown. Due to the diversity of the interviewees, the questions quickly focused on the individual's role in this process. In a number of cases the questions became very specialized. The semi-structured interview allows for flexibility in the responses and the direction that the interview flows. Interviews lasted 60 - 90 minutes and took place at the interviewees workplace or a convenient nearby location. The recorded interviews were transcribed verbatim. In the unrecorded interviews, notes were taken and organized after the interview concluded. Interviews were arranged by recommendation. The first interviews were with well known, connected, individuals who then offered to connect me with key figures who
would be helpful in my data collection. This method quickly mushroomed into an adequate number of interviewees for this phase of my research.

Focus groups were organized with downtown residents to discover issues of concern in the community. Two focus groups were conducted: one for renters and one for homeowners. These categories were chosen due to the temporal and financial commitment requirements for each type. A renter typically signs a one year lease and makes the required security deposits with the lessor. At the end of the term the lessee is free to relocate without further obligation to the lessor. A homeowner, on the other hand, makes a substantial commitment in down payment and closing costs as well as qualifying for a loan. To relocate, the homeowner must either sell the property, at significant cost in fees, and purchase a new home elsewhere. With this consideration in mind, my thoughts were that the two groups might have some different concerns about the neighborhood, short term versus long term.

Focus groups were recruited by making connections with residents. The homeowner group was recruited from the loft building of an interviewee. Six residents agreed to join the group, but only four were able to attend. The renter group was recruited from a connection at a Downtown Los Angeles Neighborhood Council meeting. Six people volunteered to participate and all six attended. At the start of the focus group, the participants were introduced to the other group members and the general issues were discussed. From this point the focus group became self energized and moved from topic to topic without hesitation. The renter group was primarily concerned with building quality and repairs, lease terms and deposits and the
immediate neighborhood. The homeowner group was concerned about issues on a larger scale. Home values were discussed due to the housing crisis sweeping the country and the prospects for a recovery in prices. Beyond that personal safety was of concern as was Skid Row and the homeless problem on the streets. Other issues were the availability and menu price level of restaurants, grocery shopping opportunities and the potential for more local amenities.

Surveys were developed from the data collected in the interviews and focus groups. A single page questionnaire was constructed with variables designed to provide adequate data to answer the research questions yet not to be offensive as to diminish the response rate. The survey was mailed to all of the homeowners in the Frontier Zone. Eight "for sale" projects had been built since 2000. Six were fully occupied before the housing crash in 2008. One was finished in 2009 and required an auction to jumpstart sales and the eighth building ran into construction difficulties and did not sell any units until the summer of 2010. Surveys were mailed to every address in the six occupied buildings. The seventh building was only partially sold and the homeowners were deemed too new or fresh to have developed firm opinions of downtown. The tenant survey is in Appendix A and the homeowner survey is in Appendix B.

1.6. Organization of the Remaining Chapters

The next chapter is comprised of a literature review of the theoretical framework selected for this project as well as the urban processes influencing residential development in Los Angeles. The suitability of a political economy approach is
compared to ecological theories widely used in studies of urban growth and
development. The third chapter defines the study area with details on demographics,
housing, employment, and the Downtown residential districts. The fourth chapter
explores the roots of the Residential Renaissance in Los Angeles beginning with the
redevelopment of Bunker Hill in the 1960s. A number of attempts were made by the
Community Redevelopment Agency to revitalize Downtown with little success.
Chapter 5 traces the development of the housing boom beginning with the adoption of
the Adaptive Reuse Ordinance (ARO) by the City Council in 1999. Thousands of
housing units were constructed in less than a decade substantially increasing the size
of the downtown population. The rapid expansion of the population has created a
maze of micro neighborhoods in much of downtown replacing a landscape of decline
and decay. As the residential occupant count increased, perceptions of fear and safety
on the streets changed. The perceptions of downtown residents about their
environment and future expectations as revealed in the mail surveys are analyzed in
Chapter 6. The final chapter reviews the findings of this study and presents avenues
for future study uncovered during this research project.
2. Literature Review

This chapter reviews literature applicable to this study on the following topics: L.A. School, Urban Regime Theory, the Community Power Debates, Urban Growth Machines, and Urban Regimes in Geography.

2.1. The L.A. School

The L.A. School traces its roots to the idea that the growth of Los Angeles is the exception rather than the rule in the development of the typical North American Anglo city. The essence of the L.A. School is the adoption (or acceptance) of postmodernism as a new paradigm explaining not only Los Angeles as different but also as the model of future urban growth. Postmodernism in human geography emerged in 1984 with the publication of an essay by Fredric Jameson relating global capitalism with a new “hyperspace” replacing traditional organizational concepts of time and space (Dear and Flusty 2002). Two years later, Michael Dear identified three modes of postmodernist thinking in an article in the journal Society and Space: style, epoch and method. Postmodern architectural style featured random decorative adornments often copied from earlier designs (Dear 1986). Postmodernism as an epoch implicitly indicates that this new period replaces or supersedes the previous one (modernism) (Dear and Flusty 2002). The third mode identified by Dear of postmodern as method challenges the rationality of modernism. The search for universal truth and theoretical frameworks to explain the meaning of literally everything is renounced in favor of relativism (Dear 1986). The postmodern polycentric development of Los Angeles is contrary to the Central Business District
(CBD) core anchoring of the Chicago School, and Michael Dear argues that Los Angeles is now the prototypical model for all urban development (Dear 2002).

Ed Soja made the critical link between postmodernism and urban geography with his deconstruction of Los Angeles in an article in the same issue of *Society and Space*. Whereas Dear laid the foundation for postmodernism in human geography, Soja applied the theory to a city (Soja 1986). While acknowledging the dispersed and fragmented nature of the metropolis, Soja attributes the existence of the periphery to the persistence of the core. "In Los Angeles...the nodality of the centre defines and gives substance to the specificity of the urban, its distinctive social and spatial meaning. Urbanization and the spatial divisions of labour associated with it revolve around a socially constructed pattern of nodality and the power of the occupied centres both to cluster and disperse, to centralize and decentralize, to structure spatially all that is social and socially produced. Nodality situates and contextualizes urban society by giving material form to essential social relations. Only with a persistent centrality can there be outer cities and peripheral urbanization. Otherwise, there is no urban at all" (1986: 263)

Soja notes that in a postmodern capitalist landscape it is easy to overlook the urban structural processes that radiate from the center, but he argues that "it is the persistent residual of political power which continues to precipitate, specify, and contextualize the urban, making it all stick together" (1986: 263). Soja continues, "Looking down and out from City Hall, the site is especially impressive to the observer. Immediately below and around is the largest concentration of government
offices and bureaucracy in the country outside the federal capital district" (1986: 264). Soja further asserts "Perhaps more than ever before, downtown serves in ways no other place can as a strategic vantage point" (1986: 264).

What distinguishes the L.A. School from the Chicago School to warrant the call for an epochal change is elucidated by the chief proponent of the L.A. School, Michael Dear. Dear makes a compelling argument for a new paradigm in his 2003 journal article, *The Los Angeles School of Urbanism: An Intellectual History*. Dear states: “The shift toward an L.A. School may be regarded as a move away from modernist perspectives on the city (à la Chicago School) to a postmodern view of urban process. We are all by now aware that the tenets of modernist thought have been undermined, discredited; in their place, a multiplicity of new ways of knowing have been substituted” (Dear 2003; underlining in original text). Dear distills the distinctions between the schools down to three significant points. First, the modernist urban form organizes the city around the central core whilst the “new” paradigm imagines the peripheries organizing the remnants of the central core as well as the rest of the city. Secondly, previously autonomous local agency is now being influenced by powerful multi-national corporate forces in determining urban processes. In addition to the exogenous pressures there are local decentralized responses to the new political environment. Lastly, the linear evolution of cities has been replaced by a disorganized competition for position and power complicated by unanticipated externalities such as environmental degradation (i.e. global warming, etc.). While everyone is aware of the challenge to modernist thought presented by the L.A. School, not all agree with the
arguments. Robert Lake tackles the presumption of a new paradigm head on. In a response to the Keno Capitalism model, Lake challenges the repudiation of the Chicago School and the reduction of its essence to a set of concentric circles. Lake asserts that Dear and Flusty use modernist descriptive techniques in their “postmodern” model of Los Angeles thereby repudiating their repudiation of the Burgess model (Lake 1999). Coquery-Vidrovitch also has difficulty embracing the new paradigm in her review of the Scott and Soja edited text, The City: Los Angeles and Urban Theory at the End of the Twentieth Century (Coquery-Vidrovitch 2000). The edge city phenomena identified by Joel Garreau (Garreau 1991) and wholesomely embraced by the L.A. School also has promoted controversy. Many scholars associate this more closely with the Harris and Ullman model, suburbanization or even with the satellite cities identified by Louis Wirth than with a new paradigm explaining urban growth.

Jan Nijman, on the other hand, sees the need for a new paradigm but believes that transportation is the defining characteristic and Miami as the paradigmatic model rather than Los Angeles (Nijman 2000). In a more blunt fashion, urban researcher and author Joel Kotkin, commenting on the dark emphasis of the new school, states “to be in the L.A. School, you have to hate L.A.” (Miller 2000). Even advocates of the new school have difficulty discarding the circles in urban models. Ed Soja utilizes a Sixty-Mile Circle to demonstrate that everything really is in Los Angeles in his pioneering article in Society and Space (Soja 1986). Perhaps Michael Dear was right when he
said that outside recognition of a “School” only occurs when the chief prognosticators are deceased (which in this case has not yet occurred).

2.2. **Urban Regime Theory**

Urban Regime Theory (URT) is well suited to investigate the questions and processes in this study. First, I will give a brief overview of URT and its development and applications. To fully understand the methodology of URT I think it is important to look at its roots in the Community Power debates of the 1950s and 1960s. Next, I will compare URT to the Urban Growth Machine thesis, a competing coalition based political economy concept coming on the scene at about the same time as URT. Lastly, I will review the use and critiques of URT by geographers.

URT is concerned with the process of mediation between the government and interest groups and looks at how public goods are produced instead of questioning who actually rules. This is often referred to as ‘power to’ rather than ‘power over’. Power is constructed by a coalition of private enterprises, social groups, institutions, and government. The seminal work on URT was written by Clarence Stone in 1989. As noted by Stone in the introduction: “…a regime is an informal yet relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions” (Stone 1989). Stone’s work on Atlanta covered a period of more than 40 years dating from 1946 through 1988. Stone claims that for a regime coalition to be functional it must be able to marshal the necessary resources to accomplish its goals. Coalition members must bring adequate resources to allow policies and goals to be achieved and demonstrate willingness to compromise with
other coalition members when necessary. Power is successfully exercised when goals are achieved whether or not the public approves of or is even aware of the project (Stone 1989).

Stone identifies four types of regimes: development regimes, middle-class progressive regimes, lower-class opportunity regimes, and maintenance regimes. Development regimes focus on growth for economic development. Attracting and utilizing resources to achieve growth is of the utmost importance in forming a coalition. Middle-class progressive regimes are concerned with quality of life issues. Progressives believe that development should be tempered when necessary to protect the environment. Lower-class opportunity regimes seek economic development for job creation. Unemployment is a recurring threat in the community and development tends to be difficult to come by. Lower-class opportunity regimes will jump at the chance to develop a new factory or shopping center. Maintenance regimes try to maintain the status quo, maintaining that life in the community is good and most development threatens to make changes upsetting the good life (Stone 1987; Stone 1993; Kilburn 2004; De Socio 2007). Regime typologies are based on coalition participants, their interests and their ability to marshal resources in support of their agendas. Geographical patterns and historical alliances play minor roles in comparison to local agency (Stoker 1995; Mossberger 2009).

Four forms of power are available to coalition members (Figure 2-1). The first form, systemic power, is derived from the control of key socioeconomic resources. Systemic power can be considered the core power for the successful execution of
coalition goals. Two types of coalition members commonly exercise systemic power. Corporations or businesses that develop property and have abundant financial resources are typical of the first type. Elected officials who control planning and zoning activities or redevelopment are the other. The second form, command power,

**The Exercise of the Four Forms of Power**

Figure 2-1: The exercise of power by coalition members.

is the active mobilization of resources to achieve domination over other interests in the coalition. Once again, this form of power is only available to the same two types of members. Command power may shift over time depending on the current objectives of the coalition. The third form, coalition power, is derived from the simply being a coalition member. Having a seat at the table, even for passive members, allows opportunities to maximize their bargaining position in influencing policy and goals from time to time. For example, a historic society might be able to
mobilize substantial resistance to a project if so inclined to do so. Other coalition members might be accommodating on some issues to avoid confrontation. The last form is the power of social production. Social production is the ability to build a coalition into a significant governing force that is capable of achieving its goals. This form of power encompasses more than organizational and recruitment talents: it is also the binder or glue that holds the coalition together. It differs from command power, which is executive in nature and directs actions. The power of social production is the essence of the coalition. The coalition member with seemingly little power is the professional and technical class. Their influence is limited to coalition power. However, the professional and technical are empowered in an unusual way in the sense that they are arbiters of what is possible at what price. Their place at the table is important (Stoker 1995).

2.3. The Community Power Debates

The roots of URT lie in the Community Power debates from the 1950s and 1960s (Harding 1995; Stoker 1995; Mossberger 2009). The Community Power debates revolved around two competing theories: Elitism and Pluralism (Polsby 1980). Bachrach and Baratz frame these theories within disciplines: "Sociologically oriented researchers have consistently found that power is highly centralized, while scholars trained in political science have just as regularly concluded that in "their" communities power is widely diffused" (1962: 947). The findings delivered by the use of each method are poles apart stemming from differences in their intrinsic assumptions and methodologies (Bachrach and Baratz 1962).
Elitism, the model preferred by sociologists, has a long history dating back as far as ancient Greece. Modern elitism has developed in the last 100 years and has vacillated between elites who have provided leadership and elites who have dominated the less powerful classes of society (Harding 1995). Alan Harding distills elite theory to the vernacular level in the following: "Anyone who ever thinks about the world in terms of what they are doing to or for us carries an implicit elite theory in his or her head. They are the elite, the group(s) of individuals whose decisions play a crucial part in shaping the lives, choices and futures of the mass of people (1995: 35). In elite theory the "elite" exhibit social control or "power over" others who are less powerful. Political scientists focus on elite influence and participation in government and rarely mention the existence of a "ruling class". Sociologists, on the other hand, view political leaders as part of a broader class of elites in business and finance, etc (Harding 1995).

The first serious empirical study of an urban area utilizing the elite framework was conducted by Floyd Hunter in 1953. In his study of Atlanta, which he codenamed Regional City, Hunter identified the elite through a laborious screening process of who was believed or assumed to have power. The 40 persons who were top-ranked were then interviewed to ascertain their position in the ranking and associations with other top-ranked elites. Based on these interviews groups were identified based on personal interests of the elites. The leaders of the groups were perceived to be the "policy makers" for the city. Most of the policy makers were executives in important local businesses. The only government representative was the mayor of Atlanta. This
method of elite identification and selection later became known as reputational analysis. The determination of an elite's level or degree of power was not in the measurement of actual power but in their reputation for having power (Polsby 1980; Harding 1995).

Critics of Hunter's study emerged almost immediately. In a review of Hunter's book published the following year, Herbert Kaufman and Victor Jones challenge Hunter's assumptions and methodology. "This inquiry assumes the existence of an elite has been established, and, since Hunter's own method is empirical, presumably established by an empirical standard. Nothing could be further from the truth. That there is a small group running the city is not demonstrated but presupposed, and this presupposition relieves Hunter of the obligation to develop any objective measure of power." (1954: 207). Kaufman and Jones continue with criticism of Hunter's method of elite selection. Of the 135 people nominated as "influential" citizens only 40 were selected by a panel of judges drawn from the local community. Hunter asserts that these 40 white middle and upper class people run the city with little consideration given to political parties, community associations and clubs, or even to the African American population in Atlanta (Kaufman and Jones 1954; Anton 1963). Bachrach and Baratz also challenge Hunter's assumption of a "power structure" that is stable over time and the equation of a reputation for having power with actually having power (1962: 947).

The second Community Power theory, pluralism, emerged as a competing normative theory in the 1950s, emphasizing that political power is dispersed and
fragmented in cities. The seven main characteristics of pluralism are as follows: first, power is fragmented and decentralized and unequally dispersed among different groups; second, all groups will have access to at least some resources with which to advance their case even if they are not successful in achieving their goals; third, the dispersion of power is a desirable attribute in a democratic system; fourth, political outcomes on different policies will reflect the unequal distribution of power and resources within the system; fifth, political power exists and is exercised outside the formal election process; sixth, the interaction of interests provides an alternative to the 'general will' as a source of legitimacy; and seventh, the variegated decision-making process and the uncertainty of outcomes from bargaining keep participants engaged in the process (Jordan 1990; Judge 1995).

An influential study supporting pluralism was conducted in New Haven, Connecticut by political scientist Robert Dahl. The publication of Dahl’s book, *Who Governs?* in 1961 laid the foundation for further studies in other cities. Dahl’s work was more evolutionary than revolutionary. Pluralism as described by Dahl was a refutation of the study on Atlanta conducted by sociologist Floyd Hunter described above. What Dahl found in New Haven was a political system that had changed over the years from an oligarchy to a pluralist system. While a stratification of power still existed in New Haven it was now (1950s) a system where each stratum or level was still influential in the decision-making process. The key to maintaining or sustaining this process was the vulnerability of elected leaders to replacement at the polls. This theory was normative in the sense that Dahl posited that this was the way community
power should be allocated in a city (Dahl 1961; Jordan 1990). Critics challenged the basis of Dahl’s theory. One criticism was the uniqueness of the model. The methodology was suspect because of the political issues that were studied. Dahl had selected three issues that he considered substantially important to the community: urban redevelopment, public education and political nominations. When his model was applied to other cities different "important" issues were identified (Bachrach and Baratz 1962; Polsby 1980). Dahl was also accused of choosing the "wrong" issues, issues that were not significant in determining the power structure in New Haven (Anton 1963). Lastly, Dahl was accused of stacking the deck by selecting "safe" issues where the outcomes could only be produced through a pluralist process (Bachrach and Baratz 1962).

A more substantial issue arose when further studies revealed cases where pluralism had become so extreme that cities had become ungovernable. Increased political activism led analysts to ask the question "Does Anybody Govern?" in these extreme cases. This type of pluralism where the competing groups were uncompromising became known as hyperpluralism (Yates 1977; Judge 1995). Another complaint by critics was the isolation within which pluralism seemed to exist. There was no acknowledgement by Dahl that a city’s autonomy was ever affected by outside forces. This complaint also dogged elitism. Both theories operated within confined geographical boundaries of cities with minimal consideration of extraneous influences from neighboring or higher level governmental units let alone the ownership of capital by non-local entities (Judge 1995; Stoker 1995). Since pluralism
and elitism began as normative theories they were locked in a contest over who was right. Using different methodologies and different conceptions of how power is produced and exercised it became an irresolvable battle (Harding 1995, 2009).

2.4. Urban Growth Machines

After 20 years in the spotlight, interest in the Community Power debates waned in the 1970s as neo-Marxist theories gained ground in urban analysis (Harding 1995). Unlike pluralism and elitism, neo-Marxist theories were geared to address questions at a very large scale and were deficient at lesser scales. Neo-Marxist theories were structuralist in nature and had little concern with human agency in local political decisions (Pickvance 1995). However, interest was revived in community power theories by the introduction of the Urban Growth Machine thesis by Harvey Molotch in 1976 (Logan and Molotch 1987).

Like the earlier theory of elitism, Urban Growth Machine theory championed rule by an elite class. In contrast to pluralism where ultimate power was exercised by the people over elected officials, the urban growth machine elite was endowed with power over the system regardless of who held office. Power was exercised by the elite for the benefit of the elite. Urban Growth Machine was oriented more to the economics of growth rather than the political processes involved (Harding 2009). Molotch focused on land value in a given community. This land-based elite was considered to be in competition with other cities for investment resources to further the value of their land holdings. While the elites benefited from increased property rents or land values, other property owners also benefited from increased rents and
values plus from the amenities that increased development brings to a community. Business owners enjoy increased sales and workers have greater job opportunities and higher wages. In short, growth in the city is good for everyone. The elite therefore pursue growth at all costs in the firm belief that a rising tide lifts all boats (Molotch 1976). Molotch refined his theory and collaborated with a colleague, John Logan, and the two then published a definitive volume on the urban growth machine as a political economy of place. Within this work, landowners are divided into two groups: one seeking to maximize use value (the day-to-day uses common to most homeowners) and another group (rentiers) seeking to maximize exchange value of their land such as landlords and property speculators. The second group is the most eager to assert power in order to achieve their goals. Locally based exchange value landowners rather than absentee owners are deemed to be the ideal elite because of their vested interest in the community (Logan and Molotch 1987).

In later publications, Molotch further refines his ideas to address criticisms regarding geographical constraints, leadership fragmentation, capital flows, political entrepreneurship, and popular resistance to elite policies, but still maintains the supremacy of the elite class and the singular goal of growth at all costs (Molotch 1988).

The Urban Growth Machine theory differs from elite theory in several important ways. First, Urban Growth Machine focuses on urban development issues (land or development affecting land use) and the politics thereof whereas elite theory is more broadly concerned about the community in general. Second, Urban Growth Machine
is still grounded in the geographical area of the city but does not assume that the elites who wield power are likewise constrained by these same boundaries (Molotch 1976). Third, some members of the growth machine are 'place-bound' by legal, financial and social attachments while other members are not geographically constrained. Elite theory, in contrast, makes no distinctions on the boundedness of the elite (Logan and Molotch 1987). Fourth, Molotch acknowledges that in some communities there are anti-growth movements that he refers to as Emerging Countercoalitions. These countercoalitions "are probably most likely to succeed in those places where volunteer reform movements have a realistic constituency - a leisured and sophisticated middle class with a tradition of broad based activism, free from an entrenched machine" (1976: 327). Antigrowth sentiment has become an important part of politics in a number of large cities and several states including Colorado, Oregon and Vermont. Molotch concedes that countercoalitions may become powerful enough to destroy growth machines with some cases resulting in the acquiescence of local businesses to antigrowth policies rather than the other way around (Logan and Molotch 1987). Critical elite theory has no provision for such an event. Lastly, the difference which I find the most significant is the existence of coalitions within the Growth Machine theoretical structure. Elite theory assumes that a core of elites, in contrast to a broader coalition as proposed by the Growth Machine theory, made all of the important decisions in a city regardless of the wants or desires of the citizens.

Urban Growth Machines rely on a Growth Machine coalition to promote and accomplish its agenda. However, a Growth Machine coalition is not to be confused
with an Urban Regime coalition. A Growth Machine coalition has a core membership of rentiers and businesses such as developers, construction firms, building supply firms, financiers, and professionals such as architects that directly benefit from growth. This group is joined by a second tier of businesses that indirectly benefit from growth as a result of new customers. This tier would include media companies (newspapers, broadcasters, cable companies) and utilities that are place bound as well as retailers of furniture and carpet, etc. Third tier members of the growth machine coalition are comprised of institutions and businesses that may benefit from new growth. This group would include colleges, universities, cultural venues, sports franchises, retailers, and restaurants, etc (Harding 1995). The growth machine coalition mobilizes support from the public for their agenda through civic boosterism via organizations and clubs that promote festivals and events. As Logan and Molotch assert, "Perhaps most important of all, local publics should favor growth and support the ideology of value-free development. This public attitude reassures investors that the concrete enticements of a locality will be upheld by future politicians. The challenge is to connect civic pride to the growth goal, tying the presumed economic and social benefits of growth in general to growth in the local area.” (1987:60). The ultimate goal is to generate and sustain 'place patriotism' among the masses (Logan and Molotch 1987). The end result is that a Growth Machine coalition has only one item on the agenda - development.

2.5. Urban Regimes in Geography
Finally I would like to review how geographers perceive and use Urban Regime Theory in research studies. Since it first emerged in the late 1980s, a number of geographers have utilized URT in case studies (Whelan, Young et al. 1994; Purcell 1997; Hackworth 2000; McGuirk 2003; De Socio 2007). Other geographers have taken issue with several features of URT. Issues of import include space, time, scale, and governance (Ward 1996; MacLeod and Goodwin 1999; Martin, McCann et al. 2003; McCann 2003). Space and scale appear to be the most frequently contested issues concerning URT both among geographers and non-geographers. A very attractive feature of URT for geographers is the social production of power model developed by Stone. This model distinguishes URT from the social control model promoted in Community Power and Growth Machine theories. The social production of power or 'power to' allows the coalition to achieve the significant outcomes desired by the regime (Stone 1989). While the social production of power and the resulting outcomes verifying the virility of the regime are key elements of URT, Stone neglected to develop the spatial nature of the outcomes. Few have been as explicit as Purcell in exploiting this opportunity. "That omission is why the social production model of urban power dovetails nicely with the literature on the production of space." Purcell continues: "Thus social and spatial processes are fused together into a single sociospatial dialectic whereby the production and reproduction of social relations must involve a concomitant production and reproduction of spatial relations and vice versa" (1997: 687).
Other concerns about space are closely related to scale. While space is foundational to geography, scale is also key to research and data analysis (Marston 2000). Lam and Quattrochi recognize three aspects of scale: spatial, temporal and spatio-temporal. Focusing on spatial scale, they identify three types of scale. First is the scale of observation or geographic scale. The second type is cartographic scale where the distance on a map has a relation to distance on the surface of the earth. Lastly is operational scale which encompasses the spatial extent of a process or phenomenon (Lam and Quattrochi 1992). The onset of globalization has caused human geographers to wrestle with the concept and representation of scale (Martin, McCann et al. 2003). Many have adopted a constructionist framework for scale where it is shaped by the interaction between human agents and structural forces in society. This conceptualization is similar to the operational scale type identified by Lam and Quattrochi. In this model, scale is not external or pre-ordained. Scale is created as a result of social relations and defines the spatial boundaries of these relations.

A number of geographers have been critical of URT for the local scale in which it appears to operate. This local fixation or 'localist trap' has been cited by Ward (1996), MacLeod and Goodwin (1999), McCann (2003), McGuirk (2003), Purcell (2006), and DeSocio (2007) among others as inhibiting the utility of URT as an explanatory theory beyond micro level politics and economics. Kevin Cox was among the first geographers to identify and articulate this problem. In his efforts to understand local politics, Cox has developed a framework for understanding local scale (Marston 2000). Cox argues that there is a 'local dependence' of certain actors, in local settings
such as cities, based on their spatial immobility. A classic example of a locally dependent firm is a utility company with a fixed infrastructure that provides service to a fixed geographic area. The groundedness of local dependence extends to property owners, businesses such as financial institutions and professionals who have long running relationships with local clients, and people with strong social relationships that make relocation difficult. The degree of immobility varies by legal license (utility service areas), liquidity of hard assets (such as office buildings), and willingness of actors to make relocation decisions (Cox and Mair 1988). The capitalist imperative to maximize profits encourages many firms to seek alternative opportunities if profits decline in a particular area. However, the immobility of capital (local dependence) may require greater efforts in the local arena to increase investment and development (Harvey 1989a). Some locally dependent businesses and individuals attempt to overcome the constraints of immobility by forming coalitions to encourage economic growth and development within their domain (Cox and Mair 1988).

Cox applied his concept of local dependence to the emerging coalition based theories of political economy, Urban Growth Machine and Urban Regime Theory, which he neologized as the New Urban Politics (NUP). Cox considered both to be focused on urban development and undertheorized due to their dependence on empiricism (Cox 1991). Cox asserts "Basic to the problem of empiricism is the issue of abstraction. The abstractions employed in mainstream social science are commonly of the taxonomic variety. They are based on what appear, or are observed, to go with what. Relations of association can be quite misleading in an explanatory sense"
What Cox proposed to deal with the issue of the abstraction is the separation of what is necessarily related (thus providing the strongest causal properties or linkage) and what is contingently related (weaker, but still possible linkage). The deficiency of the NUP theories is that both rely on taken-for-granted conditions in their foundations. By identifying and accepting the necessary, both concepts could become more concrete (and less abstract) thus generating more robust theoretical frameworks. Cox cites several examples of these weaknesses. For example, Logan and Molotch argue that land-based elites interested in collecting property rents form urban growth machines to further their accumulation of profits. Logan and Molotch assume the accumulation of profits are the motivation but offer no concrete proof. To Cox, land rents are a contingency, a result of ownership. The necessary precondition is the local dependency of the rentier. In addition, Cox also sees local government as a contingent matter due to their ability to seek revenues from higher levels of government (state and federal). By developing rational abstractions of necessary social relations, empirical observations gain greater explanative currency (Cox 1991).

Cox also sees under theorization in both theories in their failure to embrace the nature of capital. The concept of capital is evident but only in regards to exchange, distribution and competition rather than as a relation of production and reproduction. This appears to be the default mode in both theories rather than pre-calculated condition (Cox 1991).
Cox further refines his vision of the New Urban Politics in subsequent publications. The sphere of economic development was expanded from competition between neighboring cities to a broader global scale. Competition is complicated by spatial divisions of labor and increased leverage of investors to extract economic concessions for development (Cox 1995; Ward 1996). The spaces of local politics are emphasized in the next iteration. Local dependence is framed within a 'space of dependence' where social relations define a unique place encapsulating material well-being and sense of significance. The operational goal is to perpetuate the existence of the agents and their respective spaces. Agents may be engaged in a number of different spaces of dependence at different scales. Competition between spaces of dependence occur in what Cox describes as 'spaces of engagement'. Spaces of engagement may exist in the local arena or may be global. Networks of agents and associations may be assisted or constrained by states and treaties. The spaces of engagement are the political spaces where the contradictions of mobile capital and fixed capital are resolved (Cox 1998; Marston 2000) (Cox 1998) (Marston 2000).

Cox makes a number of significant contributions to the debate on urban politics of which the concept of local dependence is very substantial. Cited by Harvey Molotch in 1976 as a foundational element of his Growth Machine thesis, Cox has fleshed out the concept in greater detail. Molotch assumes that property ownership ties the owner to a specific geographic area and links this relationship to the formation of growth machines (Logan and Molotch 1987). This assumption falls into the abstractions trap of the concrete and the contingent so eloquently explained by Cox. As already
detailed above Cox expanded Molotch's original idea of dependence of property ownership into a concrete concept of social relations that will stand the test of empirical examination. As for local dependence in the Urban Regime framework, Stone rejects the narrow view of property ownership initially assumed by Cox (and Molotch) in favor of a more comprehensive embodiment of agents protecting interests (Stone 1991). In this case I agree with Cox. Local dependence is a valid reason for agents to become involved in a coalition but Cox does not assert that it is the only one. Stone's configuration of a governing coalition is not constrained by local dependence as a contributing factor on membership (Stone 1989).

Another issue championed by Cox is that the New Urban Politics is focused on urban development. This attribute comports nicely with the Urban Growth Machine thesis but as explained earlier does not mesh well with Urban Regime Theory (Stone 1991). Molotch has a provision in this theorization for the failure of a growth machine (Molotch 1976) - Cox does not. Urban Regime Theory has flexibility within coalition formation to accept a regime that rejects economic development in favor of the environment or quality of life concerns (Stone 1993).

A third issue I find in need of clarification is Cox's classification of local government as a contingency. Cox argues that the capacity of local government to seek funding from state and federal governments reduces their dependence on local revenue collection. This assignment is fallacious due to Cox's focus strictly on the revenue side of the budget equation (Cox and Mair 1988). Cities are the most locally dependent of any entity. Cities are incorporated governments with legal mandates
within a geographic territory. Cities have land use powers such as zoning and eminent domain. Cities also have revenue collection powers through the assessment of taxes and fees and liabilities in the form of responsibilities for public safety such as police and fire protection and myriad other public services (Lauria 1997). Both sides of the budget are subject to pressure from local businesses and citizens. If voters are unhappy with the type or level of taxes and fees or the level of services provided by the city government they are capable of replacing the elected officials with 'new blood'. Cities can alter the dynamics of the budget (revenue and expenditures) but are unable, short of disincorporation, to alter the geography of their domain. All other classes of dependencies are more mobile than an incorporated city. Property owners can sell their property and purchase a new parcel in a different city. This may entail a loss but relocation is possible. Cities have no such options.

The last issue I would like to address is the social construction of space. Cox skillfully constructs a case for spaces of dependence and spaces of engagement with a proviso for jumping scales when necessary (Cox 1998). However, it seems that Stone's construction of space, 'power to', for governance adequately fulfills the roles of both the spaces of dependence and the spaces of engagement with an adequate elasticity of scale (Stone 1989; Purcell 1997).

Governance is another area of concern for geographers. Two journal articles published in quick succession nicely summarize the shift from managerialism to entrepreneurialism in local government. The first article, written by David Harvey in 1989, gives a high level theoretical assessment of the process while the second,
written by Helga Leitner the following year, reviews the key literature on entrepreneurialism and compares the entrepreneurial strategies of two American cities.

Harvey begins with an explanation of the managerial role of the Keynesian era city government. Managerialism is essentially the process where cities collect taxes and provide services which in addition to infrastructure and public safety include redistributive social benefits. The economic prosperity of the post-war era allowed cities to be fiscally prudent yet generous to the disadvantaged. The world recession of 1973-74 put great pressure on these magnanimous programs and heralded the transition to entrepreneurialism. However, the seeds for change had been sown several years before in the late 1960s. As federal efforts at urban renewal waned and the dollars dried up, American cities were faced with shrinking revenues from the federal government. This reduction in revenue coincided with deindustrialization and unemployment from economic restructuring. Urban governments accustomed to funding civic projects and social programs with little difficulty now found budget deficits the norm (Harvey 1989).

The emerging system of governance differed from the old system of government in the following ways: First, the new entrepreneurialism willingly accepts and promotes public-private partnerships for civic projects. Private boosterism and public agencies work together to attract investments and outside funding for industrial and commercial ventures. Second, the public-private partnerships pursue speculative projects that may or may not be successful. Generally, the public sector assumes the bulk of the risk while the private sector is protected from loss by tax credits and
deferrals. On the flip side, the private sector usually receives the direct benefits while the city’s share is limited to gains in employment and taxes from ancillary services. Lastly, entrepreneurial projects usually focus on place prosperity over people prosperity. New civic centers, industrial parks and sports stadiums are preferred over affordable housing or retraining programs for the unemployed (Harvey 1989).

Helga Leitner takes a broader approach to the development of public entrepreneurialism. After tracing the path from government to governance Leitner notes the shift on urban theorization from the localism of the 1960s and 1970s where cities were considered autonomous entities and local forces were paramount to decision-making to the globally influenced urban economies of today. Leitner then identifies four competing views of how this happened and what it means. In addition to David Harvey (already reviewed above), Leitner selected Paul Peterson, John Mollenkopf and Clarence Stone. While all four authors acknowledge that urban politics are shaped by external forces over which they have little control, each takes a different epistemological and ontological approach to explain the process. Paul Peterson, in his 1981 book *City Limits*, contends that cities, as competitors in the market economy, must behave like a business to attract jobs and firms to locate within their city limits. To be successful they must marshal all of their resources as efficiently as possible forgoing redistribution of social goods to the public. The public will eventually benefit from economic growth (Peterson 1981; Leitner 1990).

Harvey's approach (outlined above) offers a challenge to Peterson's assumption of a normally operating market and a neutral political environment in which cities
compete for jobs, businesses and capital. Harvey emphasizes the inequalities of economic development under capitalism due to the internal contradictions of the system. The unequal distribution of power, capital and resources grants advantages to some cities while depriving others. This uneven spatial landscape forces cities to compete with each other (Harvey 1989a; Leitner 1990). Both Peterson and Harvey subscribe to economic determinism as the basis for local political action: Peterson claiming economic competition as the external force and Harvey favoring the superior position of the capitalist class and logic of capital accumulation. Mollenkopf, on the other hand, like Stone, supports the autonomy of the local state from economic dictates. Mollenkopf sees the shift to entrepreneurialism as being driven by a conservative reaction to failed welfare state policies of the 1960s and 1970s. Private capital flowed to cities with fewer social programs and this movement of capital was forcing all cities to respond by adopting entrepreneurial policies and reducing redistributive benefits. In essence, new growth agendas were designed and implemented to attract mobile capital (Mollenkopf 1983; Leitner 1990).

Stone's model, while similar to Mollenkopf in the importance of local agency, differs in some important ways. Stone argues that while growth is high on the agenda of many coalitions it is not the only option. Local politicians are capable of making choices outside of the growth domain envisioned by Mollenkopf. The interests of the governing coalition are reflected in the agenda of the coalition and the projects undertaken. Stone doesn't address the failed welfare policies issue that are key to
Mollenkopf's model. However, Stone does see a structural constraint in the division of labor between private and public entities in the city (Stone 1989; Leitner 1990).

Leitner's analysis of these four authors reveals some similarities and some stark differences in their approach to explaining the processes. All acknowledge that the pressures to adopt entrepreneurial strategies come from political and economic forces beyond their political boundaries. The differences all revolve around the issue of the autonomy of the local state in three distinct arenas: First, the degree of freedom from economic structures of capitalism. As mentioned earlier, Peterson and Harvey both acknowledge subservience in political action to economic structures. Mollenkopf and Stone favor human agency over economic determinism. Second, the relationship between the local state and the overarching political hierarchy. Peterson claims that the federal state dominates local public policy. Mollenkopf argues that national policy is very influential in local state agency but not domineering as in Peterson's model. For Harvey and Stone federal interference is not a significant issue. Lastly, the relationship between the local state and powerful interest groups within their operational sphere. Harvey embraces the highest level of abstraction by arguing that the fundamental contradictions within capitalism and class struggle compel the local state to favor the capitalist class over all other interests. Mollenkopf, while rejecting the argument that the state serves only the interests of the capitalist class, nonetheless accepts the need for local state entrepreneurs to cater to endogenous interests. Peterson sees cities composed of a continuum of individuals differentiated by wealth. Stone asserts that the public interest is defined by the nature of the governing
coalition which may or may not reflect the wants and desires of the public at large (Leitner 1990).

The essence of these concerns about autonomy of the local state can be distilled into a solitary question: Can urban development policies in local states be explained by a single overarching theory? For Harvey and Peterson, both arguing for minimal autonomy, the answer is yes. For Stone and Mollenkopf, both of whom argue for greater levels of local autonomy, the answer is no (Leitner 1990).

Following the publication of Harvey's and Leitner's articles interest in governance by geographers and within other disciplines grew throughout the 1990s. One aspect that interested geographers, particularly British geographers, was Regulation Theory. Originally developed by French economist Michel Aglietta in the late 1970s, Regulation Theory became influential in geography by the late 1980s. Regulation Theory does not, as its name would indicate, involve active intervention by the state in economic affairs to control outcomes. Rather, the French definition of regulation refers to the processes that affect economic life. Regulation Theory can best be understood as a set of organizing principles and a method of analysis and as such appeals to urban researchers because unlike orthodox Marxism, it accounts for economic change as a result of politics and social interaction (Painter 1995; Peck 2009). The key element of Regulation Theory is a regime of accumulation, which is a set of relations that provides for stable capital accumulation over time. Any imbalances inherent to capitalism regarding production, reproduction, consumption and circulation are mitigated or postponed to some future date. The mechanism that
allows for this period of stability is known as a mode of regulation. A mode of regulation is a complex set of relations, between political institutions and social organizations that facilitates the accumulation of capital which becomes evident through economic growth. Regulation theorists are in nearly universal agreement that the Fordist mode of regulation prevailed from the end of World War II to 1974, although what preceded and succeeded Fordism is subject to debate. When growth stalls, as happened in the early 1970s, a crisis is said to occur, thus ending the existing mode of regulation (Goodwin, Duncan et al. 1993; Goodwin and Painter 1996).

As interest in Urban Regime Theory grew in the 1990s a number of geographers became intrigued with the possibility of, as phrased by Mickey Lauria, ‘marrying’ Urban Regime Theory with Regulation Theory. Momentum for this idea grew to the point that an entire volume edited by Mickey Lauria was published in 1997 endorsing this effort. The advantages of such a union are explained by Lauria in the first chapter. Lauria sees the variety of governing coalitions possible in regime theory as its greatest strength. On the downside, Lauria sees problems with the low level of abstraction in regime theory as well as the poor theorization of capital formation discussed earlier. As for Regulation Theory, Lauria views the higher level abstractions of the structure of capital and the social relations embedded in the mode of regulation as its greatest attributes (Lauria 1997). Through its reformulation of structural Marxist theory, Regulation Theory escapes the problem of economic determination noted earlier by Leitner on Harvey’s and Peterson’s work (Peck 2009). Lauria notes that the weakness of Regulation Theory is its underestimation of local
agency. Lauria, noting the complementarity of the two theories and acute focus on governance of each, proposes a 'marriage' in an effort to blend the strengths and mitigate the weaknesses (Lauria 1997).

With the support of four geographers and six additional authors, Lauria provides a compelling case for the wedding. However, the ink was barely dry when other urban researchers challenged the proposal. Critics, including some proponents of the marriage noted problems with the stability of Regulation Theory. As noted earlier, Urban Regime Theory was said to be problematic in a number of ways including scale and the role of capital. Regulation Theory has been dogged even more so. As noted by Goodwin, et al (1993), Bob Jessop has identified seven different schools of regulation theorists which between them analyze Fordism at four different levels. Conflicting analysis breeds confusion among researchers and weakens the utility of the approach. Goodwin and Painter (1996) note that when Regulation Theory first emerged, it was assumed that the normal state was a successful mode of regulation, such as Fordism. A mode of regulation inherently would have its own deficiencies which would lead to a crisis where it would succumb. A new mode of regulation would succeed the previous failed mode. However, the authors note, "In the 1990s, after twenty years of economic upheaval and restructuring, it is less clear whether a new mode of regulation will emerge to stabilize economic relations and promote sustained growth" (1996: 639). Goodwin and Painter further note that the aforementioned suggests that a successful mode of regulation is a rather unusual phenomenon rather than the norm (Goodwin and Painter 1996). With the diversity of
theorizations emanating from the various regulation schools and the uncertainty of a stable mode of regulation with which to anchor a union it seems that a 'marriage' between Urban Regime Theory and Regulation Theory is problematic at best.

Geographers also noted other problems with the 'marriage' of the theories as well. MacLeod and Goodwin question whether the combination will address all of the methodological issues of each theory. One issue deals with the role of the state. Regime theory assumes that the state is engaged in the governing coalition whereas Regulation Theory sees the state as one of the institutions setting the parameters for regime formation (MacLeod and Goodwin 1999). Gibbs and Jonas note that regime coalitions have no guarantee of permanence and may fail or reconfigure with a different agenda at any time. A mode of regulation on the other hand has some expectation of stability and durability (Gibbs and Jonas 2000). Boudreau and McGuirk are concerned about the reductionist tendency of regulation theory to ascribe local changes to macroeconomic transformations (Boudreau 2003; McGuirk 2003).

Other researchers question the wisdom of seeking a unitary or grand theory. Davies notes that Stone never theorized regime theory to be a grand narrative of economic and political processes and that he regards regime theory to be ontologically incompatible with structural Marxism (Davies 2002). Jon Pierre argues that Grand Theories must become so abstract to become functional that they are of little use in guiding empirical analysis (Pierre 2005). Lastly, Clarence Stone states "Unitary schemes of abstract analysis should be confronted with the complexity of
the concrete. Just as excessive concern with the concrete may lead to a neglect of deeply embedded structures, so excessive concern with the abstract may lead to oversimplification and reductionism. Concepts and theories are two-edged. They can increase our capacity to understand, but they can also, in the manner of blinders, obscure our vision of parts of the world" (1991: 295).

Urban Regime Theory provides a suitable framework for analyzing the complex relationships that have evolved in Los Angeles in the last fifty years. URT champions local autonomy in decision-making on the desirability of development projects (Leitner 1990) and is grounded in case study methodology (Mossberger and Stoker 2001) and as such is well suited for this project. As Los Angeles evolved into a world city in the latter part of the twentieth century, control of capital flows and labor markets became heavily influenced by global forces rather than by national or regional entities. URT addresses the complexity found in world cities (Martin, McCann et al. 2003). One characterization of world cities that aptly applies to Los Angeles is the spatial and class polarization of wealth and power due to the structural shift in employment from high-wage industries to low wage sweat shops and small industries. Changes in local politics also occur as a result of economic restructuring (Friedmann 1986; Scott 1986; Soja 1989). URT is capable of dealing with these changes to the local economy. URT is also well suited to the modern city governance challenges of shrinking revenues, increased demands for services and diverse populations (Stoker 1995). The social production of power that has spawned policies on redevelopment and housing can be better understood through analysis of the
governing coalition brokered by the city government, private businesses and social movements (Stone 1989). A regime is developed through compromise developing a shared sense of purpose and is capable of changing over time as conditions warrant. As noted by Stone: “…to be effective, governments must blend their capacities with those of various non-governmental actors” (Stone 1993). It provides a framework for interaction with multiple levels of government, global pressures on production and capital and human agency in decision-making; a framework where actors can negotiate the governing structure (Stone 2004; Mossberger 2009).
3. The Central City: A Decade of Growth

The Los Angeles City Planning Department has divided the city into thirty-five planning areas for administrative purposes. The Central City Community Plan (CCCP) area of downtown Los Angeles is one of the planning areas. It occupies 2,161 acres. These 3.38 square miles of land are divided into commercial, industrial, residential and governmental land uses. Current planned land use designates 827 acres (38.3% of total) for commercial activities, 874 acres (40.4%) for industrial uses, 108 acres (5.0%) for residential and the balance for governmental operations and open space. Nearly all of the residential units (98%) are for multi-family occupancy (LADCP 2003).

3.1. Population

The 2000 U.S. Census enumerated the population of the CCCP at 25,208, which was a little less than 0.7% of the population of the City of Los Angeles. The resident population (people occupying housing units) totaled 18,018 (71.4% of the total) with the balance of 7,180 occupying group quarters. The average household size was 1.54 persons and the median household income in 1999 (as reported in the 2000 Census) was $17,777. In comparison, the average household size of the city overall was 2.83 persons and the median household income was $55,647 (LADCP 2003).

As noted in Table 3-1, the population of the Central City was a small fraction of the overall population of the city, as was the area. It was also very diverse. The population density of the Central City was just under ten percent higher than the rest of the city, even though only five percent of the land area of downtown is zoned for
residential uses. A notable difference in the populations is the gender ratio. The city overall is near neutral with females outnumbering males by four-tenths of one percent, a reflection of the greater longevity of females over males. The Central City, on the other hand, is grossly out of balance with males outnumbering females by more than three-to-two. Another large divergence lies in the median age. The median age in the Central City is over nine years higher than the city overall. The biggest cause for this anomaly is the dearth of children in the Central City Plan Area. Charts 1-1 and 1-2 illustrate the gender imbalance and the difference in the number of children and youth in the Central City compared to the rest of the city.

A portion of this digression can be explained by the high ratio of the resident population to the people classified as living in group quarters. The Census Bureau defines group quarters as living arrangements where the facility is owned or managed by a governmental agency or organization that provides services for the occupants (Census 2011). Group quarters are divided into two categories: institutional facilities...
and non-institutional facilities. Institutional group quarters are characterized by the Census Bureau as "facilities that house those who are primarily ineligible, unable, or unlikely to participate in the labor force while residents" (Census 2011: B14). Institutional facilities that fall in this category include correctional facilities such as federal detention centers, federal and state prisons, local jails, and military disciplinary barracks and jails. Juvenile facilities such as group homes and treatment centers also fall into this category. Nursing facilities offering 24/7 care, mental hospitals, hospices, and specialized treatment centers round out this grouping. The second category, non-institutional group quarters, is defined by the Census Bureau as facilities "that house those who are primarily eligible, able, or likely to participate in the labor force while residents" (Census 2011: B16). Non-institutional facilities include college and university student housing, military quarters and an "other facilities" sub-grouping. "Other" non-institutional facilities encompass
emergency and transitional shelters, group homes for adults, treatment centers for substance abuse, mental illness, and behavioral disorders, maritime vessels, workers' group living quarters, religious group quarters such as convents, monasteries and abbeys, and soup kitchens as well as regularly scheduled mobile food vans and targeted non-sheltered outdoor locations (Census 2011). This last sub-category attempts to enumerate transients and homeless populations.

According to the 2000 Census, the group quarters population in the Central City area (Table 1-2) was 7,168 (28.44% of the total population). This was more than twelve times the percentage in the City of Los Angeles (2.24%) and more than fifteen times the percentage of Los Angeles County (1.84%). The breakdown of the group quarters population in the Central City is as follows: correctional facilities, 1,294 (18.1%); nursing homes, 96 (1.3%); and non-institutional "other", 5,778 (80.6%).

![Central City Population (2000)](chart3-2.png)
The population in the correctional institutions were incarcerated in two separate facilities. The city jail in the basement of Parker Center, the headquarters of the Los Angeles Police Department, had a capacity of 440 detainees. The second facility is a Federal Metropolitan Detention Center (MDC) located a block away from Parker Center. The MDC has a capacity of 728 detainees but frequently houses 900 - 1,000 men and women. Neither detention facility is a long term lockup. Both operate as logistical centers for new arrestees and for detainees awaiting court appearances in the nearby federal, state and local court houses. In addition to the city jail and federal detention center, the Los Angeles County jail, the largest county jail in the country, is located less than a mile away on the north side of the Hollywood Freeway. The population of all three facilities on Census day in 2000 was 12,103 detainees and inmates. The combined population of these facilities represents 87.8% of the population confined in correctional institutions in the City of Los Angeles.
The non-institutional population quartered in nursing homes, mental hospitals, hospices, and specialized treatment centers is a minute fraction (0.67%) of the population quartered in this manner in the city overall, but is notable because the population within the Central City (0.68%) is proportional to the city’s overall ratio. This is one of the few categories that is balanced as a part of the population comparison. The impact of the non-institutional "other" population in the Central City is substantial. As noted earlier, the Central City population represents less than 0.7% of the population of the city, yet the non-institutional "other" population represents 19.7% of the total non-institutional "other" in the entire city. The bulk of this population (85.8% of the non-institutional “other” population of Central City) is housed in Skid Row. The proliferation of emergency and transitional shelters, substance-abuse treatment centers, adult group homes, and soup kitchens in the past thirty years has resulted in an inundation of the area with impoverished and indigent individuals. That is, the services in Skid Row have become a magnet for people in need throughout Los Angeles County.

3.2. Housing, Income and Education

Other significant differences between the City of Los Angeles and the Central City in the 2000 Census can be found with respect to housing and income issues. The number of housing units in the Central City in 2000 was 13,255 which was about one percent of the total in the city as a whole. The vacancy rate was nearly two and one-half times higher in the Central City (11.7%) compared to the rest of the city (4.7%). Home ownership in the city overall (38.6%) was nearly six times greater than in the
Central City (6.6%). A critical element in understanding the characteristics of the population differences between the Central City and the City of Los Angeles lies in household size (Chart 3-3). The number of single person households in Los Angeles City was 28.50% of all households. In the Central City it was 71.80%. The vast majority of the people in the Central City live alone.

Income and poverty statistics also show a significant deviation between the Central City and the city as a whole. As mentioned earlier, the median household income in the city overall was more than three times greater than the Central City ($55,647 versus $17,777) as measured in the 2000 Census. The percentage of households earning less than $10,000 per year in the City of Los Angeles was 13.3% while the percentage of households in the Central City was nearly four times that figure at 48.5% (Chart 3-4). These income comparisons help explain why the poverty rate of individuals in the Central City was 44.3%, twice the rate of the whole city.

The last two comparisons are education levels and unemployment rates. For adults 25 years of age and older the City of Los Angeles lags the state in high school
graduation rates. The graduation rate for adults in Los Angeles is 66.6% versus a 76.8% graduation rate for all of California. The Central City graduation rate trails both the city and state at only 59.2%. Lastly, a comparison of the unemployment rates in the Central City and the City of Los Angeles reveals a stark contrast.

Unemployment in the city was 9.3% of the workforce while unemployment in the Central City was over three and one-half times higher at 33.8%. Table 3-3 provides the numerical data for the comparisons.

### 3.3. The 2010 Census

After ten years of explosive growth fueled by the Adaptive Reuse Ordinance, downtown had changed dramatically. The population of the Central City grew by 47.4% between 2000 and 2010, the highest growth rate of all of the city's thirty-five planning areas (Table 3-4). The population density of the plan area increased by 31.8%, to 11,146 people per square mile. What makes this growth spurt spectacular is the low population growth in the city itself. The population of the United States grew 9.7% in the ten years between the 2000 and 2010 censuses. The City of Los Angeles only experienced 2.6% population growth in this same period. The gender balance
remained substantially the same in both the City of Los Angeles and the Central City. The median age of Los Angeles City edged upward 2.5 years to 34.1 while the median age of the Central City dropped slightly to 40.1 years. One interesting change in the Central City population is the race/ethnicity. The white non-Hispanic population in the City of Los Angeles declined one percentage point (29.7% to 28.7%) from 2000 to 2010. In the Central City the white non-Hispanic population in absolute numbers more than doubled from 4,278 to 9,481 (to 25.2% of the population in 2010). Meanwhile the Hispanic population increased by only 1,517, resulting in a drop in relative percentage to 25.7% of the total. The percentages for the other races remained relatively stable.

Of particular interest in this study is the increase in the resident population in downtown. The number of residents increased 60.5% in the ten years since the previous census (Table 3-5). Nearly 11,000 more people called downtown home in 2010 than in 2000. The group quarters population increased 1,553 (21.7%) over the

<table>
<thead>
<tr>
<th>Criteria</th>
<th>City of L.A.</th>
<th>Central City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Housing Units</td>
<td>1,337,706</td>
<td>13,255</td>
</tr>
<tr>
<td>Occupied</td>
<td>95.3%</td>
<td>88.3%</td>
</tr>
<tr>
<td>Vacant</td>
<td>4.7%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Tenure of occupied units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned</td>
<td>38.6%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Rented</td>
<td>61.4%</td>
<td>93.4%</td>
</tr>
<tr>
<td>Household Size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single person</td>
<td>28.5%</td>
<td>71.8%</td>
</tr>
<tr>
<td>Average household size</td>
<td>2.7</td>
<td>1.54</td>
</tr>
<tr>
<td>Income and poverty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per capita income</td>
<td>$20,671</td>
<td>$17,777</td>
</tr>
<tr>
<td>Average household income</td>
<td>$58,724</td>
<td>$30,198</td>
</tr>
<tr>
<td>Percent &lt;$10,000 per year</td>
<td>13.3%</td>
<td>48.5%</td>
</tr>
<tr>
<td>Poverty rate</td>
<td>22.1%</td>
<td>44.3%</td>
</tr>
<tr>
<td>Education and employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;High school education</td>
<td>33.4%</td>
<td>40.8%</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>9.3%</td>
<td>33.8%</td>
</tr>
</tbody>
</table>

Table 3-3: Comparison of Housing and Household Income

68
The institutional group quarters population declined 7.5% while the non-institutional population 28.6%. People living in group quarters accounted for less than 25% of the population in 2010.

To accommodate the increase in residents the housing stock increased by over 10,000 units, some new but most refurbished under the Adaptive Reuse Ordinance.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>2000</th>
<th>2010</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population</td>
<td>25,208</td>
<td>37,675</td>
<td>47.4%</td>
</tr>
<tr>
<td>Area (square miles)</td>
<td>3.38</td>
<td>3.38</td>
<td>0%</td>
</tr>
<tr>
<td>Density (per square mile)</td>
<td>8,339</td>
<td>11,146</td>
<td>31.8%</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male population</td>
<td>61.4%</td>
<td>61.0%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Female population</td>
<td>38.6%</td>
<td>39.0%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Median age (years)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male population</td>
<td>41.3</td>
<td>41.9</td>
<td>0.8%</td>
</tr>
<tr>
<td>Female population</td>
<td>39.9</td>
<td>36.8</td>
<td>-3%</td>
</tr>
<tr>
<td>Both</td>
<td>40.9</td>
<td>40.1</td>
<td>0.0%</td>
</tr>
<tr>
<td>Race/ethnicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White non-Hispanic</td>
<td>17.0%</td>
<td>25.2%</td>
<td>48.20%</td>
</tr>
<tr>
<td>Black non-Hispanic</td>
<td>23.6%</td>
<td>22.6%</td>
<td>-4.20%</td>
</tr>
<tr>
<td>Hispanic (all races)</td>
<td>33.4%</td>
<td>25.7%</td>
<td>-23.10%</td>
</tr>
<tr>
<td>Asian non-Hispanic</td>
<td>22.9%</td>
<td>22.9%</td>
<td>0.0%</td>
</tr>
<tr>
<td>AIAN</td>
<td>0.7%</td>
<td>0.6%</td>
<td>-14.30%</td>
</tr>
<tr>
<td>Hawaiian/Pac Islander</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other/Mixed races</td>
<td>2.4%</td>
<td>3.0%</td>
<td>25.00%</td>
</tr>
</tbody>
</table>

Table 3-4: Central City Plan Area Population Change 2000-2010 Census

However, the number of vacant units increased to 15.0% of the total. As of the census date, that left over 3,500 housing units empty either for lack of tenants or displacement due to foreclosure. The percentage of occupied units owned rather than rented increased to 9.9% of the total from 6.6% ten years earlier.

The number of single-person households in the Central City declined a couple of percentage points while the average household size dropped to 1.44 persons. The number of households with children numbered 1,097 which was 5.5 percent of the
total households. That leaves 18,983 households without children. The number of school age boys in the Central City totaled 770 and the number of school age girls was only 717 for a total of 1,487, which was only 3.95% of the population. In comparison, the school age population in the city overall was 623,428, or 16.44% of the population.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>2000</th>
<th>2010</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>18,040</td>
<td>28,954</td>
<td>60.5%</td>
</tr>
<tr>
<td>Group quarters</td>
<td>7,168</td>
<td>8,721</td>
<td>21.7%</td>
</tr>
<tr>
<td>Percentage in group quarters</td>
<td>28.4%</td>
<td>23.15%</td>
<td>-18.6%</td>
</tr>
<tr>
<td>Group Quarters Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correctional institutions</td>
<td>1,294</td>
<td>1,274</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Nursing/Hospitals etc.</td>
<td>96</td>
<td>16</td>
<td>-83.3%</td>
</tr>
<tr>
<td>Total institutional</td>
<td>1,390</td>
<td>1,290</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Non-institutional facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-institutional</td>
<td>5,778</td>
<td>7,431</td>
<td>28.6%</td>
</tr>
<tr>
<td>Total non-institutional</td>
<td>5,778</td>
<td>7,431</td>
<td>28.6%</td>
</tr>
<tr>
<td>Household Information</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total housing units</td>
<td>13,255</td>
<td>23,626</td>
<td>78.2%</td>
</tr>
<tr>
<td>Occupied</td>
<td>88.3%</td>
<td>85.0%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Vacant</td>
<td>11.7%</td>
<td>15.0%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Tenure of occupied units</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned</td>
<td>6.6%</td>
<td>9.9%</td>
<td>51.5%</td>
</tr>
<tr>
<td>Rented</td>
<td>93.4%</td>
<td>90.1%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Household size</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single person households</td>
<td>71.8%</td>
<td>68.6%</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Two person households</td>
<td>17.4%</td>
<td>23.9%</td>
<td>37.4%</td>
</tr>
<tr>
<td>Average household size</td>
<td>1.54</td>
<td>1.44</td>
<td></td>
</tr>
</tbody>
</table>

Table 3-5: CCCP Group Quarters & Housing Change 2000-2010 Census

### 3.4. Employment

The daytime population of the Central City is much larger than the nighttime population. Estimates of the daytime population have fluctuated over the years. The official guide to future development in downtown is the Central City Community Plan (CCCP). The CCCP is a 72-page document that was adopted by the City Council in 2003 as part of the General Plan. This document profiles the plan area and...
identifies and describes the neighborhoods and districts within the plan area. A guiding document to the CCCP is the Downtown Strategic Plan. The Downtown Strategic Plan (DSP) was crafted by a blue ribbon committee in the early 1990s after several years of research. Approved by the City Council in 1994 the DSP became the framework from which subsidiary planning could be performed. The Central City Community Plan adopted nine years later references the DSP as a foundational document. According to the DSP, the number of workers streaming downtown totaled 353,800 on any given weekday (LADCP 1993). A DCBID survey conducted in 2007 estimated the downtown workforce at 446,317 in the fall of 2006. This document also reported that the workforce fluctuated between 315,000 and 605,000 over the previous fifteen years with an average of 434,000. This data was supplied by the California Employment Development Department under contract to the DCBID (Schatz, Bastian et al. 2007).

The latest estimate of downtown employment was provided by the Southern California Association of Governments (SCAG) based on the ALMIS Info USA 2008 database. By this calculation, employment in the Central City Plan Area in 2008 was 185,801 people working at 17,680 locations (SCAG 2012). Employment data is identified by location and industry per the North American Industry Classification System (NAICS). The discrepancy between the various figures is mostly due to conflicting geographies. The Los Angeles Department of City Planning and the SCAG figures are based on the geographical boundaries of the Central City Plan Area which contains the bulk of the government employment, high rise office buildings,
craft based employment in the specialty districts in the downtown industrial area, entertainment and service businesses. Other estimates use a larger geography defined as the greater Downtown area which encompasses the Central City West Special District on the west side of the Harbor Freeway, the Figueroa Corridor extending southward to the University of Southern California (USC), the industrial district east of Alameda, and Chinatown. This study used the employment numbers calculated with the information supplied by SCAG due to the clearly defined geographical boundaries and the precision of the employment data. Central City employment by NAICS sector is itemized in Table 3-6.

A large portion of the daytime downtown workforce is employed by various government agencies. Downtown Los Angeles has the second highest concentration of government office buildings in the country after the nation’s capital. In addition to a large city staff, Los Angeles County, being the most populous county in the country, adds a substantial number of employees to the mix. State and federal offices are attracted by the relative location of the downtown area as the center of the metropolitan area. Government offices are also a magnet for professional and supporting services from legal and accounting to janitorial (LADCP 2003).

Of the 185,801 people employed in the Central City, 31,319 are employed by governmental operations at 290 locations. This group includes the court systems (federal, state, county, and municipal), district attorneys, law enforcement, legislative operations, and transportation agencies among others. The number of government employees alone exceeds the total number of working age people living in the Central
City. In support of a number of these government agencies are 12,635 employed in legal professions at 1,517 locations. An additional 20,143 people work in finance, insurance and real estate ventures in 1,037 locations. Accountants are also well represented downtown with 6,374 employees in 118 locations. This field has the

<table>
<thead>
<tr>
<th>Sector</th>
<th>Description</th>
<th>Employees</th>
<th>%</th>
<th># of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-22</td>
<td>Agriculture, Oil and Gas Extraction, Utilities</td>
<td>3,121</td>
<td>1.68</td>
<td>27</td>
</tr>
<tr>
<td>23</td>
<td>Construction</td>
<td>4,501</td>
<td>2.42</td>
<td>225</td>
</tr>
<tr>
<td>311-312</td>
<td>Food, Beverage and Tobacco Product Manufacturing</td>
<td>1,692</td>
<td>0.91</td>
<td>62</td>
</tr>
<tr>
<td>313-316</td>
<td>Textiles, Apparel and Leather Goods Manufacturing</td>
<td>11,253</td>
<td>6.06</td>
<td>1,432</td>
</tr>
<tr>
<td>321-326</td>
<td>Wood Products, Paper Manufacturing and Printing</td>
<td>763</td>
<td>0.41</td>
<td>114</td>
</tr>
<tr>
<td>327-339</td>
<td>Metal Products, Machinery and Equipment Manufacturing</td>
<td>4,057</td>
<td>2.18</td>
<td>698</td>
</tr>
<tr>
<td>42</td>
<td>Wholesale Trade</td>
<td>17,684</td>
<td>9.52</td>
<td>3,800</td>
</tr>
<tr>
<td>44-45</td>
<td>Retail Trade</td>
<td>14,593</td>
<td>7.85</td>
<td>3,961</td>
</tr>
<tr>
<td>48-49</td>
<td>Transportation and Warehousing</td>
<td>3,356</td>
<td>1.81</td>
<td>171</td>
</tr>
<tr>
<td>51</td>
<td>Information</td>
<td>5,710</td>
<td>3.07</td>
<td>337</td>
</tr>
<tr>
<td>52</td>
<td>Finance and Insurance</td>
<td>15,553</td>
<td>8.37</td>
<td>602</td>
</tr>
<tr>
<td>53</td>
<td>Real Estate and Rental and Leasing</td>
<td>4,590</td>
<td>2.47</td>
<td>435</td>
</tr>
<tr>
<td>54</td>
<td>Professional, Scientific, and Technical Services</td>
<td>27,592</td>
<td>14.85</td>
<td>2,314</td>
</tr>
<tr>
<td>55-56</td>
<td>Management, Office Administration and Support Services</td>
<td>3,913</td>
<td>2.11</td>
<td>505</td>
</tr>
<tr>
<td>61-62</td>
<td>Educational Services, Health Care and Social Assistance</td>
<td>8,547</td>
<td>4.60</td>
<td>463</td>
</tr>
<tr>
<td>71</td>
<td>Arts, Entertainment, and Recreation</td>
<td>2,031</td>
<td>1.09</td>
<td>115</td>
</tr>
<tr>
<td>72</td>
<td>Accommodation and Food Services</td>
<td>15,212</td>
<td>8.19</td>
<td>775</td>
</tr>
<tr>
<td>81</td>
<td>Other Services (except Public Administration)</td>
<td>8,123</td>
<td>4.37</td>
<td>795</td>
</tr>
<tr>
<td>92</td>
<td>Public Administration</td>
<td>31,319</td>
<td>16.86</td>
<td>290</td>
</tr>
<tr>
<td>0</td>
<td>Non assigned</td>
<td>2,191</td>
<td>1.18</td>
<td>559</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>185,801</td>
<td>100.00</td>
<td>17,680</td>
</tr>
</tbody>
</table>

Table 3-6: Employment by NAICS Sector in the Central City - 2008

highest concentration of large corporations dominating the employment landscape with four corporations employing 5,200 people (81.6%) of the total accountants employed. This is a situation where the tall buildings in downtown provide a suitable environment for the scale of employment.
The high density of the daytime working population indicates a real need for housing in the immediate downtown area. With an employment/resident ratio greater than 6.5:1 the need for housing is apparent (Forstall and Greene 1997). The high potential for residential growth downtown has been apparent for years. When the DSP was in the final stages of preparation, Robert Harris, the Advisory Committee co-chair and Dean of the School of Architecture at USC stated: “If downtown is going to be all we hope it will be, a key element will be the addition of 100,000 full-time residents there.” Harris continued “We need new housing across the range of affordability” (Jacobs 1990). Other news reports echoed Harris’s affirmation of a 100,000 downtown resident population by 2010 achieved through the implementation of “leading initiatives” and “catalytic projects” (Hathcock 1992) (Avila 1993). While the Central City Plan Area had the highest percentage of population growth of any community plan area in the city, as of the April 1, 2010, Census date the downtown population is well short of the DSP target. While the DSP seemed to have an ambitious goal of 100,000 residents it certainly is not unrealistic in the downtown

<table>
<thead>
<tr>
<th>District</th>
<th>2000 Population</th>
<th>2010 Population</th>
<th>Increase</th>
<th>% of Total</th>
<th>2010 Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bunker Hill</td>
<td>4,098</td>
<td>4,843</td>
<td>745</td>
<td>6.0</td>
<td>20,281</td>
</tr>
<tr>
<td>Civic Center</td>
<td>1,489</td>
<td>2,904</td>
<td>1,415</td>
<td>11.3</td>
<td>6,609</td>
</tr>
<tr>
<td>Fashion</td>
<td>863</td>
<td>1,016</td>
<td>153</td>
<td>1.2</td>
<td>2,265</td>
</tr>
<tr>
<td>Financial</td>
<td>771</td>
<td>2,372</td>
<td>1,601</td>
<td>12.8</td>
<td>8,411</td>
</tr>
<tr>
<td>Historic Core</td>
<td>3,739</td>
<td>8,312</td>
<td>4,573</td>
<td>36.7</td>
<td>31,366</td>
</tr>
<tr>
<td>Industrial</td>
<td>1,813</td>
<td>1,101</td>
<td>(712)</td>
<td>-5.7</td>
<td>1,450</td>
</tr>
<tr>
<td>Little Tokyo</td>
<td>1,041</td>
<td>1,701</td>
<td>660</td>
<td>5.3</td>
<td>16,356</td>
</tr>
<tr>
<td>Skid Row</td>
<td>7,431</td>
<td>9,225</td>
<td>1,794</td>
<td>14.4</td>
<td>25,797</td>
</tr>
<tr>
<td>South Park</td>
<td>3,963</td>
<td>6,201</td>
<td>2,238</td>
<td>18.0</td>
<td>10,399</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,208</strong></td>
<td><strong>37,675</strong></td>
<td><strong>12,467</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 3-7: Residential District Population Increase. Data source Census 2000 & 2010.
area. The Westlake Community Plan Area, immediately west of the Central City, has demonstrated that such a population density is feasible. Westlake had a population density per square mile of 33,708 in 2000 and is similarly compact in area, encompassing 3.166 square miles or slightly less than the Central City. The population growth rate in Westlake was 3.97% in the ten years since 2000 (Census 2010).

3.5. High-rise Entitlements

The major qualification of the Central City for high density population growth not enjoyed by other Community Planning Areas is the high-rise entitlement bestowed upon downtown by the city planning department. The area of downtown bounded by First Street on the north, Main Street on the east, Pico Boulevard on the south, and the 110 freeway on the west (as well as a narrow sliver of land in Little Tokyo between First Street and Third Street extending east to Central Avenue) is designated as Height District 4 (LADCP 2011).

The city building code allows a floor/area ratio (FAR) of 13:1 for most Height District 4 construction projects. The only exceptions are a few special multiple dwelling classifications (RD, RAS3 and R3) and limited commercial uses (CR). This is the only large, contiguous area in the city with the maximum building height limits. There are a few blocks designated as Height District 4 immediately west of downtown and a strip of Wilshire Boulevard in west Los Angeles designated as a Height District 3 (10:1 FAR) but no areas with a 13:1 FAR except for downtown. The city has reserved the tallest buildings for the downtown core (LADCP 2006). The
tallest building in the city is the U.S. Bank tower located on West Fifth Street in downtown. The building is 1,073 feet tall with 73 floors of offices. It is also the tallest building west of Chicago. Of the 22 buildings taller than 500 feet in the city, all but four are located in the Central City. The tallest building outside of downtown is 571 feet high located in Century City on the west side. According to Emporis, a global architectural research firm, there are 120 buildings in the Central City that are considered high-rise at 10 stories or higher (Emporis 2012). Although most of the tallest structures are office buildings, residential uses are creeping in.

The tallest "pure" residential building is the Watermarke Tower, which opened in 2010, at 35 stories. There are 214 units for lease in the building. The tallest dual use tower in downtown is the Marriott/Ritz-Carleton tower at LA Live. Also opened in 2010, the 54 story building operates a Marriott Hotel on the first 21 floors, a Ritz Carleton Hotel on floors 22 - 26 with the balance on the upper floors slated for sale as multi-million dollar condominiums.

There has been plenty of interest by developers to build housing in downtown and thousands of units have been constructed. The problem is clearly in the demand side of the equation. Vacancy rates in Downtown have been the highest in the city for many years. In 2000, the vacancy rate of existing units was 11.8% (LADCP 2003). Since the advent of the Adaptive Reuse Ordinance in 1999, over 10,000 new or recycled housing units have come on the market. The first units were snapped up by people seeking housing. But eventually the new supply overwhelmed demand and the vacancy rate in 2010 exceeded 15% with over 3,500 empty housing units in the
Central City Community Plan area (Census 2010). Of even more concern is the fact that over 12,000 of the housing units were "affordable housing" (per guidelines set by the Department of Housing and Urban Development) which is in perpetual short supply in Los Angeles (LAHSA 2009). The 3,500+ vacant housing units were "market rate units" awaiting new arrivals to rent or purchase them. While the current recession may be considered responsible for the slowdown, the number of unsold units began growing at an alarming rate in 2006, a full year before the general market decline. In contrast, there is a perpetual housing shortage in the neighboring plan areas surrounding downtown, where rental vacancy rates have historically been around three percent or less (LAHD 2009). There must be complex reasons for empty housing units when downtown is surrounded by a sea of demand.

There are two major issues affecting housing demand, one a challenge for every city attempting to revitalize a downtown core and the second issue is unique to Los Angeles. The first issue is the dearth of public space. The Central City has a wealth of high-end amenities unrivaled in the metropolitan area. The Disney Concert Hall, Dorothy Chandler Pavilion, Ahmanson Theater and Mark Taper Forum located on Bunker Hill anchor the north end of the sports and entertainment spine on the west side of downtown. Staples Center, the Nokia Theater and LA Live anchor the south end. In between lay a plethora of opulent businesses, residences and eateries. What is lacking is public space where residents can gather and celebrate their citizenship. Houses become homes and streets become neighborhoods when people embrace their community. Public parks and squares enable people to make connections with their
neighbors and form the bonds of civic camaraderie. The Central City is a desert with respect to public space amenities, presenting a real challenge when it comes to place making. The second issue is the presence of Skid Row.

3.6. Skid Row

Los Angeles has a substantial, if not notorious, “inhabited zone of discard” within the downtown core area of the city. American Skid Rows are characterized by a concentration of hotels and rooming houses in poor condition charging low rents mostly to single men. In the adjacent area are bars, restaurants, pawn shops, thrift shops and social service agencies providing support to the indigent population (Bogue 1963; Wallace 1965; Ford 1994). Skid Rows acquired negative reputations beginning early in the 1900s during the Progressive Movement as being havens for vices such as drug use and prostitution supported by panhandling and various criminal activities (Groth 1994). Indeed, there is drug use and prostitution in many Skid Rows in American cities including Los Angeles, but there are many residents who do not participate in these vices. Many residents live on Skid Row because they cannot afford to live anywhere else. Zoning, building codes and city regulations have eliminated low cost, single room housing in many other parts of cities leaving few alternatives for people who need this type of accommodation (Ford 1994; Groth 1994). Urban renewal efforts in the 1950s and 1960s eliminated large amounts of substandard housing in many cities of the country, including skid row areas near downtowns. This was done in the belief that this was a necessary task due to the pervasiveness of the derelict buildings and expansion of slums in city centers
A lack of resources characteristic of the resident population also contributed to the notion that total removal was essential (Grigsby 1966). While cities such as Chicago, Portland and Seattle have seen a reduction of low income and indigent peoples in the downtown areas (mainly due to proactive social and housing programs), Los Angeles has not. The Skid Row in Los Angeles has stubbornly persisted to the present day (Spivack 1998; Gibson 2004; Wolch 2008).

Policies adopted by the City of Los Angeles on redevelopment and social services resulted in a literal “containment” of indigent peoples on the east side of downtown. Public and private social service agencies that agglomerated near Fifth Street, became a huge magnet for people in need. This action, coupled with the demolition of low cost housing in downtown, led to a hyper concentration of people in a small area (Davis 1990; Spivack 1998). This being the case today, the main question is what effect this community has on residential activity elsewhere in the downtown area. There is concern within the business community that the presence of Skid Row is a detriment to the success of new housing projects. Yet other evidence suggests that Skid Row actually contributes to the gritty ambiance of downtown living (Harcourt 2005). The former appears to carry the most weight based on the efforts of the city government and Los Angeles Police Department (LAPD) to disperse the population from time to time (Wolch and Dear 1993; Wolch, Dear et al. 2007; Wolch 2008; Reese, DeVerteuil et al. 2010). Recent efforts by the LAPD have been heavily influenced by the “broken windows” theory of maintaining public order. Originally
proposed by James Wilson and George Keeling, the “broken windows” thesis suggests that the mildest infraction or single disorder (broken window) if left untended will multiply to unmanageable levels over time (Wilson and Kelling 1982). The chief of the LAPD from 2002 through 2009, William Bratton is a strong proponent of the “broken windows” theory and applied its tenets to police policy in Skid Row. Minor infractions, such as jaywalking, were aggressively pursued by officers on a daily basis thereby allowing a background check for arrest warrants for the offender (Blasi and Stuart 2008). In the eleven month period following the implementation of Chief Bratton’s Safer Cities Initiative in September 2006, over 11,000 citations were issued for jaywalking, littering or other minor infractions in the enforcement area around Skid Row. Steep fines are assessed against violators by the courts resulting in jail time for many offenders who can’t afford to pay. Those defendants who fail to appear have bench warrants issued for future arrest (Lopez 2007). Critics of the initiative have challenged the crime reduction claims of the LAPD. While the incidence of major crimes have fallen in Skid Row since 2006 this reduction is also true citywide (Blasi and Stuart 2008).

3.7. Residential Districts

The portion of the Central City Plan Area (CCPA) selected for intensive study is known as the Historic Core. The Los Angeles Department of City Planning has divided the CCPA into nine districts based on recommendations in the 1994 Downtown Strategic Plan (DSP). The DSP delimited the districts with specific boundaries (LADCP 2003). However, over time the boundaries have become fluid.
and today resemble transition zones rather fixed lines on the ground. Other influential downtown interests such as business improvement districts, conservation groups and industries define downtown differently based on their function. For example, there is a Jewelry District, Fashion District, Seafood District, Flower Market, and Produce Market each specializing in the products described in the name. The Broadway Historic Theater District and Gallery Row (described in the introduction) are both located in the Historic Core but are probably more easily identified by visitors than the Historic Core District itself. Business Improvement Districts have proliferated in downtown in the last fifteen years covering substantial portions of the landscape. There are currently six districts active in downtown Los Angeles. Districts are created by a vote of property owners within the proposed boundaries which sometimes can number in the hundreds. Consequently, the districts often have jagged boundaries reflecting property owners willingness to be assessed fees for maintaining cleanliness and order in the streets surrounding their businesses. To facilitate this study I have reconfigured the CCPA districts to reflect residential development activity.

The residential district map of Downtown Los Angeles has nine districts, many with the same boundaries as the CCPA but several with modifications. The criteria used for creating the districts was based on the urban morphology of the built landscape, the amount and type of residential development as well as historical cultural legacies. A map of the residential districts is shown in Figure 3-1. Population and housing unit growth by district is shown in Tables 3-7 and 3-8 and illustrated in Charts 3-5 and 3-6. Each district is briefly reviewed in the following section.
The Civic Center anchors the north end of downtown. Bisected by the Hollywood Freeway, the Civic Center is the heart of city government, both new and old. The

Figure 3-1: Residential Districts of Downtown Los Angeles. Map by author.
original pueblo lies on the north side of the freeway with the plaza nestled next to Olvera Street and historic buildings such as the Avila Adobe, Pico House and La Placita, the oldest Catholic Church in the city. South of the freeway lies the landmark Los Angeles City Hall. Built in 1928, the spire rises 32 floors to 454 feet, which was the tallest building in the city until 1964 (Soja 2000). Surrounding the iconic civic structure lie a plethora of government buildings from courthouses to police stations. The city carefully planned the site to isolate city hall from other tall structures thus maintaining its dominance of the skyline. The residential population of the Civic Center district has grown substantially percentage wise since the 2000 Census, from 1,489 to 2,904, but considering that 1,269 of the residents in 2010 were incarcerated in city and federal correctional facilities the growth in the number of residents pales in comparison to other districts. A close examination of the housing built since 2000 reveals that nearly all of the population increase can be attributed to two apartment buildings constructed on Figueroa Street adjacent to the Harbor Freeway.

Immediately south of the Civic Center lies the Historic Core of Downtown. As the population of the city increased the obvious path of spatial expansion was southward on the shallow bluffs above the river flood basin. Bunker Hill rose 100 feet on the west side of the bluffs and trailed off in a southwesterly direction. The path from the plaza southward ran down Spring and Main Streets. Beginning in the 1890s and continuing until the Depression, dozens of magnificent ten-to-twelve story buildings were constructed as office buildings, hotels and theaters. Most buildings were designed in the Beaux Arts style with a few in the final years featuring Moderne (later
known as Art Deco) architecture (Roseman, Wallach et al. 2004). When redevelopment arrived in Los Angeles in the 1960s and new office buildings were constructed on Bunker Hill, tenants relocated to the west leaving millions of square feet of space vacant. What remained was one of the most complete collections of classic office buildings in the country with few new buildings juxtaposed among the old. Over time the vacant buildings became derelict and deteriorated due to lack of maintenance. Many buildings had only ground floor retail peddling low order goods to the denizens of Skid Row (Davis 1991).

The robust nature of construction during the 1920s and the generous amounts of concrete and steel reinforcing made demolition complicated and costly. Building owners opted for abandonment over removal when vacancies grew in number and lasted for decades.

This district in downtown was the target of the Adaptive Reuse Ordinance passed by the City Council in 1999. The resident population in 2000 was 3,739 and nearly all...
were clustered in Single Resident Occupancy hotels along Spring, Main and Los Angeles Streets. The classic gems of the 1920s had lost their luster. Developers purchased the vacant buildings and rehabilitated the structures into lofts, apartments and condominiums. The population grew rapidly to 8,312 people (122%) in just ten years. The population density in this district rose to 31,366 people per square mile. Over six million square feet of obsolete office buildings were converted into 3,840 residences bringing the housing unit total to 7,218 by 2010.

The Bunker Hill District on the west side of the Historic Core was created by the Los Angeles Community Redevelopment Agency (LACRA) in the 1960s. The original residences on Bunker Hill housed over 8,000 people, most in boarding houses and resident hotels. A small number of people still maintained personal residences in single homes. All of these structures were built in the boom years of the late 19th and early 20th centuries. By the 1950s few were in good condition and could pass a fire department inspection. State law required the LACRA to find comparable quality housing before structures could be demolished.

<table>
<thead>
<tr>
<th>District</th>
<th>Units in 2000</th>
<th>Units in 2010</th>
<th>Increase</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bunker Hill</td>
<td>3,240</td>
<td>3,656</td>
<td>416</td>
<td>15.5</td>
</tr>
<tr>
<td>Civic Center</td>
<td>117</td>
<td>874</td>
<td>757</td>
<td>3.7</td>
</tr>
<tr>
<td>Fashion</td>
<td>228</td>
<td>549</td>
<td>321</td>
<td>2.3</td>
</tr>
<tr>
<td>Financial</td>
<td>496</td>
<td>2,344</td>
<td>1,848</td>
<td>9.9</td>
</tr>
<tr>
<td>Historic Core</td>
<td>3,638</td>
<td>7,218</td>
<td>3,580</td>
<td>30.6</td>
</tr>
<tr>
<td>Industrial</td>
<td>886</td>
<td>617</td>
<td>(269)</td>
<td>2.6</td>
</tr>
<tr>
<td>Little Tokyo</td>
<td>757</td>
<td>1,295</td>
<td>538</td>
<td>5.5</td>
</tr>
<tr>
<td>Skid Row</td>
<td>2,316</td>
<td>3,248</td>
<td>932</td>
<td>13.7</td>
</tr>
<tr>
<td>South Park</td>
<td>1,897</td>
<td>3,825</td>
<td>1,928</td>
<td>16.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,575</strong></td>
<td><strong>23,626</strong></td>
<td><strong>10,051</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table 3-8: Housing Increase by District. Data source Census 2000 & 2010.
However, the quality of the property to be demolished was so poor that comparable housing would be uninhabitable. In any event, when housing was constructed on the "new" Bunker Hill, the first apartments were market rate luxury units (Pugsley 1977). Affordable housing that might have accommodated the displaced residents from the "old" Bunker Hill weren't constructed until 1980. Angelus Plaza, the largest affordable housing project for seniors in the United States, was built in two phases beginning in 1980. The complex houses 1,300 tenants in 1,093 apartments in five separate high-rise towers (RHFC 2012). What characterizes the Bunker Hill District is the fact that all of the housing built before 2005 was new high-rise construction with nearly two-thirds of the units leased or sold as upscale market rate units with preferred access to the premier cultural amenities in downtown (Davis 1991).

Adjacent to Bunker Hill is the Financial District. Housing in the Financial District is a combination of Adaptive Reuse conversions of both older and newer office buildings and new high-rise construction. This district was lightly populated in 2000 and had just

![](Chart 3-6: Increase in Housing Units by Residential District 2000 - 2010)

...
496 housing units. Nearly 2,000 housing units were converted or constructed over ten years and the population increased to 2,372 people. Several properties were put into bankruptcy towards the end of the decade due to financial problems of banks and developers and came back on the market in early 2012.

Adjoining the Financial District is the neighborhood known as South Park. South Park lies in a sea of parking lots. As obsolete structures were cleared during the urban renewal era in the 1960s and 1970s the city envisioned a new residential community arising from the bulldozer dust. It is now happening. South Park is home to over 6,200 people living in mostly new construction high-rise apartments and condominiums. A few hearty early 20th century buildings that survived the wrecking ball have been converted to lofts. The DSP had separate districts for South Park and the Convention Center/ Entertainment District. These were combined due to the completion of the Ritz Carleton condominium tower two years ago. Additional residences are planned as mixed use units in this district in the future.

The South Markets District was split into two districts: the Fashion District and the Industrial District. Neither district has many residents. The Fashion District gained 153 people and 321 housing units. A number of these housing units were completed late in the business cycle and contributed to the vacancy rate in the 2010 Census. The Industrial District actually lost residents since the 2000 Census. Of the two districts, the Fashion District is trending towards more residential conversions in the future from industrial building rather than office buildings whereas the Industrial District will most likely remain stagnant due to city land use policies.
The district on the east side of the Historic Core is officially known as Central City East on city documents and maps. This rebranding occurred in the 1970s when the predecessor to the DSP was published. The document, known as the Silver Book due to its silver cover, sought to remove the stigma of the name Skid Row from downtown. Skid Row was rebranded Central City East and ambitious plans were made to upgrade the neighborhood from a wasteland of seedy resident hotels and bars into a more fashionable locale (Davis 1991). The city building department and fire department launched an inspection program to uncover unsafe conditions in the district. Over 7,500 housing units were demolished in the 1970s with very few replacement units constructed. Affordable housing was in short supply downtown by 1980 (Spivack 1998). At that time Skid Row extended westward to Spring Street and included the large tourist hotels on Main Street such as the Alexandria, Frontier, Rosslyn and Hayward which are now located on the map in the Historic Core District. By 2000, the number of housing units had dropped below 6,000.

The population in Skid Row is resistant to change. More than thirty years after the rebranding effort the residents prefer the name Skid Row and identify themselves with pride as Skid Rowians (Powe 2010). The population has grown from 7,431 in 2000 to 9,225 in 2010.

The last district to review is Little Tokyo. Little Tokyo has its roots in the late 19th century as Japanese immigrants arrived in the United States. The area occupied by Little Tokyo is located below the bluffs on Main Street and was subject to flooding during severe weather events. Originally reserved as agricultural land people
began locating here as flood control efforts yielded positive results. The Japanese were not the only people occupying this area. Non-whites of different races and ethnicities were relegated to this place also. By 1940, thousands of Japanese Americans lived in or near Little Tokyo. Before World War II, it was the largest Japanese settlement outside of Japan. Executive Order 9066 forced Japanese Americans into internment camps in 1942 for the duration of the war. Once freed from the camps many Japanese Americans streamed back to Los Angeles to rebuild their lives. As the Japanese Americans assimilated, many relocated to the suburbs. Today, Little Tokyo is a shell of its former self. The 2010 American Community Survey 5-Year Estimate for census tract number 206200 encompassing Little Tokyo reveals that only 576 people of Japanese descent still call Little Tokyo home. The city has invested millions of dollars in redeveloping Little Tokyo as a tourist attraction since the 1970s and it has been very successful. Many Japanese themed businesses operate in Little Tokyo. Of the 660 new residents arriving in Little Tokyo in the last ten years, few if any are Japanese Americans.

The main thrust of downtown residential development has occurred in the Historic Core, the Financial District and South Park. Of the 12,467 new residents arriving downtown since 2000, 8,412 (67.5%) now live in these three districts. The increase in housing units tells a similar story. Of the 10,051 new housing units counted in the 2010 Census, 7,356 (73.2%) were constructed in these districts.
4. The Downtown Residential Renaissance (Part I)

On a warm summer evening in mid-August 2005 Russell Brown, a member of the Board of Directors of the Downtown Los Angeles Neighborhood Council, and Tom Gilmore, the visionary developer who jumpstarted the Downtown Residential Renaissance, watched and waited on a sidewalk on Main Street. As the twilight faded to darkness newly installed lights on the buildings on the east side of Main Street flashed on as their photo-sensors activated the circuits. The street was illuminated as though it was daylight. A few pedestrians scurried down the block and turned east on Winston or Fifth Street. As Russell and Tom walked down the street bathed in the rays of the new lights, windows began opening on the upper floors of the residential buildings. One man shouted "Thank you!" to Russell and Tom as they passed his building and then he added "now I can walk on the street at night". He was joined by others as a chorus of voices pronounced their gratitude for lighting up the street. People left their apartments and came down to the street to bask in the glow of lights.

When Russell Brown first moved downtown to the Old Bank District two years earlier he decided to explore his new neighborhood. Originally from Memphis, Tennessee, Russell was accustomed to a moist climate with lots of insects. On his first evening jaunt down Main Street after dark he noticed dozens and dozens of lightning bugs in the air. After having lived in Hollywood for twenty years and never seeing a single firefly he was intrigued. He knew the Los Angeles River was nearby but couldn't imagine that many fireflies or even fireflies at all. As he walked down the street he discovered that the fireflies were not fireflies at all but were really crack
pipes (Personal Communication 5/5/2010). The dark streets were alive with addicts smoking crack!

4.1. FIMBY (Fear In My Backyard)

The new lights on Main Street between Winston and Fifth Streets illuminated the landscape and those addicts seeking peace and quiet (and darkness) moved down Main to the south side of Fifth Street where it was still dark. As Eric Richardson noted a few days later on blogdowntown.com "What they've done, though, is absolutely clear out that stretch of the block between Winston and 5th" (Richardson 2005).

When Tom Gilmore opened his first apartments in the San Fernando building five years earlier he installed floodlights on the exterior walls to light up the sidewalks. He literally created an island of light in a sea of darkness. The San Fernando building was located in Skid Row. The Midnight Mission was located half a block away on Los Angeles Street and Single Room Occupancy (SRO) Hotels and abandoned office buildings surrounded the new apartments. The ground floor commercial spaces were vacant. Tom Gilmore was offering a true urban experience. His new tenants, or urban pioneers as many considered themselves, found dark streets and no services after sunset (Fennell 2003).

When Pete's Cafe and Bar opened two years later it became an immediate hit with the urban pioneers living in the Old Bank District apartments but also in other newly opened residential units. Tom Gilmore even initiated valet parking for those who wished to drive their vehicles to Pete's. Many did just that - from two blocks away.
Residents from the Pacific Electric and Santa Fe Lofts located at Sixth and Main Streets were afraid to walk the gauntlet at Fifth and Main after dark. Unfortunately, the lights installed in August 2005 on Main Street did not help these patrons of Pete's because the lighted sidewalks extended only to Fifth Street. Bert Green, the proprietor of Bert Green Fine Arts located at the intersection of Main and Fifth streets, observed that as the sidewalks on Main from Fourth to Fifth streets became empty of drug activity the section of Main Street from Fifth to Sixth streets became even more crowded with "fireflies" as the addicts relocated away from the newly installed lights (Personal Communication 6/16/2010).

The significance of this lighting event was two-fold. First, the residents experiencing FIMBYism on Main Street were both new residents (gentrifiers) and existing residents of SRO hotels. Gentrification is nearly always framed in a binary context of new arrivals (gentrifiers) and the victims (existing residents) of the process being displaced. Changes effected by gentrification are deemed negative for the existing residents. However, in this case the benefits provided by the new lighting on Main Street were welcomed by both existing and new residents in the neighborhood. There was an obvious need for additional lighting on the block to alleviate concerns by residents about crime due to illicit drug use. However, the existing residents lacked the political influence to negotiate the installation of better lighting on Main Street. This example is a good illustration of the emancipatory discourse of gentrification supported by David Ley and Tim Butler (Lees, Slater et al. 2008) and
political benefits afforded by gentrification by Byrne in his article "Two Cheers for Gentrification" (Byrne 2003).

Also of significance is the nature of the "community" in Skid Row. Skid Row activists including the Los Angeles Community Action Network and Issues and Solutions continually stress the spirit of community in Skid Row and the victimization of the community by the invasion of gentrifiers from all directions. The Skid Row community is not homogenous and singular in composition and purpose but in reality is fractured and at odds within itself and in relations with outsiders. A large portion of the population of Skid Row is fluid and continually changing. Many denizens are parolees of the California state prison system and are temporary residents courtesy of the state parole board. Skid Row is also home to over 300 registered sex offenders and an unknown number of unregistered sex offenders who meld into the street population to avoid contact with the police. Many residents have mental health issues. Some are being treated, some are not. A sizable portion of the residents suffer from drug addiction and have sought treatment from the numerous service providers repeatedly. Yet other residents have none of the afflictions mentioned above, are gainfully employed and live in Skid Row because the only housing they can afford is located there. Contrary to the public perception of the people of Skid Row, most sleep in real housing every night. A highly visible minority camp on the streets. Skid Row is a complex community.
4.2. Organization of the Chapter

This chapter examines the successes and failures of housing development in Downtown from the end of World War II until the passage of the Adaptive Reuse Ordinance in 1999. There are three themes of importance during this period: the government involvement in the construction (and destruction) of housing; the emergence of condominiums as a housing style in Downtown; and the passage of the Adaptive Reuse Ordinance allowing conversions of old office and retail buildings into residences. Each of these themes contributed to the development of the urban regime coalition in operation during this period.

4.3. Theme 1: Government Involvement in Housing Construction

The first theme, government involvement in the construction of housing, has six topics or sub-themes. The first topic deals with the battle over public housing in the late 1940s and early 1950s. The second topic is a review of the creation of the Community Redevelopment Agency of Los Angeles and its first redevelopment project on Bunker Hill. The third topic explores the engagement of the business community with organs of the city government to craft a development plan for Downtown in the late 1960s and early 1970s. The fourth topic chronicles the decline of affordable housing in Downtown during urban renewal and redevelopment operations and the efforts to mitigate the losses. The fifth topic relates the struggle to create a new redevelopment project covering nearly all of Downtown. Lastly, topic six surveys the development of housing for seniors in the redevelopment project areas.
4.3.1. Public Housing

Los Angeles is a city steeped in real estate development of which the Old Bank District is but the latest iteration. From the days of the Yankee Dons to the railcar loads of oranges shipped to county fairs in eastern states in the 1890s, Angelenos lived and died on property speculation. Booms and busts were common and, it seemed, always unexpected (Fogelson 1967). Housing seemed to be in perpetual short supply and in the late 1940s, Los Angeles faced another critical housing shortage. Housing construction in the 1930s and 1940s was very limited and as World War II ended Los Angeles, like most other American cities, was in need of more affordable housing for returning GIs (Haas and Heskin 1981).

The mayor at that time, Fletcher Bowron, had been in office since 1938. During his first term Bowron had applied for and received Depression Era federal grants to construct low cost housing units in the city. When the federal Housing Act of 1949 was passed Congress again provided funding for public housing. Under Bowron's direction Los Angeles was the first city in the country to sign a contract for federal funds to build 10,000 more public housing units in the city, many of which would be built in Chavez Ravine and on the northern slope of Bunker Hill (Davis 1991). The business community, which included many influential construction companies, was outraged that the city would entertain more public ownership of housing. After nearly fifty years of promoting single family home ownership the business lobby saw little reason to engage in what it regarded as a socialist housing venture. The City Council had initially approved the massive housing plan on a 8 to 7 vote but after a relentless
assault by the business community and the Los Angeles Times a new vote was taken reversing the approval. Bowron, federal funds and contract in hand, proceeded with the public housing plan despite the revised vote. The City Council sued. The state Supreme Court ruled in Bowron's favor. The council then put the measure, by then known as the "Socialist Public Housing Measure", to a public vote. With the anti-Red campaign in full swing across the country the measure was defeated by a large margin. Since this vote was non-binding due to the state Supreme Court ruling, the mayor pushed ahead with the program. However, this made the mayor look as if he were defying not only the council but also public opinion. When Bowron ran for re-election in 1953 he was defeated by business sponsored candidate Norris Poulson. Poulson renegotiated the federal contract eliminating 5,700 housing units from the program (Gottlieb and Wolt 1977; Sitton 2005).

The city sustained a major financial loss on architectural plans and other preparations including the forced disposition of cleared lands in the project areas. The federal government also suffered a $4.4 million dollar loss on the program (Gottlieb and Wolt 1977). This episode marked the end of public housing in downtown Los Angeles for decades. Today, the Housing Authority of the City of Los Angeles, established in 1938 during the first Bowron administration, manages the 6,528 housing units contracted and built during this "socialist" era (HACLA 2012). The Bowron episode marked a regime change from the Middle Class Progressive Regime that emerged in the 1930s back to a Development Regime that had been in place since the railroads first arrived in Los Angeles in the 1870s. Private sector development
opportunities had been severely limited during the Great Depression due to business contraction, high unemployment and the decrease in the money supply. Businessmen abandoned privately financed development and embraced publicly financed projects due to coercion by the city government and the lack of better options. World War II presented a regime altering event opportunity with the victory of the United States over its enemies and the dominance of the U.S. in the world economy. The business community saw no reason to continue with "socialist" housing policies when privately financed housing was now again feasible and withdrew their support from the regime dominated by the Bowron administration (Stone 1989:10; Stone 1993).

4.3.2. Bunker Hill

The first new large scale housing constructed since World War II in the Central City was built on Bunker Hill in the late 1960s. The Bunker Hill Redevelopment Project, approved by the City Council in the spring of 1959, called for up-scale residential units adjacent to the cultural amenities on the north side of Bunker Hill (CRALA 1967). The first apartment complex, the Bunker Hill Towers, consisted of three high-rise buildings with 726 residential units ranging in size from a 481 square foot studio to a 3,000 square foot four bedroom penthouse (DCBID 2010). Initial rents were $125.00 to $685.00 per month. The residential project was approved by the CRA in 1965 and construction began in July 1967. The structure on the north side of the 13.7 acre site was a tower 32 stories tall and when built was the tallest residential tower west of the Mississippi River. Two smaller towers, 19 stories each, were built on the south and west side of the main building. Prudential Insurance Company
bankrolled the project and was the majority shareholder in the developer selected for the complex. The footprint of the three buildings combined covered only ten percent of the land area leaving plenty of room for recreational amenities and open space. According to the developer, City Reconstruction Corporation, the complex was designed as a "virtual community" with gourmet food and beverage stores, laundry and dry cleaning services and beauty and barber shops. These last features were probably the most propitious as the complex was surrounded with acre upon acre of weed covered fields (Desser 1968).

Interest in the new apartments skyrocketed and six months before completion in January 1969, over 2,000 inquiries had been made resulting in 80 units reserved for leasing. By October, 1969 fifty percent of the units had been leased. By March 1970, 450 units had been leased, a growing number of which were for temporary corporate use by executives working late or for out-of-town visitors to Los Angeles offices. At this point leasing activity stalled (Newstaff 1970).

Despite being only a block from the new Music Center additional residential tenants were hard to attract. After being delayed for years by court challenges the redevelopment of Bunker Hill was still in its infancy and the few buildings on the hill were isolated with few amenities (Marks 2004). Over two hundred units in the Bunker Hill Towers apartments remained unoccupied for years. Finally in December 1973 the developer, unable to meet the payment schedule of the construction funds borrowed from Prudential Insurance Company, filed for bankruptcy. When the buildings were auctioned in early 1974, five years after opening, ninety percent of the
units had finally been leased. The long period of substandard occupancy had depleted the cash reserves of the developer. The minority partner in City Reconstruction Corporation, Kidder, Peabody & Company declined to infuse more capital leaving Prudential Insurance little choice but to buy the project at auction and take full control of the complex (Auerbach 1973). The experience was sobering for the Community Redevelopment Agency. Ambitious plans for additional housing on Bunker Hill were put on hold (Marks 2004).

4.3.3. The Silver Book

The long delays in the redevelopment of Bunker Hill during the 1960s took its toll on the vitality of downtown. Five major corporations had left downtown for outlying communities reducing the workforce by 6,000 jobs. The rapidly growing suburbs were also drawing major retailers away from the central city. The situation on the streets was deteriorating as vagrants wandered the sidewalks, occupied Pershing Square and solicited handouts. The downtown rumor mill echoed with stories of wholesale defections of corporations to west Los Angeles and Century City (Davis 1991). There was a growing consensus that a much larger redevelopment project was needed to save the commercial base of downtown (Marks 2004). The business community, exercising systemic power within the coalition, reacted by forming a committee to draw up a new plan for downtown. In 1969, prompted by the Central City Association, 22 downtown business leaders and property owners formed the Committee for Central City Planning. The newly formed committee, with $250,000 of funding in hand, approached the City Council with a proposal that downtown
planning needed a "fresh outlook" and requested a matching grant of $250,000 to conduct a study and compose a new plan. The City Council agreed to the request and the study commenced (Haas and Heskin 1981). The plan was completed in 1972 by a consortium of four consulting companies led by the Philadelphia planning firm Wallace, McHarg, Roberts and Todd (Eggebraten 2006). The official title was Central City Los Angeles 1972/1990 but became widely known as the Silver Book due to the color of its cover (Davis 1991).

The Silver Book plan did the following: reasserted that downtown was the center of the metropolitan region contradicting a previous plan drawn up by the city planning department three years earlier calling for downtown to be one of multiple centers in the region; identified the core of downtown as now being on the west side of Downtown with Figueroa Street as the axis anchored by Bunker Hill on the north and Eighth Street on the south; projected that the new growth axis would extend from the Civic Center down Figueroa Street to the University of Southern California; called for upscale residential development to continue on Bunker Hill and the creation of a new South Park Urban Village with a lake to be located near the newly opened Convention Center; and lastly called for the elimination of Skid Row as a haven for social services and low income residents and the dispersal of those services and residents to other localities. Skid Row was to be reclaimed as Central City East and become a "joint university communications center and extension school" complete with a new central library and police station. The CRA was to be charged with the implementation of the plan through the creation of a new redevelopment project
encompassing most of the Central Business District (Wallace, McHarg et al. 1972; Davis 1991). The Silver Book also offered some innovations. A people-mover system was to be installed connecting the Civic Center to South Park with stops at grade separated pedways along the route to facilitate circulation. A rapid transit rail system was to be constructed connecting downtown with the west side along Wilshire Boulevard. This effort was the first downtown plan to highlight pedestrian and transit access and mobility (Eggebraten 2006).

4.3.4. The Affordable Housing Paradox

As the proposed foundation for a new Central Business District (CBD) redevelopment project area various city departments and the City Council debated the merits of the Silver Book plan vigorously. Dissent was widespread. Clearly the coalition was under stress. Business interests from the San Fernando Valley and the West Side favored economic development in their regions rather than in downtown. Some homeowner groups, due to traffic and congestion concerns, opposed any development. Councilman Ernani Bernardi was the chair of the City Council Planning Committee and a fierce opponent of CRA tax increment financing. Bernardi claimed that diversion of property tax increments favored a few select developers with a windfall at public expense. Unlike the Bunker Hill Redevelopment Plan, which accepted federal aid from the Housing and Home Finance Administration, the new CBD redevelopment project would be self financing through tax increments. Tax increment financing, approved by California voters in 1952, allowed redevelopment agencies to collect a windfall of property taxes to finance their projects (Boyken
2004). The land parcels were assessed property taxes at the base rate for distribution to the usual recipients (county government, schools, etc.). Owners of the redeveloped parcels paid property taxes at the new assessed rate after the project was completed. The CRA pocketed the increment or difference between the base rate and the new rate. The revenue stream continued to accrue to the CRA as projects in the area were completed. The agency could sell bonds for immediate financing needs at very preferential rates based on the tax increment cash flow (Keil 1998). As the chair of the powerful city council planning committee Bernardi kept the CBD Redevelopment Plan from moving to a council wide vote for two years (Marks 2004).

A key stumbling block in support for the new project was the lack of affordable housing in the plan. The dearth of affordable housing in the downtown area had reached crisis levels by this time. The clearance of 393 structures with over 5,200 housing units on Bunker Hill by the CRA had displaced over 5,600 people by 1965. Many had moved west of the Harbor Freeway to Westlake and Pico-Union and the rest had relocated to Skid Row (Helfeld and Maguire 1978). During this same period a series of deadly fires in older downtown residential hotels prompted closer scrutiny of all hotels and boarding houses in the downtown area. A fire occurred at the Dome Hotel on Bunker Hill in 1964 killing one person and injuring six others. This fire occurred as the CRA was busy demolishing buildings elsewhere in the project area. This tragedy justified the arguments the Fire Department had made for years about the danger of the old structures and accelerated the clearance of housing from the rest of the hill (Pugsley 1977). Another tragedy was the Ponet Square blaze on Pico
Boulevard in 1970 that killed 19 people. Many buildings, some built in the late 1800s, had open stairwells and hallways that acted as flues when fire struck creating deadly back drafts for firefighters and escaping residents. Open stairwells were banned by city building code in 1947 but hundreds of open stairwell buildings remained in use (Davis 1998). Los Angeles City Fire Department and Building and Safety inspectors wrote hundreds of violations requiring safety upgrades. In many cases building owners opted for demolition rather than repair and upgrade. The end result was that 7,000 housing units were destroyed. This loss in addition to the Bunker Hill clearance left less than 9,000 housing units in downtown by the end of the 1960s (Census 1970).

Following the election in 1973 of Tom Bradley as mayor and several liberal members to the City Council, Pat Russell was appointed as chair of the City Council Planning Committee. By this time the Nixon administration had put a moratorium on federal aid for housing and redevelopment programs. Even if the CRA wanted federal aid none would be forthcoming. Russell was in favor of redevelopment financed by tax increments but along with several other council members was concerned about the lack of affordable housing. A compromise was struck on affordable housing and the City Council approved the Central Business District Redevelopment Project area in 1975 (Marks 2004). Whereas in the 1950s the CRA had to commit to the demolition of low income housing to get the business community to support the Bunker Hill Redevelopment Plan, twenty years later the CRA had to promise to build and preserve affordable housing to gain passage of the new plan to maintain widespread support within the coalition.
This compromise pleased most of the dissenters but not all. The city council vote was 14:1 with Bernardi the lone dissenter. Bernardi promptly sued the CRA challenging the validity of the Environmental Impact Report. After two years of litigation the CRA agreed to a spending cap of $750 million during the life of the project with little fear that the cap would ever be reached (Marks 2004).

The passage of the People's Initiative to Limit Property Taxation (Proposition 13) in 1978 elevated the stature of the CRA in city political circles. Proposition 13 reset property tax assessments in California back to 1975 levels and reduced the base taxation rate to one percent. It further impacted revenues by restricting property tax increases to the level of inflation but not to exceed two percent per year (Fulton 1999). Property tax revenues allocated to the city by the county tax assessor declined by fifty percent in 1979. This reduction caused immediate fiscal stress on the city's budget. The CRA soon became the primary vehicle for economic development and the creation of affordable housing in the city (Sonenshein 1993).

4.3.5. The Nation's Largest Redevelopment Project

The 1,579 acre redevelopment area included all or parts of the following districts: Civic Center, Fashion, Financial, Historic Core, Industrial, South Park, and Skid Row. As litigation was settled and redevelopment plans were finalized, CRA staffers went to work. While Bunker Hill was cleared to ground level and the hill itself was reduced in height by thirty feet, no such radical surgery was planned for the new CBD project area. As new skyscrapers were completed on Bunker Hill businesses in the Financial District moved from offices on Spring and Main streets into the new high-
rises. This left millions of square feet of office space empty. The CRA viewed this situation as the one of their major challenges and began efforts to utilize the vacant buildings (CRALA 1975).

With the Bernardi lawsuit settled and the affordable housing mandate the coalition was united on a common set of goals. The CRA drafted plans to move forward on several fronts. The old financial district on Spring Street between Fourth and Seventh streets was in decline but still had some offices occupied. CRA staffers held meetings with the property owners to seek input on how to revitalize the district. While Mayor Tom Bradley championed the transformation of Los Angeles into a world class city of high-rise buildings housing corporate headquarters, he also strongly supported what became known as the "Spring Street Revival" of the old financial district. While this political theater was playing out there was an unexpected arrival on Spring Street. On April 16, 1975, Banco Popular, a Puerto Rican bank founded in San Juan in 1893, opened an office at the northeast corner of Fourth and Spring Streets. Banco Popular was the only bank in the United States with a full service office in both New York and Los Angeles. Federal banking regulations in effect at that time prohibited American banks from operating branches in more than one state. However, with a charter from the Commonwealth of Puerto Rico, Banco Popular was exempt from this restriction. The unique status of the bank and the location of their first branch in Los Angeles became the talk of the town (Getze 1975).

The eight-story building selected by Banco Popular for their Los Angeles headquarters was built in 1903 by Herman Hellman. Herman Hellman spared no
expense when constructing his landmark on Spring Street. Banco Popular launched a three million dollar restoration project in the building that lasted two years. When completed, the brick and terracotta exterior and the marble and tile interior were restored to their original beauty and elegance. The bank's Senior Vice President, Francisco Arends, proclaimed that "A Renaissance on Spring Street" had begun and encouraged other businesses and investors to step up and participate (Arends 1977). Unfortunately, Banco Popular had difficulty leasing excess office space. Even with the advantage of 320 dedicated parking spaces, a rarity in downtown, upper floor vacancies hovered around seventy percent. The CRA came to their rescue in 1980 and leased the balance of the unoccupied floor space (Dreyfuss 1982).

4.3.6. Housing for Seniors

By the time the renovation of the Hellman Building, now known as the Banco Popular Building, was completed enthusiasm had begun to grow about possible scenarios for the revitalization of Spring Street. The Los Angeles Community Design Center was commissioned by a group known as the Program for Citizens to study the feasibility of converting underutilized buildings in downtown to housing for elderly residents. The study, titled "Recycling for Housing", identified numerous steel framed buildings suitable for conversion to residential use at a reasonable cost. Based on the results of this study, James Bonar of the Los Angeles Community Design Center and Robert Winter, a history professor at Occidental College, organized a walking tour of Spring Street in early November 1977 for professionals and stakeholders to examine several of these buildings. Over 50 architects, government officials, building owners
and managers, and investors inspected several potential candidates for conversion. Starting at the fully restored Banco Popular building anchoring the north end of the Spring Street Financial District, the groups moved southward to the Arcade Building. The Arcade Building is actually two 12-story buildings, one fronting Spring Street and the other fronting Broadway, connected by a retail arcade covered by a three-story glass skylight. The "Recycling for Housing" study had calculated that office conversion on the fourth through twelfth floors of both towers would cost $3,310,220 and yield 162 apartments suitable for senior occupancy. The group also toured the Security Pacific Bank building at 561 South Spring Street and the Pacific Stock Exchange Building on the next block (Kinchen 1977).

While the "Recycling for Housing" study targeted the Arcade Building on Spring Street as a prime candidate for senior housing conversion, the first adaptive reuse project of this nature occurred on Olive Street in the Financial District. Maguire Partners, a leading developer in Los Angeles, had just completed updating the recently vacated Signal Oil Company building located at 1010 Wilshire Boulevard for Pacific Telephone. Pacific Telephone in turn moved from their old quarters, a 12-story structure located at 740 South Olive Street, to their new offices. Maguire Partners decided to convert empty building on Olive to subsidized senior housing.

The 40,000 square foot building was completely gutted and new stairwells and structural shear walls were installed to upgrade the structure to current safety and seismic standards. Ten percent of the 310 units were reserved for handicapped tenants. The total cost of the conversion was $12,000,000 and included 15,000 square feet of
retail space on the ground floor. Maguire Partners signed a contract for Section 8 rent subsidies with the U.S. Department of Housing and Urban Development in March 1978 and by the following month there were over 500 people on the waiting list for units. When the project opened in March 1979 it was completely leased in two months. Maguire stated in an interview "The building is an important pilot project to demonstrate the feasibility of rehabilitation of downtown buildings" (Kinchen 1978; Newstaff 1979).

Senior housing was also being built in Little Tokyo. Little Tokyo was another redevelopment project initiated by the CRA in 1970. There were 672 existing housing units in the project area when redevelopment began with 650 considered substandard without heat or private bathrooms. Most of the existing units were demolished as redevelopment progressed. A sixteen story building with 300 apartments for seniors was constructed in 1975 on east Third Street as the first replacement housing. Interest in the affordable apartments within the community was strong and the apartments filled quickly (CRALA 1970; Simross 1977). A second affordable senior housing complex in Little Tokyo was completed in 1980. Miyako Gardens had 90 one-bedroom units and ten two bedroom units in the complex, located at 223 South Central Avenue (Newstaff 1979; Yoshihara 1980).

As the Little Tokyo Towers apartments were being completed the CRA looked back to the Bunker Hill Project Area for more residential development. A four building complex that became known as Angelus Plaza was on the drawing board for construction on the east side of the project area. The residential complex was built in
two phases. The first phase consisted of 761 one-bedroom apartments split among three sixteen-story towers. A loan for $36 million with a subsidized interest rate and guaranteed by the federal government provided the primary financing. The CRA contributed tax increment monies for the balance of the $40 million construction budget. Phase I was completed in 1980. Phase II, the construction of a fourth tower, 17 stories tall with 332 one-bedroom units, was completed in 1982. This 1,093 unit complex, shown in Figure 4-1, was the largest federally subsidized rental housing for seniors in the country (Hebert 1977; Hebert 1981).

On Spring Street the CRA participated in residential conversion of the I.N. Van Nuys Building, located at the corner of Spring and Seventh streets, into 299 units of senior and handicapped housing. Forty-eight of the units were designed for blind tenants, while another thirty units were created for physically handicapped seniors. This conversion
was the second adaptive reuse of an office building to residential units in downtown. The CRA provided a subsidized loan for $24.3 million to the developer in exchange for a 30-year affordable housing covenant (Hebert_A 1981). The CRA was also active in Skid Row. Ballington Plaza, a 270-unit complex of permanent supportive housing targeted at seniors and handicapped tenants was built at 622 Wall Street in 1982. Occupancy was open to residents without drug or alcohol dependencies. The complex was financed by the CRA and operated by the Volunteers of America of Greater Los Angeles (VOALA) under a contract granting the VOALA ownership after 30 years (Austin 1982).

Within seven short years 2,372 senior housing units had been built in downtown. With an estimated senior population of 3,200 when the "Recycling for Housing" study was released in 1977, great progress had been made in upgrading their housing facilities. With 1,763 of the units the result of new construction and the remainder adapted from underutilized office buildings, downtown quickly became a desired destination for elderly people seeking affordable housing. Many of the new tenants relocated to downtown from other areas. Soon long waiting lists developed for access to these new senior housing projects.

To gain some perspective on the dynamics of population change in downtown, the population of the downtown study area in 1950 was 61,854 and if we subtract the number of inmates in jail (2,869) the total was 58,985 (Census 1950). By 1970, the population had declined to 17,839 including 3,138 inmates in the lockup. The net population was 14,701. This is a 75.5% reduction in 20 years. The number of housing
units in 1970 was 9,551. The population 65 years and older in 1970 was 2,885 which was 16.6% of the total (Census 1970).

While many of the new and adaptive reuse units replaced units demolished due to substandard safety and health conditions, these housing units represented substantial improvements in quality of life and costs for thousands of elderly tenants (Hebert 1981b). The year 1982 marked the end of the senior housing boom. The coalition had made headlines and serviced a population in need of affordable housing. Additional projects in the following years were fewer than 100 units each and opened every year or two as opportunities arose (CRALA 2007).

4.4. **Theme 2: The Emergence of Condominiums in L.A.**

The second theme, the emergence of condominiums as a housing style in Downtown, has three sub-themes. The first compares condominiums to traditional housing and explains the sudden attractiveness of condominiums to buyers in Los Angeles. The second sub-theme examines condominiums built or converted by private developers on Bunker Hill and the third looks at condominiums developed with government sponsorship and financial assistance.

4.4.1."Condomania"

One side effect of the rapid home price increases in the 1970s was interest in alternative home ownership arrangements. The Common Interest Development (CID) concept had been utilized by developers in the U.S. in the early 20th century to build private, exclusive residential communities. Privately owned houses were surrounded by amenities such as parks, lakes, tennis courts and roadways managed by a
professional organization. The community members paid fees to maintain the common areas. This arrangement was perpetuated by restrictive covenants recorded on property deeds (Roland 1998). Over time Homeowner Associations (HOA) assumed management responsibilities for common areas in CID s. A joint study conducted by the Urban Land Institute and the Federal Housing Administration in 1962 found only 470 subdivisions in the United States managed by an HOA. CID s began to spread across the income landscape and by 1970 there were over 10,000 HOAs in the U.S. (Johnston and Johnston-Dodds 2002). By 2010, there were more than 309,600 CID s with 24.8 million homes housing 62 million people (CAI 2010).

The concept of condominiums originated in Europe and migrated to Puerto Rico after World War II. Ownership and operation of condominiums posed some logistical complications for residents and government authorities compared to CID s already in existence. Repairs and improvements for multiple units located in one building as well as maintenance of common areas needed definition to ascertain financial responsibility. Local governments needed guidance on the assessment of common area values for each condominium for tax purposes. A legal structure needed to be codified to prevent every disagreement or repair from becoming a court case. Puerto Rico accepted the challenge and became the first government in the U.S. to pass a condominium enabling statute in 1951 to address these issues (MacMasters 1964; Schlein 1980).

Financing was an obstacle to the widespread construction of condominiums. Conventional lenders, being the conservative bunch that they were at that time, were
generally unwilling to lend money to unproven housing styles. To remedy this situation the building industry lobbied Congress to include condominiums in government mortgage insurance programs, which Congress did in the Fair Housing Act of 1961. With the financing problem solved the building industry then turned to the states to pass enabling legislation for the legal, management and logistical issues inherent in condominium properties. By the end of the decade all fifty states had passed condominium enabling laws (Roland 1998).

California joined the herd in September 1963 with the passage of Senate Bill 600 which became known as the California Condominium Law. Condominiums, while now legal, were for the most part a novelty. One of the first condominium projects in the state was The Towers at Newport Beach. Each unit came with two bedrooms, two baths, two balconies, two parking spaces and a slip for a boat. The condominium type with more general appeal in Los Angeles was the townhouse which was essentially a row of houses with adjoining walls. Townhouses generally offered a pool over a boat slip. But this was the 1960s and Reyner Banham's Plains of Id were still being filled with tract homes. Lakewood was built out but many other empty bean fields, strawberry farms and dairies had yet to be planted with houses. Land was still plentiful if not as cheap as in the 1950s. The lure of higher density housing was not an easy sell in Los Angeles just yet (MacMasters 1964).

According to the 1970 Census, there were 4,131 housing units considered condominiums or co-operatives in the City of Los Angeles. This figure was less than one percent of the total owned housing in the city (Census 1970). Co-operatives differ
from condominiums in the structure of ownership. A co-operative is a corporation where every stockholder is entitled to rent a unit in the building at a fixed cost. Undivided ownership leaves every stockholder liable for the financial health of the corporation. While more common in eastern cities like Boston and New York this form of ownership was little used in Los Angeles (Roland 1998). Los Angeles County had 15,192 condo/co-op housing units in 1970 and the whole state had 53,775. The number of vacant units is unknown because the census data did not separate vacancies by owner-occupied building type (Census 1970). By 1980 the number of condominiums in Los Angeles County had increased nearly sevenfold to 104,412.

The rapid price escalation of single family homes during the 1970s made condominiums look very attractive. Housing prices had surged ahead while rents languished. Since the value of rental property is based on a multiple of gross rents apartment owners were losing the inflation battle. Some entrepreneurial owners took a gamble and converted their apartment buildings to condominiums. The early condominium conversions were poorly accepted on the market and sales were slow often taking six months or more to sell the units. After the oil shocks wore off in 1975 a new wave of condominium conversions began. By this time acceptance of townhouses had improved and buyers were willing to consider condominiums in larger (and taller) buildings. Sales this time were brisk and "condomania" swept the market. A survey by the Affordable Housing Council in 1978 found that the city had approximately 20,000 condominiums with 3,500 units of the inventory having been converted from apartments. There were an additional 8,000 apartments already
approved for conversion by the city in the pipeline (Sherman 1978). Applications for conversions received by the city from 1976 to 1980 totaled 24,252 with over 23,000 units approved for conversion (Rydell, Barnett et al. 1981).

Alarmed that precious affordable housing was being lost and under rising pressure from displaced tenants the city passed two ordinances restricting conversions. The first was passed in December 1977 setting several conditions on condominium conversions. The most restrictive condition dealt with parking. The ordinance required that each unit had 1.25 parking spaces if there were less than three habitable rooms in the condominium and 1.5 parking spaces if there were three or more rooms. Additional parking spaces were required for guests depending on the total number of units in the complex. These requirements were greater than the number of parking spaces required for apartment buildings. The guest parking space requirement could be negotiated while the application was in review. The threat of denial due to parking spaces stimulated a rush of applications for conversion of over 9,000 units in the final month before the ordinance became effective. The ordinance also required the applicant to file a tenant notification plan with the city for review (Sherman 1978).

The second ordinance was much more restrictive than the first and had four components. The first required a $500.00 contribution per unit to a special fund to replace the rental housing that was being removed from the market. The second stipulation required at least four months notice to tenants that a conversion was planned for their building and an opportunity to purchase their converted apartment. The third condition required the landlord to assist the tenant in relocating if the tenant
declined the offer to purchase their unit and a rent subsidy of $100.00 per month for one year if their new rent was higher than their existing rent. Lastly, if rental vacancies were less than five percent in the Community Plan Area where the conversion was to take place the city could refuse the application (Getlin 1980).

This ordinance was widely considered to be the toughest in the nation (Merl 1979). Four months after taking effect on November 10, 1979, conversion applications had dropped to zero. An unexpected impact of the second ordinance was the inclusion of stock co-operatives in the restrictions which placed many corporations in legal limbo. Due to the relatively quick passage of the ordinances and the lengthy periods encountered in conversions tenants were often confused as to their rights during relocation. If conversion approval was obtained prior to November 10, 1979, tenants had few protections and/or compensation as the first ordinance was still in effect at that time. Yet many tenants, especially the elderly, felt cheated and refused to leave their homes. Legal battles continued for years as lawyers were hired and court cases were filed leaving few satisfied clients (Getlin 1980).

As the decade came to a close a final look at the 'condomania' era gives some interesting insights to the craze. The U.S. Census Annual Housing Survey conducted in 1980 for the Los Angeles-Long Beach SMSA gives a good breakdown on condominium construction and tenure. Los Angeles County began the decade with 15,192 units and ended it with 114,412. There were 72,149 new units constructed from 1970 to 1980. The balance of 27,071 units undoubtedly came from conversions. Owner occupied units totaled 66,130 (63.3%) and renters occupied 23,890 (22.9%).
Over 14,000 units were vacant with 8,184 units for sale and the balance either for rent or being used as a seasonal home. Somewhat surprising was the median value of $104,300 for condominiums in Los Angeles County (Housing 1985). Since condominiums were billed as the alternative to high priced single family homes one might think that condominiums would less expensive. The median price of condominiums was higher than homes in both the county ($87,400) and the city ($96,100) (Census 2012). Another interesting quirk in condominium conversions was the change in rent control status. Because the apartments were removed from service and resold they were no longer subject to the Los Angeles City Rent Stabilization Ordinance. With nearly 24,000 condominiums being used as rentals it is apparent that a number of investors bypassed the city's housing restrictions through this mechanism (Rydell, Barnett et al. 1981).

4.4.2. Condominiums on Bunker Hill

While most condominium conversions occurred in West Los Angeles and the southern part of the San Fernando Valley, condo fever did sweep downtown. After the rental debacle that bankrupted the developer of the Bunker Hill Towers complex in 1973 rental occupancy rates did improve. Prudential Insurance, having taken full control of the towers in 1974, began proceedings to convert the 712 rental units to condominiums in the fall of 1977. Prudential, assuming that they had clear title to the property, submitted a tentative tract map to the city Planning Department's Advisory Committee and filed the necessary documents with the state Department of Real Estate for approval of a subdivision report. The CRA, on the other hand, claimed that
the agency had right of consent or refusal for any subdivisions on the property until 1989. The CRA’s legal position prevailed and the board rejected Prudential’s request for conversion on June 21, 1978. The board said that housing needs in the Central City would be better served if the Bunker Hill Towers remained as rental units instead of for-sale condominiums (Hebert 1978).

Prudential revised their proposal to convert only the 32-floor main tower to condominiums and leave the two 19 story towers as rentals. The CRA board was amenable to compromise and allowed the conversion to proceed. Prices for the 255 condos were set at $63,000 for a lower floor studio to $525,000 for a top floor penthouse. The average selling price was $163,000. Under the agreement with the CRA Prudential was required to offer the converted units to existing tenants of the 32-story tower first (with a 60 day purchase consideration period) then offer units to tenants in the two 19 story buildings before soliciting the general public. Prudential offered in-house financing to buyers with a below market 12% interest rate with a 20% down payment and a 12.15% interest rate with 10% down. Units went on sale on March 27, 1980. By September over 200 units had been sold (Hebert 1980) (Newstaff 1980). The 32-story Bunker Hill Tower is shown in Figure 4-2.

The marketing success of the Bunker Hill Tower condominium conversion prompted more condominium development in the adjacent lots. The Promenade Condominium project, consisting of 140 one, two and three bedroom units was completed a few months after the Bunker Hill Tower Condominiums were revamped for sale. Prices ranged from $175,000 for an 842 square foot unit to $330,000 for a
unit with 1,518 square feet. This complex was only five stories in height. Sales were brisk at first with 80 units sold by the end of April, 1981 (Tsujimoto 1981). Sales then slowed to a trickle. To sell the remaining condos the builder reduced prices by $15,000 for one bedroom units while penthouses were reduced by $50,000. Even with reduced pricing only 35 additional units were sold in the next nine months. All of the units were eventually sold by the end of 1982 (Newsstaff 1982).

The sister condominium project to the Promenade was the Promenade West located on the other side of the Bunker Hill Tower Condominiums. Promenade West when completed would have 135 units. Ground was broken on the project in 1980 when the Promenade was completed with the expectation that even in the worst case sales environment the Promenade Condominiums would all be sold when Promenade West was completed two years later. They almost were but not quite. The economy
was still suffering from oil price increases in 1980 and 1981 causing the price per square foot of a finished unit to increase to about $245.00 which was about $40.00 per square foot higher than the Promenade condos. In 1983, one year after the units were available for occupancy, only twenty units had been sold and seventeen units leased. The developer had withdrawn the condos from the market and now was trying to lease the units (Platman 1983). Five years later, in 1988, the economy improved enough that the developer again tried to sell the condos. As of May 29, 1988, six years after the Certificate of Occupancy had been issued, there were still 91 units for sale most of which had been leased for many months in the interim (Newsstaff 1988).

While condominium sales were languishing on Bunker Hill apartments were in strong demand. The housing shortage from the 1970s was still yet to be satiated. The Promenade Towers, a four building complex situated between Figueroa Street and the Harbor Freeway was nearing completion in the fall of 1985. There were 595 rental units available in the complex of which 89 were affordable housing. The total project encompassed 850,000 square feet and included 40,000 square feet of office space, 28,500 square feet of retail space and a five-story parking structure. Promenade Towers was designed to be self contained with services required on a daily basis available for tenants within the confines of the complex (DeWolfe 1985). The provision of retail services within the complex was an astute decision because the Promenade Towers are located in a remote corner of Bunker Hill with few amenities within walking distance of the apartments. This isolation did not hamper leasing efforts. By the summer of 1986 as construction was winding down, the first tower had
already been occupied and 75% of the office space had been leased. Apartment lease rates ranged from $600 to $1,800 per month (DeWolfe 1986).

Two additional apartment towers were built on Bunker Hill following the completion of the Promenade Towers. Grand Tower was completed in 1988 at 255 South Grand Avenue directly across from the Museum of Contemporary Art (MOCA). There were 332 market rate apartments and 59 affordable units in the 28 story tower. The second project was the Museum Tower. Completed in 1992 and located on the east side of MOCA the 20 story tower had 217 market rate apartments. Both towers were initially planned as condominiums before they were built but switched to rentals after the sales debacle at the Promenade West. These were the last of the new housing units built on Bunker Hill until two Adaptive Reuse Projects were opened in 2005 and 2007 on Hill Street (DCBID 2010). Map 4-2 shows the locations of the housing projects on Bunker Hill.

From 1968 to 1992 seven projects were built on Bunker Hill totaling 3,282 housing units. There were 1,511 (46.0%) market rate apartments, 1,241 (37.8%) affordable apartments and 530 (16.1%) condominiums. There are still several parcels awaiting development on Bunker Hill. All are committed by the city and county to the Grand Avenue Project which was first announced in 2006 by the Related Companies. The $3 billion project was a combination of hotels, condominiums, retail space, and a public park anchored by two 35 story towers. The project was scheduled to break ground by December 2007 but has been repeatedly delayed by the developer due to difficulties securing funds for construction. Related Companies has invested
over $100 million to date in architectural, engineering and planning expenses including $56 million for the Civic Park. In 2011 the developer approached the city-county joint powers authority with a proposal to modify the original proposal and scale down the building heights and square footage planned for the project. So far only the park has been built while the rest of the parcels are still being used for parking (Vaillancourt 2011a). Repeated delays have recently caused a number of government officials to question the feasibility of the project and whether it should be abandoned altogether (Allen 2012).

4.4.3. Government Sponsored and Financially Assisted Condominiums

The 1975 Central Business District Redevelopment Plan specified that the predominant land use in South Park was to be housing designed for various income groups and family sizes. The first priority of the agency was to provide housing and open space to create a "relatively self sufficient housing-commercial complex focused around a regional park" (CRALA 1975: 19). It was considered essential that day-care centers, playgrounds and recreation areas for different age groups be incorporated into the housing complexes. There were already six thousand people living in South Park in old, dilapidated housing, all of them low income. The population living north of Pico Boulevard in old SRO hotels was mostly single and male. Families lived in apartment buildings south of Pico in crowded quarters (CRALA 1975). At about the same time that Robert Maguire was converting the old Pacific Telephone building to senior housing on Olive Street, the CRA began working on a development guide for South Park. Forest City Dillon, one of the nation's largest residential high-rise
developers headquartered in Cleveland, Ohio, also began preliminary planning for condominium buildings in South Park. Forest City, a subsidiary of Forest City Dillon, was already building the $75 million Angelus Plaza senior housing complex on Hill Street for the CRA (Rivera 1982).

4.4.3.1. Skyline Condominiums

Forest City was planning to build in uncharted territory. Other than Maguire's senior housing, no housing had been built in South Park in decades. The target consumers were not the existing residents. The developer sent 13,000 questionnaires to 15 major downtown employers hoping to gain some insight as to what might sell. To their surprise over 4,400 questionnaires were returned with a treasure trove of data. About two-thirds of the 100 questions on the survey dealt with the respondents desires in condominium design and amenities. Armed with the survey data the developer set to work on a pair of condominium towers (Rivera 1982). The first tower, Skyline I, cost $40 million and was completed at the end of 1982. Units went on sale on January 9, 1983. Skyline I, shown in Figure 4-3, had 200 units on fourteen floors. There were 67 one-bedroom units with 754 square feet selling from $143,000 to $169,000; 112 two-bedroom units with 1,193 square feet selling from $189,000 - $245,000; and 21 two-bedroom penthouses selling from $315,000 - $370,000. The building was equipped with a high-tech security system with cameras monitored by personnel 24 hours a day, a recreation center with swimming pool, Jacuzzis, tennis courts and an indoor fitness center with racquetball courts, saunas, showers, and locker rooms (Kinchen 1983).
Due to the interest generated from the questionnaire Forest City had a newsletter distribution list of over 700 interested clients while the building was under construction. By the day of the grand opening the sales office had 42 units reserved by buyers.

Discount financing of 12.5% for the condominiums was available courtesy of the CRA through the sale of tax-exempt mortgage revenue bonds. Thirty units were classified as affordable units and eligible for a 10-year second trust deed financing at 5% for buyers unable to provide a 20% down payment (Rivera 1982). The median income of the targeted downtown office worker was $40,000 per year. At the discounted interest rate a buyer with $40,000 income could qualify for the lowest priced one bedroom unit meaning that buyers of the two bedroom units and the penthouses needed substantially more income (Kinchen 1983). This was to become a bigger problem than the developer anticipated.

By summertime only 75 units had been sold. Forest City, after receiving over 4,400 responses from the questionnaire, had depended exclusively on the newsletter
for advertising before the grand opening. It now appeared that they had exhausted those leads and began advertising on morning and afternoon drive time radio programs, newspaper ads and invested in an eight minute video promoting the condominiums at a cost of $48,000 (Platman 1983). In July 1983, the developer began offering buyers a Buy Back Guarantee. If the purchaser decided to sell their condominium within two years the company would buy it back for more than the buyer paid for it (LAT_Ad 1983). In the next 18 months only 50 more units had been sold.

Forest City, well aware of the condominium sales disasters at the Promenade and Promenade West, had thought that they were better prepared due to their research and that they would sell all of their units in the first year. Needless to say, construction of the second condominium tower, Skyline II, had been put on hold (Connell 1985). In late 1984, in an effort to jumpstart sales the company offered reduced interest rates with lower down payments. With 10% down the buyer would pay only 5.75% for the first year and the rate would step up gradually to 8.75% after six years (LAT_Ad 1984). Initially promised as a temporary reduction the lower rate continued for the next year with only a handful of units sold. With a further reduction the next year to a 3.96% introductory rate sales finally picked up and by August 1986 170 units had sold (LAT_Ad 1986). By November only two units remained in inventory and they sold by year end. It had taken the company four long years to sell 200 condominiums but they maintained the original offering price throughout the sales campaign first by
offering a buy back guarantee and then through discounted financing arranged by the CRA (Teverbaugh 1986).

Five issues negatively impacted condominium sales at the Skyline. First, when Skyline I was first proposed in 1979 the project was designed to house families from a range of income levels. The lowest price units were projected to sell for $102,000 when the building was completed. However, Forest City altered the design and increased the size of the units thereby raising the cost and the requisite selling price. The developer also changed the target audience from families with children to singles and childless couples. This alteration resulted in different amenities in the complex such as fitness centers instead of playgrounds (Newsstaff 1981; Rivera 1982).

Second, property values in South Park were very low in the 1960s and early 1970s. The two main retail strips were Broadway and Seventh Streets. The Financial District, up to 1970, was still centered on Spring Street. As the new "Gold Coast" emerged on Figueroa and Flower Streets, banks, insurance companies, and legal firms moved six blocks west to the new office buildings. The area south of Seventh Street from Hill Street to the Harbor Freeway held little promise for the future. However, once the CBD Redevelopment Project was launched speculators took note and began buying property. One of the most lucrative property transactions was engineered by Richard Riordan who later became mayor in 1993. Riordan purchased five properties in 1969 for $8.00 per square foot which included the historic Pantry Cafe at the corner of Figueroa and Ninth Streets. By 1980, properties adjacent to Riordan's holdings were selling for $100.00 per square foot. A little more than a year later,
Riordan sold his lots (except for the Pantry Cafe) for $225.00 per square foot netting the future mayor a profit of $14 million. Properties nearby appreciated from $20.00 per square foot in the late 1970s to $200.00 per square foot by 1982. A Los Angeles Times study of downtown property transactions showed that one-third of the parcels changed hands in the five years from 1977 to 1981 - all for higher prices. The Skyline project cost projections fell victim to this speculation (Byron 1982).

Third, crime was an issue of great concern in the 1980s. In 1982, the Los Angeles Police Department Central Division, which is responsible for the downtown area, reported 2,615 robberies, 2,607 burglaries, 1,182 aggravated assaults, 89 homicides, and 122 rapes. The captain of the Central Division at that time, Stan Kensic, asserted that most of the violent crime occurred in Skid Row and that the rest of the four-square mile Central Division patrol area was mostly plagued by property crimes like auto thefts, of which there were 2,479 in 1982, and burglary from autos which amounted to 5,196 for the same year. Since Skid Row extended all the way to Hill Street and south to Seventh Street near the Skyline the Captain's reassurance was not too comforting to some potential buyers (Platman 1983).

Fourth, the lack of amenities deterred many people. The Seventh Street shopping district was still active in 1983 but it was in decline. Located two blocks directly north of Skyline was the Broadway Plaza, a 400,000 square foot shopping center. Immediately across the street was the J.W. Robinson's Department Store. J.W. Robinson's opened in 1915 and over time the store expanded to over 600,000 square feet. Four blocks to the east at Eighth and Hill Streets was the May Company of
California headquarters department store with over 1,000,000 square feet of retail space and offices. One block north of May Company was the Bullocks Department Store, with over 800,000 square feet of shopping space. Located between these stores were numerous specialty clothing and shoe stores as well as the Jewelry District. The square footage of the four big department stores alone in 1983 was the equivalent of the South Coast Plaza in Costa Mesa in 2012, the largest shopping mall in California. These "carriage trade" department stores catered to the downtown office worker and consequently closed early on weekdays and Saturdays and did not open on Sunday.

The real shopping problem was the lack of a grocery store. The only stores selling fresh food downtown were located in Grand Central Market and they too closed early at 6:00 P.M. The first new grocery store to open downtown was a Ralph's located immediately across the street from the Skyline in 2007. Residents faced the same kind of problem with restaurants. There was a plethora of restaurants located downtown all geared to serving lunch for the office worker crowd. They too closed early.

Downtown in the evening was described by many as a ghost town. The presence of a few hundred residents in the Skyline was not going to change this situation (Diamond 1980).

Lastly, condominiums, as discussed earlier, were a recent phenomenon on the housing landscape. To maintain the common areas, each property owner was assessed a monthly fee. Most, if not all, condominium purchasers previously lived in an apartment or single family home where monthly fees were not assessed. The Homeowner's Association (HOA) Fee in the Skyline was $241.00 to $284.00 dollars
a month depending on the square footage of your condominium. The median apartment rent in the City of Los Angeles in 1980 was $229.00 per month. Even allowing for Rent Stabilization Ordinance annual increases the HOA fees were roughly equivalent to the median rent for an apartment in Los Angeles which very likely was the same size. There was a sticker shock to high rise condominium living that required some mental adjustment for new owners (Kinchen 1983).

After witnessing the sales debacle at the Skyline the CRA Board seriously reconsidered their plans to build more housing in South Park. The area was zoned almost exclusively commercial and the CRA was coming under increasing pressure from important corporate landowners like Pacific Lighting Corporation and Transamerica to build office buildings on property they owned in South Park. The CRA had already spent over $50 million on properties committed to housing, $14 million more on future housing sites and $6 million for a park land adjacent to Skyline I. Skyline II was on hold and the 1,300 housing units the CRA planned on building by 1987 was over 1,000 units short on the schedule (Connell 1985).

The second Skyline, rechristened the Metropolitan, was completed as a rental building in 1989 with 229 market rate units and 41 affordable units. The park promised Skyline buyers in 1982, now named Grand Hope Park, was completed in 1990 along with the Fashion Institute of Design and Merchandising (FIDM) on the same parcel. FIDM was a trade school organized to support the downtown fashion industry. The third residential building, the Renaissance Tower, was completed in
1994 with 173 market rate units and 31 affordable units (DeWolfe 1987; Whiteson 1988; CRALA 2007).

Over time people needed to relocate from the Skyline for various reasons. A downtown realtor interviewed for this study, Robert Nesbitt, had purchased a condominium in the Skyline in 1984 and was ideally situated to sell or lease condominiums in his building as well as the other three condominium buildings on Bunker Hill. While there were plenty of commercial and industrial realtors operating downtown he was one of the few agents servicing the residential market. After the last new units were sold prices on resale units began to fall. By the mid 1990s one bedroom units were selling for less than $60,000 and two bedroom condos were selling for less than $100 per square foot with selling prices of $100,000 to $110,000. Values had dropped by two-thirds in ten years. Owners found that they were underwater on their mortgages but still able to pay their monthly payments. Some professionals who owned property in the Skyline, when forced to relocate, opted to lease their condominiums rather than take the loss on a sale and hoped for the day when property values would rebound. Condominiums on Bunker Hill were not immune to falling home values and suffered the same fate (Personal Communication 7/1/2010).

4.4.3.2. Premiere Towers Condominiums

As the Van Nuys Building on Spring Street was being converted to apartments for senior citizens the CRA was planning another residential project one-half block to the north. The next adaptive reuse conversion, Premiere Towers, was to be turned into
condominiums and was built from two adjacent and interconnected office buildings, the California Canadian Bank Building, built in 1923, and the E.F. Hutton Building, constructed in 1931. Like the Van Nuys Building both of these buildings were affected by the 1979 designation of Spring Street as a National Historic District and subject to restrictions on alterations to the exterior of the structures (Dreyfuss 1982). The California Canadian Bank Building was previously occupied by United California Bank which had first relocated to new headquarters at Spring and Sixth Streets, and then moved again to a new high rise at Wilshire and Hope Street in 1973. E.F. Hutton had moved westward to the "Gold Coast" about the same time. Both buildings had since been vacant. It would be fair to say that the CRA was fully committed to this project. First the CRA assisted the developer, Western Towers Incorporated, by guaranteeing a $1.9 million mortgage to purchase the property (Hebert 1981a). Then the CRA guaranteed a $12 million construction loan to the developer (Teverbaugh 1986). Premiere Towers, would have 121 parking spaces on the ground floor along with four retail spaces fronting the Spring Street sidewalk. Floors two through twelve would each have eleven condominiums with up to 1,500 square feet of floor space. There would be a 24-hour doorman on duty with valet parking and a shuttle service to various downtown locations. When the development was announced in July of 1981 prices in the completed units were expected to be $75,000 for a one bedroom unit, $100,000 for a two bedroom condominium and $130,000 for a three bedroom penthouse. The CRA provided discount financing for mortgages and also set aside eighteen units as affordable housing for low income
homebuyers. Construction was expected to begin in September and completion and occupancy was anticipated for late 1982 (Hebert 1981a).

Spring Street was not immune to property speculation. Building prices had increased four and five-fold since the mid-1970s. The twin tower Arcade Building profiled earlier on the "Recycling for Housing" walk on Spring Street in November 1977 was on the market for less than $300,000 in 1977. A buyer paid $2.5 million for the buildings in 1980. Two years later the buildings sold again for $4.5 million. This constituted a fifteen fold appreciation with no physical improvements to the structures in only five years. The Arcade Building measured out at 195,000 square feet including the retail arcade. The price per square foot at the 1982 sale price was only $23.00 per square foot, a fraction of the cost of new construction (Dreyfuss 1982). These two towers were comparable in square footage to the California Canadian Bank Building and the E.F. Hutton Building and would eventually be converted into apartments in 2010 (Guzman, Regardie et al. 2010). Because of this transaction and several others with dramatic increases in value, the CRA appraisal of the two towers at $3,000,000 was not questioned by anyone (Hebert 1981a).

The optimism underlying the property transactions on Spring Street stemmed from a number of sources. First, CRA was now seen as a can-do agency. By the early 1980s Bunker Hill was a very impressive landscape. In addition to the high rises on Figueroa and Flower Streets, Crocker Center was under construction (later renamed Wells Fargo Center) and California Plaza was on the drawing board. The proof of the agency's virility was evident for all to see. With the CRA now charged with
revitalizing the Central Business District naysayers could become believers just by glancing at the progress on Bunker Hill. Second, the State of California announced that the Department of General Services (DGS) would construct an office building on Spring Street. The new building would be the largest in the state and would house 2,500 employees. The site selected was between Third and Fourth Streets on the east side of the street. The structure was expected to cost $70 to $75 million and take five years to build. The CRA lobbied the state to utilize existing office buildings on Spring Street but the DGS demurred citing the absence of a suitably sized building in the Historic District. However, the state did take advantage of discount financing offered by the CRA through the issuance of low interest revenue bonds (Hebert 1981c).

A third reason for optimism was when two architect-developer brothers named Qvale purchased the Title Insurance Building at 433 S. Spring St. in 1979, two years after the Title Insurance and Trust Company vacated the structure. The Qvale brothers reconfigured the building into showrooms and rechristened the building the Design Center of Los Angeles. The Design Center was fully leased by 1982 (Dreyfuss 1982). Fourth, an upscale restaurant named Irwin's formally opened at 528 South Spring on Saint Patrick's Day in 1981. The restaurant had a fifty foot solid oak bar with a brass foot rail. It also had sidewalk seating. This seemed to be a bold statement in light of the fact that most of the foot traffic on Spring Street at that time were derelicts, drunks and panhandlers (Dreyfuss 1982). Mayor Tom Bradley and City Councilman Gilbert Lindsay were in attendance for the ribbon cutting ceremony.
The city even held a St. Patrick' Day parade on Spring Street in 1984 after a 22 year lapse of official celebration of the holiday (Simross 1984). Fifth, the CRA was in negotiations to convert the Security Trust & Savings Building located at 514 S. Spring Street into a theater complex with four live performance theaters, three cafes, a bookstore and an art gallery. The new complex was to be named the Los Angeles Theater Center (LATC) and would have evening and weekend performances bringing nighttime activity to Spring Street. The LATC would present serious competition to the Center Theater Group operating on Bunker Hill (Dreyfuss 1982).

Lastly, the Van Nuys apartments and the Premiere Towers projects encouraged other property owners to consider residential conversions of their office buildings (Kinchen 1985). To sum up the mood about Spring Street in downtown, an article by John Dreyfuss in 1982 in the Los Angeles Times highlighting the positive changes underfoot was titled "Spring Street: On the Road to Respectability".

Premiere Towers, shown in Figure 4-4, did not open in 1982, nor in 1983. The conversion was finally completed in February 1984. Remarkably, the unit prices did not change much from the initial projection. One bedroom units sold for $76,000 instead of $75,000. Homeowner's Association fees were set at $165.95 per month and included the salary of the 24-hour doorman (Newsstaff 1984). When the condominium project was announced in 1981 interested parties placed $2,000.00 deposits with the developer on all of the units within 60 days. As the completion date was delayed more and more buyers withdrew their deposits. When actual sales
commenced the affordable housing units subsidized by the CRA were sold out within a few months. The lowest priced units by summertime were priced at $95,000. After the hoped for sales failed to materialize the developer and the CRA were left in a precarious situation. The construction loan that the CRA had guaranteed was now due. In December 1984, nine months after the condominiums first went on sale the CRA Board voted to sell a 36 unit block to an investment group headed by Beverly Hill accountant Murray Neidorf in order to repay $9 million of the construction loan balance. These 36 units were put on the market as rentals (Woo 1991). The CRA was now in charge of marketing. The down payment requirement was reduced to five percent and the mortgage interest rate was lowered. Sales still languished (LAT_Ad 1985). A reception was held at Premiere Towers for Mayor Bradley in June 1985 to promote the housing units and a new special financing package that made the units available to buyers with

Figure 4-4: Premiere Towers condominiums. Photo by author, 2012.
income as low as $25,000 per year. The Mayor spent the night in one of the
condominiums to show his support for the Spring Street Revival (Newsstaff 1985a).
By the end of the year only 32 units had been sold and the CRA was under pressure
from the lender to pay the balance of the construction loan. There was also a time
limitation on the bonds used to reduce financing for buyers. The CRA Board voted to
sell the remaining 52 units to the same investment group to market as rentals. None of
the original 32 condominium purchasers were pleased with this decision (Woo 1991).

Meanwhile, the centerpiece of the CRA's Spring Street Revival, the Los Angeles
Theater Center (LATC), was nearing completion. The CRA loaned the Los Angeles
Actors' Theater $1.8 million to purchase the building near the corner of Fifth and
Spring Streets in 1982 (Dreyfuss 1982). The renovation of the former bank building
into the theater complex was time consuming and expensive. A total of $16 million in
loans, grants, funds from private investors and local businesses and individuals was
collected and spent on the project, including the original building purchase. The
theaters opened on September 19, 1985 (Newsstaff 1985b). The CRA was the
primary supporter and financier of the project. The CRA had envisioned the LATC to
be the "artistic seed" that would spawn supporting businesses on Spring Street such as
restaurants, nightclubs and art galleries. The CRA had committed up to $200 million
to the Spring Street Revival Plan and the success of the LATC was paramount. By the
day of the first performances at the LATC the CRA had committed $10 million to the
project in the form of loans, loan guarantees or grants including a $1.3 million
subsidy for the first year's operating budget (Drake 1986). A few weeks before the
grand opening the CRA committed $575,000 to recondition the sidewalks and install granite bands along the curbs and pavers around the tree wells on Spring and Sixth streets (Newsstaff 1985c).

In March 1986, six months after opening, the LATC had exhausted their cash reserves and needed a $255,000 emergency loan from the CRA to make payroll. The theaters had presented a broad if not somewhat eclectic mix of productions yielding 5,000 attendees per month in the four theaters and was considered a successful startup in the artistic world. The CRA Board approved the emergency loan (Connell 1986). Two weeks later the Board approved a $2 million operation subsidy for the LATC for the 1986-87 operating year (Connell 1986a). Loans, bailouts and subsidies, fifteen in all, continued for five more years, each one supposed to be the last, until the LATC operators gave up. The City Council voted to buy out the private bondholders holding $5.25 million in debt for the purchase and renovation of the building and take title to the property. The CRA had committed $20.4 million into the project since 1982. The city then spent an additional $1 million on repairs and turned administrative functions over to the Cultural Affairs Department. The total tab was $27 million for a now empty building (Muir and Parachini 1991).

Finger-pointing began and accusations flew between the now defunct theater operator, the CRA, the City Council and various stakeholder groups. In the end the LATC failed for several reasons, some beyond their control and some obvious from the beginning. First, a number of CRA projects surrounding the LATC began and then failed or never materialized at all. The Van Nuys Apartments were an
unqualified success. Premiere Towers, on the other hand, failed to attract enough homebuyers. The new state office building which would bring 2,500 workers to Spring Street every weekday was five years behind schedule (Muir and Parachini 1991). The L.A. Stock Exchange Club, another CRA subsidized project, opened in the former Pacific Stock Exchange Building one block south of the theater center. Widely hyped and much anticipated, it opened on August 6, 1987 to patrons from across the basin. This was a period when nightclubs in Los Angeles were like fads. They would open for a few months and then disappear (Finke 1987). The L.A. Stock Exchange Club had a short shelf life and closed two years later. Irwin's Restaurant, next door to the LATC, closed about the same time (Woo 1991).

Second, the non-profit theater company had too much debt beginning with the purchase of the building. Projections of theater ticket sales and concession profits were far greater than ever realized. After the novelty of newness wore off the task of attracting season ticketholders was a struggle. Consequently, fund raising suffered and never achieved levels sustained by other major theaters in the city. As noted earlier the theater company encountered cash flow problems during the first year of operations (Muir and Parachini 1991).

Third, Spring Street was a dangerous corridor when the theater was first proposed and became more so over time. After the office workers vacated the parking lots and went home the pedestrians on the sidewalks became targets of drug dealers and thieves. As Rick Cohen, an attorney representing the LATC, noted in 1991 "One of the things planned and proposed, for instance, was outdoor dining in front of the
theater center. I chuckle at that now. You can see how ludicrous that is six or seven years later" (quoted in Muir and Parachini 1991). The closure of Irwin's reinforces Cohen's assessment of safety on Spring Street. The Alexandria Hotel, directly across the street from the LATC, had become the hotbed of drug trafficking in the city. One of the finest hotels in the city eighty years earlier, by 1988 the Alexandria had deteriorated into a hub of crime including prostitution and drug dealing. There were gun battles in the hotel between drug dealers and the police. At a news conference in front of the LATC in early April 1988 Mayor Tom Bradley and City Attorney James Hahn targeted the Alexandria as the symbol of the drug epidemic sweeping the city. The Mayor called the hotel a "magnet for parasites of this society". In the fifteen months beginning in January 1987 police had made 600 arrests, mostly for selling crack cocaine. The police had also discovered a crack laboratory on the twelfth floor of the hotel. One patrol officer with ten years of duty on Spring Street called the sidewalks in front of the Alexandria (and the LATC) the worst crime spot in the Central City. The City Attorney's office filed a narcotics abatement lawsuit against the owners of the Alexandria requiring them to clean up the criminal activity in their hotel or face closure (Soble 1988). Increased police patrols in the next year reduced drug activity on Spring Street in front of the Alexandria but merely pushed it elsewhere to Broadway, Main and other nearby streets (Soble 1989).

4.4.4. Prisoners of Spring Street

As the drama was playing out at the LATC the condo owners at Premiere Towers were experiencing a similar tale. The investment group that bought the 88 units from
the CRA had difficulty renting the apartments at a suitable rate to capture a return on their investment. They had wisely put a clause guaranteeing a minimum rental income into the purchase agreement. The CRA was forced to make up the revenue difference and made a $1.8 million dollar payment to Neidorf to cover the operating deficit. This payment, along with the increased HOA fees Neidorf (from $165.95 per month to $325.00) imposed on the other condominiums infuriated the original owners. Since the complex was now 80% rental, lenders would not loan money for mortgages, leaving the owners unable to sell. With the promised amenities fading before their eyes and the Mayor declaring their neighborhood the worst drug dealing nightmare in the city the Premiere Towers homeowners had become disillusioned and bitter.

Reeling from the bad publicity the CRA offered to buy back the condominiums from the owners at the original price or current market price, whichever was higher. Like the Skyline Condominiums profiled earlier, prices had gone down, not up. The original owners, recognizing the futility of staying, tendered their properties to the CRA. The CRA, in turn, was negotiating a sale of the 32 units to Neidorf with the eventual goal of selling all of the 120 units to a non-profit organization for affordable housing. Before that could happen Neidorf went bankrupt. The CRA, holding mortgage notes on the property, reclaimed possession and became the landlord of Premiere Towers (Boyarsky 1990; Woo 1991; Gordon 1997a).

The doorman at the Premiere Towers, Ray Post, was a casualty of the subsequent budget cutting by the CRA. Post, a longtime downtown resident and a reformed drug addict, had been the doorman at Premiere Towers for seven years. Besides being very
knowledgeable about downtown he was very popular with everyone on Spring Street. The Los Angeles City Council had passed a resolution declaring Post the 'Mayor of Spring Street' and awarded him a jacket with his title on the back. The loss of his job devastated Post. He was given only a five-minute notice of his dismissal before the end of his shift and received no severance pay. Many, many people missed Post with his big smile, friendly wave and endless optimism for Spring Street. For these people, his dismissal marked the end of an era, the end of the Spring Street Revival (Martinez 1993). The CRA rented the units in Premiere Towers for seven more years, losing $40,000 per month, before finally selling the building for $4 million in 2000. The building had appraised for only $2 million. By that time the CRA had invested $19 million in the project. By agreeing to take a $15 million loss on the project the CRA was able to close a very disappointing chapter in the redevelopment of the CBD (Maese 2000).

4.5. Theme 3: The Adaptive Reuse Ordinance

The third theme, the passage of the Adaptive Reuse Ordinance, has three subthemes. The first chronicles the shackling of the Community Redevelopment Agency by the City Council in 1991 thus severely restricting entrepreneurial activities by the CRA Board. The second examines the CRA involvement in the Grand Central Square project after the City Council had clipped its wings. The third theme traces the passage of the Adaptive Reuse Ordinance in 1999.

4.5.1. Shackling the CRA
A confluence of disparate yet related events caused the CRA to lose the autonomy the agency had enjoyed for over thirty years. Unbridled expansion in the city for decades had fostered a backlash against development. The coalition fractured when two city councilmen from the west side, Marvin Braude and Zev Yaroslavsky, co-authored a growth control ordinance for the city. Passed by referendum in 1986, Proposition U reduced the allowable building density by one-half for most new commercial and industrial projects in the city. This movement was in direct contrast with the goals and activities of the CRA. Yaroslavsky was also a critic of the CRA housing policies and had openly pushed for more affordable housing production in CRA project areas (Keil 1998). After a brief respite in the early 1980s housing prices began to rise again - especially rental rates. The population of the city was growing rapidly, increasing by more than 500,000 from 1980 to 1990. As had been the case in the 1970s housing production was inadequate in proportion to the population increase. Even with rent controls there was an affordability crisis (again) by the late 1980s (Stewart 1988). Newly elected councilwoman Gloria Romero joined Bernardi and Yaroslavsky in opposition to CRA policies and redevelopment activities in 1987 (Keil 1998). Any event, even minor ones that had little import in the larger scheme of things, became incendiary. A $250,000 loan to the Stock Exchange nightclub in June of 1987 was just such an event.

The $250,000 was part of a larger loan being negotiated with the CRA for repairs to the fire sprinkler system and some office renovations. The initial amount was due on October 13 along with $6,250 in interest. The owners were unable to repay the
principal and interest by that date. Eight days later, on Friday, October 21, City Councilman Yaroslavsky publicly chastised the agency for making a "sweetheart deal" with the nightclub. The councilman called the debt a "bad loan" that should not have been made on public policy grounds (Stewart 1988a). This was pocket change considering the losses being incurred by the CRA on the LATC and the Premiere Towers. Unfortunately for the CRA, Yaroslavsky was right - it was a bad loan. After suing the club a year later the agency was still unable to collect the debt (Newsstaff 1989).

Another scandal emerged in 1990. The CRA Board consists of seven members appointed by the mayor and subject to approval by the City Council. The director of the CRA is appointed by the board. When longtime director Edward Helfeld's contract was not renewed by the board in 1988 a new director was hired. The new director, John Tuite, did not acculturate well with the agency and was dismissed on December 28, 1990. The stunner was his severance package. The board bought out the remainder of his contract at full pay, awarded an additional $50,000 bonus and upgraded his retirement package. The total cost to the agency was $1.5 million for a position that paid $147,000 per year. The City Council was furious! The timing was terrible. The Los Angeles Times and Sacramento Bee had just run a series of articles highlighting abuses at redevelopment agencies in different cities around the state. Yaroslavsky immediately introduced an ordinance dissolving the CRA Board and absorbing its functions into the City Council. The measure failed by one vote. But the City Council did pass an ordinance on February 2, 1991 giving the council oversight
on many CRA Board decisions including the classification and pay of the CRA director and high level staff positions. The City Attorney now served as the CRA attorney and the City Controller assumed control of the agency's finances. The City Council had to approve all the operational instruments including disposition and development agreements, owner participation agreements, loans and grants exceeding $250,000 and contracts for services in excess of $25,000. The council also reserved a "ten day rule" allowing the council to review any and all decisions made by the agency. This ordinance politicized the CRA into fifteen districts with each council member weighing the benefits of transactions within their districts versus other districts. But greater oversight was the price of peace and the compromise was the best the coalition could muster at the time (Marks 2004).

The most powerful player in downtown redevelopment was now nearly impotent. The oversight process politicized every important action the agency considered or tried to implement. In addition to operational shackles the agency suffered financially as tax increments shrunk during the recession. Redevelopment of Bunker Hill was nearly complete with millions of square feet of new offices in place. Unfortunately, the need for office space had declined as major corporations merged and moved headquarters operations out of Los Angeles (Marks 2004). Some new developments suffered from falling rents and high vacancies and ended up in bankruptcy court, the highest profile case being Two California Plaza. Two California Plaza was the last skyscraper to be completed in the late 1980s high-rise boom. The 52-story building was finished in 1992 and had more than 1.3 million square feet of office space.
Unfortunately, it was competing for tenants with six other high rise office buildings completed in the previous five years with nearly 7 million square feet of office space (DiMassa 2005). Unable to lease the office space the developer filed bankruptcy and the lender, Citicorp, took possession of the property. Citicorp sold the building for $100 million to Equity Office Holdings, a Chicago based real estate investment fund run by Sam Zell. Equity Office Holdings promptly appealed the property tax assessment for a 70% reduction in valuation and taxes (Sanchez 1996).

Another financial wall appeared on the horizon as the CRA approached the $750 million cap on the CBD Redevelopment Project tax increments. During the early 1990s recession stressed budgets, the legislature required redevelopment agencies and city governments to contribute money to the Educational Augmentation Fund for two fiscal years. The city tapped the CRA coffers for its share. The contributions from the city and the CRA for both years totaled $111.7 million. This expenditure advanced the projected spending cap limit date to late 2000 (Marks 2004). The CRA Board and the Mayor proposed increasing the cap to $5 billion - a $4.25 billion increase over the original plan. Widespread resistance from community groups, labor unions, neighborhood associations, and social justice advocates scuttled the proposal (Keil 1998).

The 1992 Rebellion changed Los Angeles in many ways. Changes in the Los Angeles Police Department have been well publicized and the department has evolved over the last twenty years into one of the finest municipal police forces in the country. Changes less well known occurred in the structure of the city government.
The urban unrest was essentially the end of the Bradley era of city government. Tom Bradley came into office with the goal of transforming Los Angeles into a World Class City. Bradley used the CRA as the financier and facilitator for his dreams. When the unrest blossomed into a inferno during the first night of the rebellion probably no one was more surprised than the Mayor. While downtown mostly escaped physically unscathed from the violence and looting, the public perception of downtown was damaged greatly (Fulton 1997; Gottlieb, Vallianatos et al. 2006). Instead of downtown being the place to be - it was now the place not to be. In 1993 hotel occupancy dropped to 47%. Class A office vacancies had reached 26%. The classic movie palaces on Broadway, while struggling before the unrest, afterwards had mostly closed or converted into churches or swap meets. The dozens of art galleries in the Arts District and located on Broadway were now gone and many of the artists' lofts were vacant (Schoenberger 1993). In the early 1980s there were over 100 industrial buildings being used as live-work space by an estimated 1,000 artists (LaGanga 1981). The artists were victims of their own success as recognition and visibility drove rents above what they could afford. But downtown had also changed. Crime had become more violent and the streets were unsafe after dark (Wilson 1985).

With the retirement of Tom Bradley and the election of Richard Riordan as the new mayor, the CRA was left in a vacuum. Riordan had no use for Tom Bradley's CRA with massive real estate projects in downtown. As far as he could see downtown was built out and the efforts of city government should be directed at job creation and economic development that supported employment. The new mayor wanted to merge
the CRA with the Housing Department and parts of two other agencies to form a new Citywide Development Agency (Fulton 1994). The City Council was considering changes but not by eliminating the CRA. Nearly two decades of post Proposition 13 budgets had endeared the council to the financial opportunities of redevelopment. The CRA, nearing the end of its CBD Redevelopment Project funding, was focusing on the creation of affordable housing. With nearly $1 billion in property damage and over 1,100 buildings destroyed during the civil unrest the CRA was studying twelve areas of the city for recovery and revitalization. The 1994 Northridge Earthquake created similar needs for CRA planners to help the city in unconventional ways. Riordan could never muster the votes to dismember the CRA and the council waited until a new mayor was in office before reconfiguring the CBD Redevelopment Project to bypass the $750 million spending cap. The CRA meanwhile continued working on its project areas (Keil 1998).

A review of the housing production efforts of the CRA beginning with Bunker Hill and ending with the Spring Street Revival reveals that more housing was demolished than was created. The housing demolished was of poor quality and in most cases not suitable for reuse. The need for affordable housing in downtown had been apparent for decades and the CRA built thousands of units of affordable housing over the years. However, CRA attempts to encourage and produce market rate housing has a spotty record. Since Bunker Hill was a total clearance urban renewal project all of the housing created was new. In the beginning, apartments were a hard sell due to isolation but as more buildings were completed renters were easier to
attract. Condominiums on the hill were a different story. The Skyline Condominiums in South Park were another marketing failure and even as the two companion buildings (The Met and Renaissance Tower) were finished in the 1990s the complex was an island in a sea of empty parking lots. The gentrification of Spring Street was an unmitigated disaster. The victims of gentrification on Spring Street were the gentrifiers. The existing residents in the neighborhood prevailed. The speculators lining up to buy buildings in the late 1970s and early 1980s lost money. By the early 1990s property values in the Historic Core had fallen to lows last seen in the 1960s. Despair was widespread and optimism in short supply. Many believed that there was no hope for downtown (Davis 1991; Schoenberger 1993).

One thing the CRA was good at was building affordable housing. From 1968 to 1999, the CRA was involved in creating 6,211 units of affordable housing in downtown. There were 3,015 units of rehabilitated housing created and 3,196 units of new housing built. In contrast, there were 3,044 market rate housing units built in the same period of which 979 were condominiums and 2,065 were apartments. If the units on Bunker Hill (2,041) are subtracted there were only 1,003 market rate housing units built in the rest of the Central City (CRALA 2007). These are hardly the statistics of successful gentrification where the production of affordable housing outnumbers market rate units by a two-to-one ratio. It would be opportune to claim that Spring Street 'degentrified' to explain the current situation but that would not be correct. Spring Street would have had to gentrify first (Smith 1996).

4.5.2. Grand Central Square
After the drubbing the CRA had taken from the City Council over mismanagement and bad loans the agency embarked on one more housing project in Downtown. Since the City Council had to approve all development agreements, loans and grants, the CRA had a defense in case anything went wrong.

The CRA was still interested in building affordable housing and found a willing partner in Ira Yellin. Yellin and a group of investors had purchased Grand Central Market in 1985 for $6 million. One adjacent property, the Million Dollar Theater, and an office building across the street from the theater were purchased four years later for $5.6 million. Yellin had a dream of creating a Grand Central Square at the intersection of Third Street and Broadway with these buildings as the anchor. The market had a location advantage on Hill Street that benefited Yellin and his partners. The newly-constructed Red Line Subway traveled south under Hill Street from the Civic Center Station to the Fifth Street Metro Station right under the market. The Los Angeles County Metropolitan Transportation Authority (MTA), the operator of the Red Line, was interested in promoting housing projects near transit stations and was willing to help finance construction. The CRA, nearing the end of its spending cap, was eager to bring the MTA into the project to share the financing burden. In 1993, the CRA issued $44 million in bonds for the project. The project included 121 one and two bedroom apartments to be built in office space above the Million Dollar Theater and in the Homer Laughlin Building above the market on the Broadway side. Sixty units were to be market rate and 61 were to be affordable housing. A parking structure for 500 cars was built at the corner of Third and Hill Streets for patrons of
the market and the tenants living in the apartments. There was also 20,000 square feet of offices that were renovated in the Lyon Building above the market on the Hill Street side. This project had something for everyone: Transit-oriented development along the new subway line for the MTA, affordable housing for the CRA and the fulfillment of the Grand Central Square dream for Ira Yellin (Curtiss 1994).

A vice president of the Yellin Company, Anne Peaks, observed that this project had some functional elements missing in earlier downtown residential projects. Unlike Bunker Hill and Skyline, which suffered from isolation and lack of shopping, Grand Central Square was located in a bustling shopping environment. Unlike Premier Towers, bedeviled by drug dealers and street crime, Grand Central Square was far enough removed to escape the taint of these scourges. While not the perfect environment Grand Central Square already had some amenities in place. There was a lot of optimism about the success of this project (Personal Communication 7/7/2010).

The project was finished in 1995 while the downtown economy was still mired in recession. It took two years to rent the apartments. While the affordable units leased immediately the market rate units needed rent reductions to secure enough tenants. There was a tremendous glut of office space with vacancy rates topping 26 percent in Downtown following the bankruptcy and foreclosure of the newest skyscraper, Two California Plaza, on Bunker Hill immediately above the Grand Central Market. After sitting empty for months the City Attorney's office leased most of the office space at premium, above market, rates. Yellin had increased rents and common area fees for vendors in the Grand Central Market when the apartments were finished based on the
logic that a remodeled market and more customers would increase revenues. But the higher fees forced some tenants to relocate and others out of business. Nearly one-half of the market stalls and the basement were now empty. In June 1997, Ira Yellin informed the CRA and MTA that he was nearly $1 million short on his bond payment.

As guarantors of the loans the CRA and MTA had to make up the shortfall. An examination of Yellin's books revealed that this was not a one-time shortfall but a structural problem that would persist for years. Neither agency wanted to foreclose on the project. Both had too much political capital invested in its success. Besides, appraisals of Grand Central Square indicated that it was worth only $18 million, which was less than one-third of what had been invested in it, and was far short of the bond principal. The CRA was the most heavily exposed but neither agency could swallow a loss of such magnitude without severe political repercussions. The agencies agreed to make up annual shortfalls on the bond payments for up to seventeen years. Under the negotiated schedule the CRA would pay out up to $14 million before repayments to the agency began in 2015. The Yellin Company would continue to manage the properties and collect management fees (Gordon 1997) (Hernandez 1998). Even with strict oversight the CRA managed to fund one more Downtown housing fiasco before reaching their spending cap.

4.5.3. The Adaptive Reuse Ordinance

After the repeated debacles chronicled earlier to build residential communities in different parts of downtown including the Grand Central Market, the Central City Association, at the behest of developers and the downtown business community,
approached Mayor Richard Riordan and the councilmember of the Ninth District, Rita Walters, for assistance and support in developing a plan to clean up downtown. By this time the Bunker Hill Redevelopment project was nearly complete and the "Gold Coast" of high rise buildings stretching down Figueroa and Flower streets made an impressive skyline on the west side of downtown. New downtown projects like the Central Library remodel, Metro Rail, the Cathedral of Our Lady of the Angels, Staples Center, and the Disney Concert Hall were in the works or already finished. But the area east of Hill Street still remained blighted. Mayor Riordan, a downtown property owner, recused himself from official support to avoid the appearance of conflict of interests, but remained a behind the scenes advocate. Rita Walters, whose district included most of downtown, took the reins and pushed the council to create an Adaptive Reuse Live/Work Task Force on April 11, 1997, to study the possibilities for rehabilitating the empty buildings plaguing the landscape. The task force included officials from the city planning, building and safety, and fire departments, the Community Redevelopment Agency, local developers and the Central City Association. Carol Schatz, the new President and Chief Executive Officer of the Central City Association (CCA) and Chris Martin, a principal at AC Martin Partners, were all on the task force. Schatz, having traveled to New York City to study the adaptive reuse of historic buildings, was thoroughly committed to the concept and found an ally in the Department of Building and Safety named Andrew Adelman. Between the efforts of Schatz and Adelman a plan emerged after a year of negotiation
to present to the City Council. The Adaptive Reuse Ordinance, as the plan was called, was passed by City Council on April 14, 1999 (Regardie 2010).

The planning and negotiations for the Adaptive Reuse Ordinance were not held in secret. The existence and progress of the Adaptive Reuse Live/Work Task Force was well known and reported on by local papers. The remarkable thing about the whole process and eventual passing of the Adaptive Reuse Ordinance was that there was virtually no opposition to the proposal or goals. The ordinance was unanimously approved by the council which seemed surprising due to the controversy surrounding the City Charter revision which was up for a public vote on June 8. The battle over the charter revision had pitted the mayor against the council for the past two years and had poisoned the well on more than one issue. Looming in the background was the secession movement gaining strength in the San Fernando Valley portion of the city (Sonenshein 2004). Neither appeared to affect the vote on the Adaptive Reuse Ordinance.

On the surface the passage of the Adaptive Reuse Ordinance appeared to have broad political support. However, the weak mayor/strong city council provisions in the city charter made this outcome somewhat predictable. The 1925 City Charter, still in force in 1999 (although soon to be replaced), was crafted by Progressives in 1924. In an attempt to prevent partisan political machines from taking control of the city government as was the case in many eastern American cities, the Charter deliberately fragmented political power in the city. Control over proprietary city departments was relegated to commissions and general managers (Fulton 1997). Prior to the charter
revision creating a Chief Administrative Office in 1951 city department heads often negotiated programs and budgets directly with the City Council completely bypassing the Mayor. Revisions to the Charter from 1925 to 1960 increased the power of department heads and appointed officials at the expense of elected officials including extending Civil Service status to most department heads. Revisions since 1960 reversed this tide and shifted some control back to elected officials, especially the City Council. For example, Proposition 5, enacted in 1991, gave the City Council the authority to overturn or revise decisions by city commissions. In 1995 department heads lost the Civil Service protection in place since 1937. Even though the Mayor's power has increased over the years the Mayor still shares executive authority with the Chief Administrative Office, city commissions and department heads (McCarthy, Erie et al. 1998; Sonenshein 2006).

City council members are elected by district. Each council member represents about 250,000 people in a district averaging about 30 square miles. Elections for the Mayor, City Attorney, Controller, and council are held in odd numbered years. Since Los Angeles City offices and issues are the only items on the ballot, voter turnout has historically been low. This low voter participation allows motivated special interests to have an outsized impact on election results than if the election were held in an even numbered year when state and federal offices were in contention. City council members are beholden to their constituencies and campaign contributors and the Los Angeles City Council has a diverse membership due to these obligations. An unwritten tradition of the city council is district sovereignty. Since the council
member has to answer to his or her constituents local issues affecting only one district
are left to the discretion of the sitting council person. Essentially everyone minds their
own business. One of the most common issues appearing on the council docket deal
with land uses. If the voters in a council district are pro-growth it behooves the
council member to support development. If the voters are in favor of slow or no
growth the council member risks the wrath of the public by not blocking development.
The latent power in each fiefdom should not be discounted when it comes to council
actions affecting a district (Purcell 2000). While Los Angeles can be safely
considered a Progressive Middle Class Regime the reality is that city has multiple
regimes when the scale is changed to the council district level. The central and west
districts of the San Fernando Valley are Middle Class Progressives. The east side
of the San Fernando Valley, Boyle Heights and South Los Angeles districts are
clearly Lower Class Opportunity Regimes. The West side is mostly Middle Class
Progressive with some areas tending towards Maintenance. Downtown, as evidenced
by the passage of the Adaptive Reuse Ordinance, is a Development Regime. In 1999,
Downtown was split between two districts: Rita Walters serving the 9th district and
Nick Pacheco serving the 14th. The Adaptive Reuse Ordinance only pertained to
Downtown land uses. Walters and Pacheco both supported the ordinance. The rest of
the council concurred.

The Adaptive Reuse Ordinance was viewed by many as another attempt to revive
a part of downtown that had been DOA for the past thirty years. Long time downtown
workers had seen multiple plans to revive the moribund neighborhoods on Main and
Spring streets only to see further decay and despair emerge from the efforts. The Adaptive Reuse Ordinance appeared to be one more program in a long list of futile efforts to change the inevitable. Skepticism was rife. But what really happened was a shift in the goals of the coalition. Carol Schatz, President and CEO of the CCA, noted that the development failures in downtown stemmed from the exclusion of private capital from the development process. The all-powerful CRA hatched the schemes but neglected to engage private development on a scale that would build successful communities (Personal Communication 7/6/2010). Tom Gilmore, one of the developers on the Task Force, pointed out that the CRA projects that foundered were isolated buildings with little or no commercial support in the neighborhood (Personal Communication 12/10/2010). What the CCA was asking for was the opportunity to let multiple developers attempt to build communities where the CRA had failed.

This two and a half-year process did have an effect on building prices. Just as sharks smell blood in the water, some speculators purchased buildings that were suitable for adaptive reuse. These speculators were not interested in actually converting the buildings to apartments or condominiums but merely to take advantage of the interim and sell the properties to developers when conversions did finally occur. For the most part these speculators were bottom fishers looking for low cost, low investment buildings with development potential. Real developers, on the other hand, were extremely reluctant to put real money at risk (Rafter 1997; Gordon 1997a; DiMassa 2009).
5. The Downtown Residential Renaissance (Part II)

This chapter examines the revitalization of Downtown Los Angeles after the passage of the Adaptive Reuse Ordinance (ARO) by the City Council in 1999. There are four themes of significance in this chapter. The first theme chronicles the efforts of pioneers who developed the first ARO projects in Downtown thus setting the stage for other developers to enter the market. The second theme examines the issues of public safety on the streets of Downtown and how it affected the blossoming residential community. The third theme reviews the boom of new construction and ARO renovations after the success of the pioneering projects. The fourth theme surveys the bust as Downtown became glutted with unsold condominiums and empty apartments.

5.1. Theme #1: The Pioneers

Following decades of failed starts on residential projects the ARO offered a new chance to revitalize Downtown neighborhoods. Prior to the passage of the ARO Downtown had a relatively small amount of market rate housing units surrounded by hundreds of office buildings employing nearly 200,000 workers every weekday. There were some hearty entrepreneurs willing to build new projects to capture some of the perceived demand currently unmet. This theme examines the efforts of the pioneers and the methods they employed to achieve success. There are five sub topics in the theme: The first sub topic examines the development of the Old Bank District, the first ARO project encompassing three separate buildings, at the intersection of Fourth Street and Main. The second sub theme explores the institutional support for
Downtown development that emerged from the success of the Old Bank District. The third sub theme looks at the approach used by the developer of the second ARO project on Spring Street. The fourth sub theme chronicles the efforts of the third developer, Kor Group, to complete the fifth ARO building conversion. The fifth sub theme reviews the impact of the first ARO condominium project in Downtown.

5.1.1. The Old Bank District

If there was one person who could be given credit for the success of the Adaptive Reuse Ordinance in revitalizing Downtown that person would be Tom Gilmore. Gilmore first came to Los Angeles in 1992 at the behest of Jerri Perrone, a long-time associate, to work on a restaurant project for one of her clients (Regardie 2009). Gilmore was later retained by Sentinel Real Estate, a New York real estate investment corporation, to manage one of their underperforming properties, the International Jewelry Center, located at 550 South Hill Street (Fulmer 1998). Gilmore joined the Central City Association and became active with the Los Angeles Homeless Services Authority. Having witnessed the regeneration of SoHo in New York during the 1970s and 1980s, Gilmore saw similar potential in the empty buildings in Downtown Los Angeles. He joined the Adaptive Reuse Live/Work Task Force to participate in crafting an ordinance facilitating the conversion of abandoned office buildings into residential units. As the task force neared completion of their work and City Council action on an Adaptive Reuse Ordinance looked increasingly likely, Gilmore called Perrone to join him in Los Angeles for a business meeting (Personal Communication 12/10/2010).
What Gilmore proposed was an adaptive reuse residential development at the corner of Fourth and Main streets. Tom Gilmore had the vision and the architectural background but lacked the financial knowledge and skills to make the project happen. He offered Perrone one-half ownership of a partnership to join him in the project. Perrone was intrigued by the future development potential of downtown and agreed to Tom's offer. Thus, Gilmore Associates was born. Gilmore purchased the San Fernando Building, Hellman Building and the Farmer's and Merchants' Bank Annex, all located at the intersection of Fourth and Main streets with a minimal down payment and an indefinite escrow. Perrone began working on the financing. A deal was made to include the Continental Building adjacent to the Farmers and Merchants' Bank Annex at the corner of Fourth and Spring Streets. Gilmore Associates now controlled the entire block of Fourth Street between Spring and Main. The cost of the four properties when escrow finally closed was nearly $7.5 million which equaled about $10.00 per square foot. Gilmore christened the proposed residential community the Old Bank District due to its history as the banking center of the city (Rafter 1997; Fulmer 1998a).

The Adaptive Reuse Ordinance (ARO) became effective on June 3, 1999. Tom Gilmore pulled building permits for the San Fernando Building on June 4. Gilmore's initial estimate of the conversion for all of the buildings into 250 apartments was $22 million (Fulmer 1998a; Howard 1999). However, as the plans were drawn up, 230 units appeared to be a better number to minimize construction costs. By the time the permits were issued the construction estimates had climbed to $32 million. Gilmore
secured a loan for $27 million with a mortgage guarantee from HUD (HUD 2012). Gilmore borrowed an additional $5 million from the Los Angeles City Community Development Department. With diligent attention to the construction details the budget came in on target (Personal Communication 12/10/2010).

Gilmore's vision for the Old Bank District was more than just loft style apartments. Gilmore attributed the failure of earlier attempts to establish market rate residential units in downtown, like Premiere Towers and Skyline, to their relative isolation as stand-alone developments and lack of amenities at the doorstep. To avoid the same fate Gilmore planned to develop the entire block and include retail establishments like restaurants, bars, coffee shops, video rentals, and dry cleaners; the types of services the Old Bank District residents would need in their new neighborhood. Unfortunately, none of these service businesses were currently open for business. Gilmore placed a high priority in his development plans on recruiting entrepreneurs to provide these services (Fulmer 1998a; Jones 1999). As construction progressed on the San Fernando Building Gilmore turned his attention to finding tenants for his adaptive reuse apartments. For this task he hired a leasing agent named Hal Bastian (Personal Communication 12/10/2010).

Bastian began his real estate career in 1983 after earning a Bachelor of Arts degree from the University of California, Los Angeles in political science. Bastian began leasing office space for Julian J. Studley Inc., a national commercial real estate firm. He later diversified into restaurant and retail leasing and then into operations and property management. Looking for new opportunities, Bastian took employment
with Cushman and Wakefield to do retail leasing at the multi-use Broadway Plaza on Seventh Street in downtown Los Angeles. In March 2000 Tom Gilmore contacted Bastian about a job as the Old Bank District leasing manager. As Bastian explains "we all thought Tom was crazy but I met with him anyway and one thing led to another, and I bought his dream. So I decided to leave corporate America, my Brooks Brothers suit, to go lease loft style apartments in Skid Row" (Personal Communication 4/30/2010).

When construction began on the San Fernando Building Gilmore installed lighting on the exterior of the building. The San Fernando became an island of light in a very dark neighborhood. When leasing began Gilmore described the street scene in front of the San Fernando as "Rough stuff. It was pretty rough. It was still very much the edge of Skid Row...the reason we power washed the sidewalks every single morning was not to clean the streets and everything but to make sure that we had an environment that was reset every morning. Because every single night it was full of crack heads. It was full of people who were very much part of the Skid Row environment" (Personal Communication 12/10/2010). Bastian did not view the neighborhood much differently: "it was a very, very rough neighborhood, there were homeless encampments close by. The Midnight Mission was a block away. We were at Fourth and Main and the Midnight Mission was at Fourth and Los Angeles Street. There were literally people shooting up outside the building. It was a scary place!" (Personal Communication 4/30/2010). Clearly Bastian's work was cut out for him. All of the units were loft style with open ceilings and exposed heating and air
conditioning ducts. The only interior walls were for the bathrooms. To keep costs down the floors were left bare and sealed with epoxy. The challenge for the leasing agent was to market the units not as deficient in amenities but desirable due to the lack of them. There was intense interest in the downtown community as construction progressed and consequently plenty of opportunities to promote the Old Bank District in the press. While Gilmore promoted the concept of downtown revitalization and the "New York" urban lifestyle, Bastian focused on recruiting individual tenants (Personal Communication 4/30/2010).

When developing a marketing campaign the decision was made to accept pets. This accomplished two things. First, it made the lack of floor covering look deliberate rather than a cost saving measure. Second, it expanded the potential pool of tenants. As the word spread that the Old Bank District would accept pets, Bastian reported that other brokers would refer clients to him because their properties had a no pets policy (Grimmett 2000). The open floor plan, which saved many thousands of dollars in construction costs, was equated to the industrial loft look even though the San Fernando Building had previously been an office building. The lack of amenities was sold as an opportunity to get in on the ground floor ahead of the big developments that would drive up costs. The public relations efforts and promotions paid off. By the time of the grand opening in early August 2000, over one-half of the units in the San Fernando had been leased and lease applications were coming in for the other two buildings under renovation. The pet friendly policy actually fit well with Gilmore's vision for the Old Bank District. Gilmore reasoned that dog owners, by necessity,
would walk their pets every day with some owners going out both morning and evening. This daily ritual would bring life to the streets and provide an opportunity for tenants to meet and greet each other on the sidewalks (Personal Communication 12/10/2010).

The pet friendly policy had no restrictions on dog size or breed. To screen out aggressive or undesirable dogs Bastian devised an underwriting technique that proved to be simple and effective. Bastian owned a Golden Retriever named Buddy who accompanied him to work every day at the leasing office (Figure 5-1). When a prospective tenant with a dog completed the lease papers the final test was an interview with Buddy. Bastian would put the tenant's dog and Buddy into a room together for ten minutes. If the dogs were compatible the lease was a done deal. As Bastian explained, "The last thing anybody wanted was a problem with a dog in an elevator."

Of the 200 units leased by Bastian during his tenure as leasing director for the Old Bank District, 130 tenants had dogs. Only a few dogs (and tenants) were rejected after the final interview with Buddy (Personal Communication 4/30/2010).
Gilmore priced his rental units at approximately $1.50 per square foot. Lofts on the upper floors carried a "view" premium of several hundred dollars extra. The lowest monthly rent in the San Fernando Building was $790 while the top floor units rented for $2,500. This was an ambitious pricing policy. Outside of Bunker Hill the preponderance of Downtown housing was low income and the level of amenities reflected the purchasing power of the existing population. But Gilmore wasn't selling Skid Row apartments, he was selling the promise of a new urban community. Anointed a "remarkable urban visionary" by the Los Angeles Conservancy Gilmore convinced his new tenants that they were the pioneers of a new downtown (Newsstaff 2000a).

The initial cohort of tenants in the San Fernando Building was a diverse group. There were students from USC, working class people, police officers, empty nesters, and wealthy entrepreneurs. Most were what Gilmore described as urban middle class. Contrary to everyone's expectations, only about twenty percent actually worked downtown. And the gay pioneers amounted to about one-half of what Gilmore anticipated when the Old Bank District project was first announced. Many were concerned about crime. Gilmore stationed security officers on the street in front of the buildings and flooded the sidewalks with light (Grimmett 2000; Newsstaff 2000a). Not all tenants were financially secure. Some had spotty credit records. Bastian accepted nearly everyone. As he explained, "these people needed a place to live and we needed tenants. My decision to execute a lease sometimes came down to the question 'do you promise to pay me the rent?' A 'yes' sealed the deal. Anyone who
was willing to live near Skid Row was worth taking a chance on" (Personal Communication 4/30/2010).

Some of the tenants who signed leases had "lessees remorse". Sometimes the lack of amenities in the ground floor storefronts were more of a burden than people expected. The nearest grocery store was almost four miles away in Echo Park. Others were worn down by the incessant panhandling and depressing conditions in the neighborhood. As Bastian explained, "...we had people who came in and signed leases, and after they were solicited for the twentieth time by a homeless person, or they stepped over the third syringe in the gutter, they came to us and said 'Gee, its rougher than I expected and I'm scared'. And we'd say, you know, we'll let you out of your lease. We did this because we didn't want them to be uncomfortable. And we didn't want them to really poison the well of the people who were willing to do it" (Personal Communication 4/30/2010).

5.1.2. The Gilmore Effect

The rush to open the San Fernando Building in August 2000 did come at a price. There were problems with the elevators. The heating system was unreliable. The phones often didn't work. Trash collection was irregular. Gilmore responded to these complaints by suspending rent collection for the first two months. To deter tenants from leaving at the conclusion of their leases, Gilmore renewed leases at the same monthly rates (Ritchie 2001; Krikorian 2002). Gilmore's success, first, in leasing his lofts, and second, in maintaining tenancy with a high rate of lease renewals, and third, doing both at a price which could generate a favorable return on investment gave him
cult status within the downtown establishment. Even before the San Fernando Building project opened, Gilmore had purchased the Saint Vibiana's Cathedral complex located two blocks north of the Old Bank District for $4.6 million (Mozingo 1999).

By the time the Continental Building, the third project in the Old Bank District, opened in the Fall of 2001, Gilmore had purchased the El Dorado Hotel, adjacent to the Continental Building on Spring Street, the Rowan Building and the Security Building at the corner of Fifth and Spring streets, and the Palace Theater on Broadway. Gilmore planned to expand the Old Bank District southwards to Fifth Street (Regardie 2000; Anderton 2001; Mandell 2003b). Even by Gilmore's own admittance that he had no money, confidence in Gilmore's ability to succeed in creating a new downtown was so great that money was no object when it came to real estate. While Gilmore had few problems in getting credit to purchase buildings he did find difficulty in securing construction loans to renovate the buildings for lofts and condominiums. As Gilmore's real estate empire expanded rumors began circulating that he was overextended and faced cash flow problems. A number of the deals fell through when it appeared that the projects could not move forward (Krikorian 2003; Krikorian and Vincent 2004; McGreevy and Krikorian 2004).

Tom Gilmore did have some success in attracting much needed amenities to the Old Bank District. Acapulco Gold, a 600 square foot cafe and coffee bar, opened in March 2001 in the ground floor retail space in the San Fernando Building (Friedrich 2001; Maese 2001e). When the plans to expand Acapulco Gold into a full diner and
bar fell through Gilmore found a new operator for a neighborhood cafe. Pete McLaughlin, a former public relations and communications director, bought into Gilmore's dream and saw opportunity where others found chaos. Pete's Cafe opened for lunch and dinner seven days a week on November 11, 2002. With closing times at midnight on weekdays and 2:00 A.M. on weekends Pete's Cafe was an immediate success (Lopez 2002; Mandell 2002b). Even with the opening of Pete's Cafe downtown was still an amenity desert. The San Fernando opened in August 2000 and two years later residents were still waiting for video stores, computer shops, dry cleaners, and Laundromats to open. While nearly everyone raved about Pete's there was a dearth of restaurants open on weekends and evenings. And there was no grocery store. (Regardie 2000; Pike 2001; Ritchie 2001; Friedrich 2002).

After the passage of the Adaptive Reuse Ordinance the Los Angeles Conservancy became more focused on the historic structures on Broadway, Spring and Main streets. The conservancy had already been active since 1987 in preservation of the historic theater houses on Broadway by hosting an annual late spring movie program called Last Remaining Seats. The ARO provided the opportunity to revitalize the abandoned and decaying gems in the Historic Core. The conservancy launched a program in July 1999 called the Broadway Initiative. The Broadway Initiative trumpeted the historic resources of downtown, the banks, office buildings and movie palaces, as one of the great assets of Los Angeles. The program sought to help the Historic Core to become a "vital 24-hour urban place" by converting empty historic buildings into residential
live/work spaces and a vibrant entertainment district with restaurants, bars and
nightclubs (Conservancy 1999).

In April 2000 the Conservancy organized a survey of buildings in the Historic
Core to assess the prospects for future housing projects. Gilmore's first ARO
conversion, the San Fernando Building, was under construction but had not been
completed at the time of the survey. Local architectural and engineering firms were
called in inspect 273 non-residential buildings and assess the development prospects
for each property. The professional team decided that fifty buildings were suitable for
conversion into 5,000 housing units. Undoubtedly, this team surveyed the same
buildings studied 23 years earlier in the Recycling for Housing walk of the Historic
Core (Maese 2000c; Conservancy 2001; Fennell 2003).

While the number of buildings suitable for conversion may seem small as a
percentage of the total surveyed the total number of potential apartments was
impressive. On July 27, 2000, the Conservancy convened a meeting for downtown
developers, property owners and investors at the Farmers and Merchants Bank
building at Fourth and Main streets to reveal the results of the survey. The Farmers
and Merchants Bank was part of Gilmore's Old Bank District and was located
immediately across the street from the San Fernando Building. Over 100 people
attended the meeting. Besides the conversion potential of the surveyed buildings the
Conservancy highlighted the favorable regulatory environment and financial
incentives available for downtown residential developments. In addition to the
Adaptive Reuse Ordinance already discussed earlier, the city Building and Safety
Department had initiated a fast track permit process to expedite regulatory approval of conversions and the City Planning Department had adopted live/work zoning in the downtown area. Financial incentives included historic structure Rehabilitation Tax Credits of up to twenty percent offered by the federal government, a Conservation/Facade Easement dedication income tax deduction, property tax relief under the California Mills Act for historic preservation, and investment tax credits if the project includes low income housing. Downtown was also located in a federal Empowerment Zone which opened opportunities for federal grants and tax credits. The federal department of Housing and Urban Development and the California state government both had housing bond programs available for developers. City departments such as the Community Development Department and Housing Department also offered special programs on a case by case basis such as low interest loans or tax exempt bonds for housing construction. The Conservancy had also hired a cost management consultant to analyze the expenses developers would incur during adaptive reuse conversions. The consultant's report showed costs of developing units downtown to be comparable to the cost of developing rentals in the suburbs. However, when the tax incentives and low interest loans were factored in the costs were considerably lower downtown (Maese 2000c; Sanchez 2000c; Conservancy 2003; Conservancy 2006). Enough developers took interest that underutilized buildings suitable for housing conversions soon began spiraling upwards in price (Anderton 2001; Fennell 2003).
5.1.3. Spring Tower Lofts

While the focus on downtown was Gilmore's Old Bank District another developer, Izek Shomof, was quietly building a new Spring Street. Shomof, an immigrant from Israel, grew up in the San Fernando Valley. His family first visited California in 1973 and decided to immigrate to Los Angeles shortly afterwards. The family business was real estate development and Shomof joined the family trade after graduating from a community college in Hollywood. Shomof became interested in downtown in the early 1990s and purchased a building at 639 South Spring Street in 1991 for $1.2 million. When queried about his purchase by a journalist with the Los Angeles Downtown News, he responded "The dream of every young guy who has saved some money is to own a high-rise" (Mandell 2003c). The Spring Tower Building which Shomof purchased was next door to the Premiere Towers condominiums profiled earlier. The prospect of converting the building to condominiums was not appealing due to the debacle unfolding at Premiere Towers. There was a glut of office space on Spring and Main streets so renovating the building for business use didn't seem feasible. As Shomof surveyed the grittiness, drug dealing and crime in the neighborhood he was at a loss as to what course of action to take with his newly purchased high-rise. As he noted to the same journalist "I didn't know what to do with it" (Mandell 2003c). So he did nothing and waited for signs of change.

When the Adaptive Reuse Ordinance was passed in 1999 Shomof decided to convert the Spring Tower Building into 36 live/work lofts. Unlike Gilmore's conversion of the San Fernando Building, Shomof built larger lofts, ranging in size
from 1,800 to 2,200 square feet which allowed only three units per floor. Each unit featured an open floor plan with concrete covered beams, exposed brick and ceiling heights up to fifteen feet in some units. Shomof targeted young, affluent professionals for tenants. Shomof lacked Gilmore's confidence in attracting enough tenants to fill his building and adopted a more conservative approach in pricing with units leasing for as little as seventy-five cents per square foot. The Spring Tower Lofts lacked parking. Under the ARO parking was not a required amenity for residential conversions. This issue had concerned Shomof from the time he had first purchased the building. However, the building next door to the Spring Tower Building, Premiere Towers, did have adequate parking not only for the tenants but also had a surplus of spaces. The CRA, having repurchased all of the condominiums from the owners, decided to sell the building in 1999 and issued a request for bids. Shomof offered $4 million for the 120-unit complex. The CRA accepted the bid in July 1999 but needed approval from the City Council to complete the sale. The City Council dithered on taking action for months but finally approved the sale in March 2000. With an adequate amount of parking secured Shomof moved ahead on the Spring Tower conversion. By opening day in late January 2001, 32 of the 36 units had been leased (Grimmett 2000; Maese 2000; Grimmett 2001; Fennell 2003).

Unlike Gilmore, Shomof sought private financing for his project. Shomof took out a loan for $2 million. Having family in the construction industry gave him connections to arrange financing (Grimmett 2001). Shomof also invested $500,000
into the Premiere Towers units to update the building and do maintenance deferred during the management tenure of the CRA (Maese 2000).

Shomof had a similar vision for his block on Spring Street that Gilmore had for the Old Bank District. Success in filling his units with tenants depended on a safe street environment and convenient access to retail amenities. While he did his best to clean up the sidewalks in front of his properties he was troubled by the petty crime, solicitation and drug dealing on his block. The Hayward Manor, a 525-room low income hotel located at the corner of Sixth and Spring Streets, was viewed by many, including Shomof, as the scourge of the neighborhood. A liquor store occupied a storefront on the ground floor in the building. Shomof became convinced his neighborhood would never be clean and safe as long as the liquor store remained in business and the hotel provided cover for prostitutes and drug dealers. After complaining repeatedly to city officials Shomof decided the best solution would be to buy the hotel (Mandell 2003c).

The Hayward, when built in 1906 with 200 rooms, featured private baths and ice water piped into every room. The hotel expanded to 525 rooms and became a competitor to the Alexandria and Rosslyn luxury hotels (Newsstaff 1906; Newsstaff 1917; Newsstaff 1925). Over the years the Hayward suffered the same ills as the Alexandria Hotel chronicled earlier and spiraled downward into a low rent SRO flophouse (Munoz 1995). After a botched renovation into affordable housing units using funds guaranteed by the Los Angeles City Housing Authority, the city was forced to foreclose on the loan and take possession of the Hayward (Munoz 1995;
Meanwhile criminal activity had increased dramatically. There were three separate homicides in the building in 1993. In 1994 and the first half of 1995 over 2,000 criminal or security related incidents occurred in the hotel. When Ized Shomof inquired about purchasing the Hayward Hotel he found a willing seller. Pacific Investments LLC, Shomof’s investment company, purchased the hotel on June 5, 2002 for $5.8 million (ZIMAS 2013).

Shomof began making changes in the Hayward Hotel management immediately. He hired security guards to limit access to the hotel to tenants and authorized guests and also to patrol the hallways. He began evicting tenants for breaking the house rules such as no drug dealing, drug use and throwing objects from the windows onto the sidewalks and streets. When the lease for the liquor store expired Shomof declined to renew it. The change in the neighborhood after the removal of the liquor store was striking. Transients cradling small brown paper bags containing single serve cans of beer and wine no longer loitered on the sidewalks in front of the hotel. The presence of the security guards made it difficult for prostitutes to rent a room by the hour. The police raids and frequent visits by the fire department came to a halt (Mandell 2003a; Mandell 2003c).

Izek Shomof was also successful in securing a cafe on Spring Street. In January 2002 a European style sidewalk cafe opened in the ground floor retail space in the Spring Tower Building. LA Cafe, as the new business was called, was run by Eric Wizemann, Shomof’s brother-in-law. LA Cafe was the first of what would eventually
be five coffee houses on Spring Street between Sixth and Seventh streets and the area became widely known as 'Coffee Row' (Regardie 2002; Vaillancourt 2011).

5.1.4. The Pegasus Apartments

The fifth building to be converted under the ARO, the Pegasus, opened in June 2003 nearly three years after the San Fernando Building was completed. The Pegasus began life as the General Petroleum Building in 1949. It later became known as the Mobil Oil Building. The thirteen story structure, located on the southeast corner of Sixth and Flower Streets in the heart of the Financial District, was a large building, with nearly 500,000 square feet of floor area. The developer, Kor Group, divided the floor space into 322 rental units ranging in size from 460 to 1,800 square feet. The Pegasus, shown in Figure 5-2, had a higher level of finish - no exposed HVAC piping, no open floor plans. Each unit was subdivided into rooms. The project cost $53 million and encountered few structural difficulties due to the relative newness of the building. While only six blocks from Spring Street the
Pegasus was not bedeviled with drug addicts shooting up in the doorways or crack pipes lighting up the sky at night.

The developer was aiming for a different clientele than Tom Gilmore. If lease rates in the Old Bank District were $1.50 per square foot then the developers of the Pegasus wanted $2.50 per square foot. To justify the higher asking price the Pegasus, had to offer more - like a swimming pool and a spa. Kor followed Gilmore on pet policy, allowing both dogs and cats but had breed restrictions on the types of dogs. The building featured reserved parking spaces for tenants in the basement. The only feasible place for a pool and spa was the roof of the building. The roof had to be structurally reinforced for the extra weight of the pool and spa. A fitness room, business center and a succulent garden were also added to the rooftop amenity area. The building had concierge service and for security, a 24-hour doorman. The street fronts on the buildings surrounding the Pegasus already had retail businesses although many were not open at night or on Sundays. Was the Pegasus worth more money per month than the San Fernando? In many ways, yes. The asking rent was $1,300 per month for a 500 square foot studio and $1,570 for a 600 square foot one-bedroom apartment. Four penthouses were constructed on the top floor of the building, each with a private patio, and leased for $4,300 per month. One month after opening only 85 people had signed leases for apartments. Gilmore seemed to have an easier time attracting 'hipsters' looking for the grit of Skid Row than the Kor Group did attracting young professionals to a more refined part of town (Oliver 2003; Mandell 2003e).
After the completion of the Pegasus what now differentiated upscale residential projects from more pedestrian quarters was rooftop recreation areas with pools, spas, barbeques, fitness centers, and gardens - all with spectacular views. Projects in the planning stages or just getting underway were able to consider the feasibility of shifting upscale and incorporating rooftop amenities to their projects. A conversion with 40 or 50 units might find the cost of engineering a rooftop pool unaffordable and might have to consider a spa and workout room. A number of projects did add rooftop pools to the amenity list. Buildings in the Financial District like the Pegasus were surrounded by skyscrapers. Others buildings like the Pacific Electric Building on Main Street had nearly unobstructed rooftop views of the surrounding basin with the skyline jutting upwards on the west. The difference between the Pegasus and the Pacific Electric was that the streets surrounding the Pegasus were clean and safe to walk at night. The streets outside the doors of the Pacific Electric Lofts were crowded with crackheads, covered with feces and had the stench of urine in every doorway. Developers in the Historic Core soon discovered the rooftops offered a safe haven for recreation from the danger on the sidewalks below. One new resident of the Pacific Electric Lofts, Candice Pascal, said "I am very reluctant to walk around here at night, and in some parts, even during the day." She said she planned on having monthly gatherings for her friends on the roof. For those who wished to venture out of the Pacific Electric Lofts Building for more than a visit to Cole's on the ground floor, there was always the short drive to Pete's Cafe two block up Main Street and the valet parking service (Barrie-Anthony 2005; DiMassa 2005a).
5.1.5. The Flower Street Lofts

The other project that significantly altered the development landscape was the Flower Street Lofts. The Flower Street Lofts building was the first adaptive reuse project with for-sale units. "By-right" entitlements of the ARO applied to rental units converted from a building located in the incentive area with commercial or high density residential zoning constructed before July 1, 1974. For sale units or condominiums required additional approvals from the city and state. Hamid Behdad, the Adaptive Reuse Czar, explained the process during an interview: Condominiums required discretionary review of the project by a City Planning Department official and the ARO Advisory Agency. This review might have resulted in a public hearing before a decision was made regarding the project. Obstacles could arise during each step. Discretionary review projects also required environmental clearance under CEQA regulations. The developer also had to apply for a Subdivision Map Permit from Bureau of Engineering at the city Department of Public Works and comply with all city subdivision requirements for access and utilities. Once this step was completed and paid for the developer then applied for subdivision approval from the California Department of Real Estate. Each step at each office required the payment of fees and probably even more important - delays in construction (Personal Communication 5/29/2010).

Another consideration of "going condo" lies in financing. As documented earlier the problem with condominium projects downtown was that the history of condominium sales has been disastrous. As Tom Gilmore had already proven,
demand for market rate rentals was strong even without supporting amenities like restaurants and grocery stores. If financing for rentals in downtown was difficult to obtain, financing for condominiums was non-existent. This is what the developer of the Flower Street Lofts found out. The primary developer of the project was the Lee Group, founded by Harlan Lee in 1957. The Lee Group had concentrated on single and multi-family housing projects in urban infill locations but had never built anything downtown. Harlan Lee's son, Jeff, had joined the group and was responsible for day-to-day operations. When the opportunity arose to build the Flower Street Lofts Jeff Lee set out in search of financing for the condominiums. He was turned down by 43 banks before securing a loan. The only reason they were able to secure a loan is because the Lees partnered with the CIM Group to develop the project. CIM Group's proven development track record provided the confidence lenders needed to make the loan (Mandell 2003d; Lifsher 2004).

The Flower Street Lofts began life in 1936 as the Bronson Building, a three-story, 111,150 square foot industrial structure with 14-foot ceilings on South Flower Street. United Parcel Service used the building as a sorting facility for many years and it eventually became known as the UPS Building. When UPS moved to larger quarters the building was vacated. It was eventually purchased by a subsidiary of Anshutz Entertainment Group (AEG), the owner/operator of Staples Center. As the plans became finalized for the expansion of the Los Angeles Sports and Entertainment District in 2001, the decision was made to sell the property as it was peripheral to the expansion. The Lee Group negotiated a purchase price of $5.75 million for the
building with the CIM Urban Real Estate Investment Fund contributing $5.1 million and the Lee Group providing the balance (BW 2001). The initial development plan called for 68 condominiums on the existing three floors and 20 additional condominiums to be built on a fourth "penthouse" floor. The average size of the units was approximately 1,500 square feet with a range from 990 to 2,285 square feet. The estimated cost of the project was $25 million (BW 2001; Mandell 2003d).

The press releases on the Flower Street Lofts chronicled the progress of the demolition and construction. The premium location of the site was always mentioned. The Palm Restaurant, a 22-eatery national steakhouse chain, opened next door to the Flower Street Lofts site in early 2002 just as construction was getting started. References were made to the Palm Restaurant, Staples Center, the new expansion of the Sports and Entertainment Center, and of course, the new supermarket. By the end of July 2002, the Lee Group announced that they had 1,100 people on a waiting list to buy units (DT_Newsstaff 2001; DT_Newsstaff 2002).

Meanwhile costs were rising and the expected completion date kept getting pushed out. The initial plan was occupancy in the winter of 2002-2003. Winter became spring and then spring became summer. The Certificate of Occupancy was finally issued on September 19, 2003. By the time the Building and Safety Department approved the construction plans the unit count had changed from 88 to 91 lofts. The initial cost estimate was $25 million. By 2003 it had increased to $35 million. The former industrial building required a $600,000 environmental cleanup before construction could begin. By March 2003 the interest list had grown to 2,000
people and the sales office reported collecting 50 deposit checks from interested parties (DT_Newsstaff 2003; Mandell 2003d).

Once the project had approval from the state Department of Real Estate sales contracts could be drawn up and, with a Certificate of Occupancy from the city, buyers could begin moving into their new lofts. The finished complex had 28 lofts on the first floor, 21 lofts each on the second, third and fourth floors. The ceiling heights in the original three floors was fourteen feet and the new fourth floor had twenty foot ceilings with very tall windows. The advantage of the taller ceiling was that it allowed a mezzanine to be installed to create more usable floor space. The ARO allowed mezzanines providing the square footage did not exceed one-third of the base floor area of the unit (LAMOHED 2006).

The Flower Street Lofts (Figure 5-3) could be considered amenity-lite. There was no swimming pool or spa on the roof, nor an exercise room or theater for residents to use. The ground floor of the building did not have a restaurant or bar, nor a market, or retail of any kind. These are amenities that would soon be provided in-house as developers sought to differentiate their projects from competitors. There was a planted atrium in the center of the building providing some green space for owners and each loft had two parking spaces in an adjoining building connected by a causeway. The amenities for the Flower Street Lofts were all external. The top amenity, of course, was Staples Center and the new expansion project under construction located just one block away. The lots on the west side of the building were (and still are) used for parking so all residents had a front row seat on the Sports
and Entertainment Complex. The Palm Restaurant was in the building next door and the Blue Line Metro Station was located at 12th Street and Flower Street, one-half block away. The Blue Line, originating in Long Beach, made its transition from at-grade to a subway literally right in front of the Flower Street Lofts. The builder was so concerned about noise from the trains that the window glass thickness on the west side of the building was increased to one inch. While the thicker glass mitigated the noise it did not reduce the vibration when the trains pass (DT_Newsstaff 2003; Mandell 2003d; Lifsher 2004). Today, the frequency of service on the Blue Line and new Expo Line is approximately every ten minutes from 5:00 A.M. to 2:00 A.M. with rush-hour stops every three minutes (Metro 2012). Most of the units on the first three floors sold for $300,000 to $500,000 with a few exceptions for larger units. Prices on the fourth floor were higher with most units selling for $500,000 to $700,000 again with a few exception for the larger units. The prize
penthouse on the fourth floor, unit #420, was sold to Arthur and Astoria Astor for $1,095,010 in January 2004. When news of this sale spread throughout downtown the development community was astounded. City officials were astounded. Everyone was astounded. It was like the Dodgers and Lakers won their respective championships on the same day. Where every developer had been totally convinced that the only market for residential was rental, now there was a new reality.

Myths arise about an event of this magnitude. Myths that persist over time. During my interviews in 2010 the story of the Flower Street Lofts came up repeatedly and the first myth was that all of the lofts were sold before the project was completed. This was not true. Escrows began closing in September 2003 and sales efforts continued into 2004. In July 2004 there was still one loft for sale, nine months after the Certificate of Occupancy was issued (Lifsher 2004). The second myth was that these were all high end, million dollar lofts. This also was not true. The average square footage of the units was 1,469 square feet. There were only six units with more than 2,000 square feet of floor space. Four on the fourth floor (where mezzanines were feasible ) and two units on the first floor. The Astor's unit had 2,255 square feet plus a 350 square foot mezzanine. A similar size unit on the first floor sold for $595,003 in October 2003. True, this first floor unit did not have a mezzanine or a fourth floor view but the price was one-half million dollars less. As for the view, it is ephemeral in nature. Future development on these parking lots will undoubtedly be more than four stories leaving the Flower Street Lofts in a canyon. As of June 2013 the Astors still owned unit #420. They tried to sell it for $1.99 million in 2008
but had no takers. In February 2013 the owners had it listed for $1.5 million. The Astors reduced the price to $1.3 million on March 23, 2013 and reduced it by $100,000 again three months later (Trulia 2013). In any event the purchase of loft #420 will always be remembered downtown as the sale that launched 5,000 condominiums (ZIMAS 2013b).

5.2. Theme 2: Danger on the Streets

The second theme examines issues of public safety in Downtown. This theme has three sub-themes. The first sub theme, the deals with the realization by the new residents that the danger in downtown was not the homeless population living on the streets but in the housed population. This notion was confirmed by the Police Commission that Spring Street was indeed a dangerous neighborhood. The second, the Battle for Main Street, chronicles the struggle by the LAPD to reclaim Main Street from drug dealers. The third sub-theme, the Safer Cities Initiative, evaluates the success of the community policing efforts of Police Chief William Bratton in combating drug sales and street crime.

5.2.1. Parolees and Sex Offenders

By the time the Old Bank District lofts reached their second birthday the tenants had become more aware of their surroundings. Many realized they had not performed adequate due diligence on the neighborhood. The starkness of the street environment when people first visited Skid Row tended to overload their senses and emotions. The pity and concern for people living on the streets was quickly followed by caution and fear when they saw drugs sold and used in broad daylight. Residents discovered that
the real danger was not in the presence of the homeless but in the people that were housed. The large hotels on Spring and Main streets, the Cecil, Rosslyn, Frontier and Alexandria, had a steady supply of parolees as guests and tenants from the state prison system. While some parolees moved on to other quarters others fell back into drug use and street crime (Steinman 2002). Also feeding into the population was the continual release of arrestees and convicts from the county jail just a few blocks north of Skid Row. As mentioned earlier there are roughly 10,000 people incarcerated at the Men's Central Jail and the Twin Towers Correctional Facility at any given time. These facilities process about 200,000 people per year (LASD 2013). While most people returned to their homes upon release the overflow drifted into Skid Row to stay at the missions or inexpensive SRO hotels. Orlando Ward, the Vice President of Operations at the Midnight Mission, noted that the transient population, and the general sense of lawlessness, allowed gangs to easily move drugs in and out of the neighborhood. City Councilwoman Jan Perry, whose district included Skid Row, maintained that the area had become safer. Despite the assurances of the councilwoman residents felt the 'general sense of lawlessness' on the streets every time they observed a drug deal. More and more residents reported feeling unsafe day and night in their neighborhoods. The promise had been a revitalized downtown with services and safe streets. Once the reality set in that convicts and parolees were living literally next door in the large hotels FIMBYism (Fear in My Backyard) took on new meaning for the newcomers (Krikorian 2002; Steinman 2002; Roberts 2010).
A vote of no confidence on safety in the Historic Core came from the Police Commission in January 2003. The Police Administration Building (PAB) had been the headquarters of the Los Angeles Police Department since it was constructed in 1955. The PAB was an eight story, 398,000 square foot building, located at the northeast corner of First and Los Angeles streets. It was built for the modest sum of $6,142,548. The PAB, renamed Parker Center in 1967 after the death of Chief William H. Parker the previous year, had been damaged in the January 17, 1994 Northridge Earthquake. A consultant's report two years later determined the building could not be retrofitted for earthquake safety and recommended that Parker Center be demolished (Corwin 1996; LAPD 2013). After years of study and discussion the city decided to build a new PAB and had debated various options for relocating the personnel employed at the facility while construction was underway (McGreevy 2002; McGreevy and Garvey 2002).

In January 2003 city council members Jan Perry and Nick Pacheco suggested the Police Department headquarters staff relocate to two buildings on Spring Street in the Historic Core, one at 600 South Spring Street and the second at 650 South Spring Street. These two buildings anchor the east side of Spring Street between Sixth Street and Seventh Street, opposite Shomof’s Premiere Towers Apartments and the Spring Tower Lofts. The combined floor space of 320,000 square feet and available parking spaces was deemed adequate for PAB operations. At the time the buildings were occupied by employees of the Department of Public Works. Perry noted that the
increased police presence on Spring Street would reduce crime in the area. The City Council unanimously supported a motion to study the proposal on January 21, 2003.

Police Commission Executive Director Joe Gunn adamantly opposed the relocation to the two buildings saying their location in a dangerous neighborhood made them a poor choice. The LAPD employed several hundred civilians, day and night, at the PAB. In an interview with the Downtown News Gunn said "I don't think it's fair to subject our civilians to a high crime area. I'm not in favor of putting my people through that." When queried about the positive impact of a large police presence on Spring Street Gunn countered that it would have little impact on crime. He cited conditions on the streets surrounding the Central Division police headquarters three blocks east on Sixth Street where transients camp next to the building at night and feces litter the sidewalks. Officers have reported seeing addicts shooting up heroin right in front of the police station. Gunn maintained that moving the PAB to Spring Street would not benefit the neighborhood. The impact of this statement was not lost on the residents of Spring Street. Some felt vindicated that their perception of crime and danger on the streets was supported by none other than the leaders of the government agency charged with maintaining public safety while others wondered why the LAPD wouldn't do something to make the neighborhood safer (Regardie 2003; DT_Newsstaff 2003a).

The issue became a political football with competing proposals fielded, discussed and rejected. A proposal to build a new building at the corner of First Street and Alameda was favored by the City's Chief Administrative Officer but strongly opposed
by business owners in Little Tokyo and the Arts District. Another proposal that called for moving the PAB to the Transamerica Building, a 32-story tower at 1149 South Broadway in South Park, gained traction with Mayor James Hahn but failed to find support elsewhere. The city did purchase the Transamerica Building in 2004 to house the city Public Works employees working in the two Spring Street buildings briefly bringing these two sites back in play. But opposition from the Police Commission once again scuttled this option. A decision was finally made on July 5, 2004 to build a new headquarters building on the corner of First and Spring streets immediately south of City Hall. The new building was formally opened on October 24, 2009. The new 500,000 square foot PAB was ten stories tall and cost $437 million. The civilian employees never did relocate and continued to work in Parker Center until the new building was completed. The two buildings that Perry and Pacheco proposed for the PAB were purchased by Barry Shy and converted into apartments. The building at 650 South Spring opened in 2009 and the 600 South Spring building opened in 2010 (Maese 2004; Mandell 2004; Mandell 2004a; Vives 2009; DCBID 2010).

In addition to parolees and convicts living in the Historic Core residents discovered that there were an abundance of sex offenders living in downtown. One news story that brought attention to the whereabouts of sex offenders appeared in January 2003 about the time that Police Commission Executive Director Joe Gunn declared Spring Street to be a dangerous neighborhood. California has required convicted sex offenders to register with local law enforcement agencies since 1947. The registration requirement was reinforced with the passage of Megan's Law in 1997.
Somehow over the years the state Department of Justice lost track of over 33,000 sex offenders which represented about 44% of the total number who had registered in the system. Attorney General Bill Lockyer acknowledged that the registration database system was woefully inadequate. Not only was the state database inadequate but there seemed to be a systemic failure all the way down to local law enforcement agencies who were ultimately responsible for following up on registration renewals. As revelations of mismanagement of the sex offender database were revealed to the public pressure came to bear on the legislature and state Department of Justice to improve the registration process. The legislature passed a revision of the law allowing online viewing of the sex offender database on August 24, 2004 and the governor signed the bill on September 24, 2004. Online sex offender registration databases became available county-by-county by the end of the year (CA_DOJ 2000; AP 2003; CA_DOJ 2013).

The passage of this law did two things: first, it was now very easy to check whether a sex offender lived in your neighborhood. Prior to this revision in the law an individual had to go to the local police station and check the registration records in person or call a Department of Justice toll-free telephone number and wait for an available operator to answer your inquiry. Second, all of the publicity of the past two years increased the public's interest in checking the database. People who had never thought about the database were now empowered to check the database with a few computer mouse clicks. The community building and networking of residents in the Historic Core allowed the quick dissemination of news of interest. And sex offenders
were definitely news of interest. In 2005, downtown was home to 322 registered sex offenders, 110 of whom were on active parole. The majority were clustered in hotels along Fifth Street from Broadway to Alameda. The Alexandria Hotel alone had seventeen registered sex offenders and Ballington Plaza, one block south of the Central Division Police Station, had twenty. When questioned about the high concentration of sex offenders in downtown the head of the state parole office in Los Angeles County stated that sex offenders are limited by law where they can live. Active parolees must live in the county where the crime occurred but not within one-quarter mile of a school or within 30 miles of the victims residence. Once the conditions of parole are satisfied only the proximity to schools applies as a restriction. The only school in the downtown study area is Ninth Street Elementary School in the Industrial District. The real attraction of downtown for sex offenders is the abundance of social service providers, inexpensive housing and a high level of tolerance for deviant social behavior. As LAPD Captain Andy Smith, commander of the Central Division, explained: "The majority of these are concentrated in the Skid Row area because traditionally it's been a place where you can parole your sex offenders and there won't be a huge community outcry. If you put twenty guys in some cities, you'll have a huge outcry. But because Downtown has always been a place where anything goes, over the years they've continued to parole people here." Once this information was publicized many female residents felt differently about walking the streets, especially after dark (Coates 2005).

5.2.2. The Battle for Main Street
LAPD officers had long referred to Main Street as 'Mean Street' due to the sales of rock cocaine and heroin along the thoroughfare. Drug dealers were at work, day and night, seeking customers for their goods. Residents reported being solicited at street corners every time they had to wait for the traffic signal to change. The hotspots were at the intersections of Fifth and Main streets and Seventh and Main streets. 'Mean Street' presented a real challenge to the coalition due to its negative impact on the perception of public safety. The largest rental loft building, the Pacific Electric Lofts, was located at the corner of Sixth and Main streets. The PE Lofts, as they are locally known, received its Certificate of Occupancy on July 28, 2005 and immediately began leasing its 314 lofts. Located on the north side of Sixth Street, directly across from the Pacific Electric Lofts was the Santa Fe Loft building, which had opened six months earlier. Between the two buildings there were over 400 lofts right in the middle of the drug zone (Kaplan 2006; Moyle 2006; Kaplan 2006a).

The fact that drug dealers still ruled Main Street was not from a lack of effort on the part of the new residents in the Historic Core. As the number of residents grew there was increased activism for action by city officials to make the streets cleaner and safer. Optimism soared when a new police chief arrived in October 2002. The previous chief, Bernard Parks, was appointed by Mayor Riordan in August 1997 to a five year term (Sonenshein 2004). One year after Park's appointment, the Rampart anti-gang unit scandal erupted leading to an intensive investigation of seventy LAPD officers for planting evidence, unprovoked beatings, shootings of suspects, and framing innocent people of crimes. Over 100 criminal convictions were eventually
overturned. Civil lawsuit settlements of these cases cost the city approximately $125 million. The aftermath of the investigations and negative publicity drove morale in the department to extremely low levels. Chief Parks was not appointed to a second term and retired on May 4, 2002 (Sonenshein 2004; LAPD 2013a).

In October 2002 William Bratton, a former police commissioner of both New York City and Boston, was selected to serve as the next police chief of Los Angeles (DT_Newsstaff 2002a). Bratton had achieved hero status in New York City when he was chief of the New York City Transit Police Department in the early 1990s. As head of the 4,500 member force he orchestrated a cleanup of the subway trains and stations by concentrating his officers on minor violations like turnstile jumping, graffiti and alcohol use by the transit patrons. This zero tolerance approach succeeded and transformed the subway system from derelict decay into a clean and safe operating condition. Before coming to Los Angeles Bratton was heavily influenced by the 'broken windows' theory of policing, where order is maintained by aggressively cracking down on petty crimes and quality of life issues in the community. His mentor, George Kelling, was co-author of the first 'broken windows' essay in the Atlantic Monthly in 1982. Kelling visited Los Angeles the day after Bratton was sworn in as police chief and took a walking tour with the chief and the mayor of the city's most crime infested areas including MacArthur Park, South Central, Hollywood Boulevard and Skid Row. After the tour, Kelling observed that the 'broken windows' policy would have the most impact on downtown and Skid Row because the area was perceived as dangerous. Kelling noted that Skid Row presented
a real challenge. In an interview with the Downtown News, Kelling said "The idea that the problem in Skid Row is homelessness is simply not accurate. There are a set of problems some of which include homelessness, drug abuse, mental illness, alcohol abuse, lawlessness" (Daunt 2002a; Mandell 2003h).

Bratton hit the ground running. Three weeks after being sworn in as police chief, Bratton launched an Anti-Graffiti Campaign at a press conference. Next, he targeted gangs. Homelessness was also on his agenda (Mandell 2002d; Regardie 2003a; DT_Newsstaff 2003f). Bratton reorganized the department into a more community friendly mode, encouraging officers to be more transparent with the public about their operations. Where practical he ordered officers to conduct foot patrols and interact with the people in the neighborhood. Morale began to improve considerably in the department (Mandell 2003i). The business community was quick to embrace the chief's policing philosophy. On November 18, 2002, the Central City Association held a news conference with Chief Bratton, Council members Jan Perry and Tom La Bonge, and representatives of the local business improvement districts to demand a crackdown on the homeless camps in Skid Row (Rivera 2002).

This burst of activity spurred by Chief Bratton's arrival in Los Angeles had little impact on drug dealing and provided little improvement in the perception of safety on Main Street. When the Pacific Electric Lofts opened in the summer of 2005, momentum started building for an increased police presence in the Historic Core. At this time the Central Division narcotics unit had only five dedicated officers. Not five officers per shift, five officers period. Officers spent most weekday mornings in court
testifying in cases from arrests made on previous days. That left afternoons for new enforcement actions against drug dealers. The Central Division narcotics unit would make an average of about ten arrests per day, more arrests per officer than any other narcotics unit in the city. Supported by officers on bicycles these narcotics officers were busy every day. Yet, by their own admission they were making little headway in stemming drug trafficking in the Historic Core and Skid Row (Coates 2005b).

In June 2005 the Historic Downtown Business Improvement District (HDBID) approved the expenditure of $275,000 for the installation of sixteen street level surveillance cameras in the Historic Core. The area bounded by Third Street on the north, Ninth Street on the south, Broadway on the west, and Los Angeles Street on the east was to be remotely monitored by officers in the Central Division station. The first camera feed went live in September with the balance operational by December. The HDBID justified the cost by noting that security in the Historic Core was becoming more important as more lofts were completed and occupied. In addition to the sixteen cameras in the Historic Core ten cameras were also installed in Santee Alley in the Fashion District. The cameras in Santee Alley were financed by the Motion Picture Association of America in an effort to curtail sidewalk sales of bootleg DVDs (Coates 2005a).

While the installation of surveillance cameras in downtown was just a footnote in the days news it was important to the residents in the Historic Core. It had been over two years since Bratton had been sworn in as chief and many residents were discouraged at the lack of progress in cleaning up the streets. Surveillance cameras
with a live feed to the police station was a start. On Sunday, October 16, 2005, award-winning columnist Steve Lopez published the first of five hard-hitting articles about Skid Row in the Los Angeles Times. The title of Part One was 'Demons Are Winning on Skid Row'. The third paragraph reads "People stumble and rant, they lie in filth, they trap you with eyes that threaten and plead. Roughly 10,000 people flop on skid row streets each night, up to half of them mentally ill. The landscape is relentlessly bleak, the stench of rotting trash and misery everywhere." (Lopez 2005). The Sunday circulation of the Los Angeles Times in 2005 was nearly 1.25 million newspapers. Lopez's Points West column was one of the most popular sections of the paper. Part Two appeared the next day. It chronicled the appropriation of five portable toilets on the corner of Sixth Street and San Julian by a prostitute named Thick and Juicy. TJ, as she was locally known, told Lopez that she sometimes had a customer in each toilet - a john in every john - and moved from toilet to toilet taking care of business. TJ kept a wardrobe in one of the toilets and would change clothes every few hours. She also would sleep in the toilets some nights. Lopez found that essentially all of the portable toilets in Skid Row were being used for prostitution, drug dealing or drug use with few ever being used for their intended purpose. In an interview with LAPD Captain Andy Smith, the commander of the Central Division, Lopez learned that the prostitutes aren't working for food or shelter but for drugs. Smith reported "They're getting from $5.00 to $10.00 for oral sex. They'll brag that they're getting more but when one of our undercover guys goes in, it's always $5.00 or $10.00" (Lopez 2005a). The next three parts were equally disturbing, shedding light on the dark secrets of
Skid Row. This was not news for people in Skid Row but it sure was to the rest of the city.

A response from the city to Lopez' expose came quickly. On Tuesday, November 22, city and state officials held a news conference outlining a new multi-prong policy to combat the social ills plaguing Skid Row. The linchpin of the new strategy was a crackdown on rampant drug dealing in Skid Row, which the LAPD claimed was responsible for one-fifth of the drug arrests in the city. The LAPD estimated that drug arrests by the end of 2005 in Central Division would be 6,500. Twelve additional narcotics officers were being added to Central Division to patrol Skid Row. While acknowledging that more services were needed for the homeless the first step had to be a reduction in crime. Gil Cedillo, the state senator for the downtown Los Angeles Senate district, stated "Addressing poverty and mental illness in the area is almost impossible until we end this drug and alcohol swap meet" (DiMassa and Winton 2005). Another prong of the new policy included state legislative action to require the release of prisoners from state and county lockups to their hometowns instead of dumping them in Skid Row. This effort dovetailed nicely with efforts of the City Attorney to prevent hospitals and neighboring cities from dumping patients and prisoners released from local jails in Skid Row. LAPD officers had begun filming ambulances and non-LAPD police vehicles dropping off people on street corners in Skid Row earlier in the year. Lastly, ten cameras would be installed at the major trouble spots in Skid Row to assist the LAPD in fighting crime (DiMassa and Winton 2005; Coates 2005c).
Despite the new efforts to reduce drug dealing and crime in Skid Row progress seemed glacial. New parolees and released inmates arrived daily. On May 3, 2006, a homeless woman was attacked and repeatedly stomped on the head by a parolee at the intersection of Fifth Street and San Julian, one block from the Central Division police station. After being on life support for five days doctors removed the equipment on May 8. The brutal murder of Kristi Morales shocked the downtown community. Morales death was the fourth homicide in Skid Row in four months - all committed by parolees. The total number of parolees in downtown, not just in Skid Row but in hotels like the Alexandria and the Frontier, was over 3,400. While this number had not increased dramatically the publication of this number in newspapers following four murders alarmed residents (Coates 2006b). To calm jittery nerves the LAPD organized a massive sting to capture parole violators and fugitives in Skid Row. On June 27 and 28, 2006, over 200 officers from five law enforcement agencies including the LAPD, state parole office, state Marshalls service, Department of Housing and Urban Development, and Los Angeles County child Protective Services, raided shelters and SRO hotels in search of fugitives hiding in the community. The raid resulted in 123 arrests (Flynn 2006).

The removal of 123 fugitives had little effect on drug sales on Main Street. Heroin and crack were available day and night, seven days a week. While a lot of policing effort was being devoted to Skid Row drugs were widely available on nearly every downtown street corner. Drug sales were not limited to mobile dealers. On the northeast corner of Main Street and Fifth Street was a small market called Alina's
Place. Alina's Place was very popular with the local residents to the point that in the evening lines of customers would extend out the door and down the sidewalk. Everyone in the neighborhood including the police knew Alina's Place was selling crack. The LAPD would conduct undercover operations at the market and had some success in closing it down only to have it reopen the next week under new management. Within days the lines stretched down the sidewalk again (Moyle 2006).

On Friday, August 18, 2006 Los Angeles Times columnist Steve Lopez set out on Spring Street in 4:30 in the afternoon to investigate the availability of drugs. Within 45 minutes Lopez had been solicited three times. Lopez noted that the drug dealers would wear a white towel over their shoulder, as if they were waiters coming by to explain a menu. Men with white towels were on every block (Lopez 2006). Lopez' article highlighted that little had changed since his Skid Row expose´ from the previous year.

The response from the LAPD came a few days later. The Central Division Commanding Officer, Captain Andrew Smith, sent a letter to the Los Angeles Times addressing the conditions on Skid Row. Smith acknowledged that it was not hard to find drugs on Skid Row nor was it difficult to arrest people for selling and using drugs. He noted that his officers had arrested kids as young as 12 years of age and an elderly woman in her 70s for selling drugs as well as plenty of people in between these ages. Gang members would hire children, illegal immigrants, and drug addicts to sell and deliver drugs in Skid Row. He also noted that in the previous year (2005) his officers had arrested over 6,000 people for narcotics violations in the 50 square
blocks on Skid Row. Smith reported that officers would spend four to six hours processing an arrestee from the moment of arrest on the street to the completion of the necessary paperwork in the station. But the problem was not just a lack of manpower at the LAPD. Smith explained that the jails were full, the prisons were full and the courts were backlogged so badly that plea deals of as little as 120 days of county jail time were being accepted for major felony trafficking cases that would yield a 15-year sentence on conviction in a trial. To make things worse, the 120 day sentence in county jail would typically be reduced ninety percent to only twelve days for good behavior. Justice in Los Angeles County had degenerated to a revolving door for drug cases with diversion for treatment, probation or minimal jail time even for drug dealers with multiple convictions. Smith ended his letter with a plea to fix the court system and give repeat offenders the appropriate sentence for their crimes (Smith 2006).

By the time of the 200-officer raid in late June 2006 all twenty-six surveillance cameras were operational. Initial reports on the effectiveness of the cameras were encouraging. The LAPD reported about forty narcotics arrests per month due to camera surveillance. This apparent success prompted planning for more camera installations. The Central City East Association (CCEA) began raising funds to install cameras in Skid Row. The Central City Association announced that feasibility studies were being conducted for the installation of cameras in their domain (Coates 2006a). On Thursday, September 14, 2006, the LAPD held a news conference and announced that ten cameras would be installed in Skid Row. Two business improvement districts
in Central City East contributed $200,000 for the cameras. Estela Lopez, executive
director of the CCEA, declared "We are finally bringing high technology to the most
entrenched criminal culture in L.A.: the drug supermarket that preys on our most
vulnerable citizens and poses a threat to everyone in Skid Row, sheltered and
unsheltered" (Winton 2006).

5.2.3. The Safer Cities Initiative

The surveillance camera news was eclipsed three days later when Police Chief
William Bratton, backed by Mayor Antonio Villaragosa and Council Members Jan
Perry and Jose Huizar, announced a new initiative to clean up Skid Row. The Safer
Cities Initiative (SCI) called for 50 additional uniformed police officers to be
assigned to the Central Division, the installation of new security lighting and
surveillance cameras, and an outreach program to help people arrested for non-violent
misdemeanors to avoid jail time (LAPD 2007). The new initiative drew widespread
support from the business community and social service providers. The SCI plan of
action targeting minor offenses and quality of life issues was based on the Broken
Windows theory referenced earlier. The LAPD had maintained for years that the
problems in Skid Row were not about homelessness but about the culture of
lawlessness stemming from drug sales and use in the community. Central Division
officers and commanders had reported that the culture of lawlessness was a magnet
for gangs peddling drugs and outsiders seeking a relatively safe haven to use drugs.
The 'anything goes' environment permitted the number of drug sellers and drug users
to grow so large that the police were unable to quell either activity. The primary goal
of SCI was to reinstate the rule of law or as some LAPD officers frame it 'take back the streets' (Hoffman 2006; Smith 2006; Geis 2007). The Safer Cities Initiative was controversial from the beginning and grew more so over time (Blasi 2007; Hoffman 2007). Charges of 'criminalizing homelessness' were made repeatedly by the American Civil Liberties Union and activist groups such as the Los Angeles Community Action Network (Blasi and Stuart 2008; LA_CAN 2008).

The Safer Cities Initiative had an immediate impact on Skid Row. Drug arrests, both for possession and sales, soared. An undercover operation snared 31 leaders of the 5th and Hill Street gang, the largest organized downtown drug dealers since the 1970s (Winton 2007). In addition to putting pressure on the gangs facilitating drug sales in downtown the LAPD vigorously enforced minor violations on the streets of Skid Row resulting in thousands of tickets and 5,400 arrests for public intoxication and drug use, urination and defecation on the streets, jaywalking, failure to appear, and parole violations. People caught up in minor drug enforcement actions were given access to social workers at the Central Division station for diversion into treatment programs if they chose to do so (Geis 2007; Hong 2007).

At a news conference on October 3, 2007 celebrating the achievements of the SCI Chief Bratton acknowledged that there was some displacement of homeless persons from Skid Row. Bratton asked "But what's wrong with that in some respects? Why should one square mile of the city be impacted by something that's effectively a countywide problem?" Bratton continued "So if there is displacement, all well and good." The police chief pointed out that the number of people sleeping on downtown
streets had declined from a peak of 1,876 in mid-September 2006 to 737 one year later. He also noted that fewer people were dying on the streets from overdoses and illnesses. In the first nine months of 2007 68 people died on the streets compared to 92 in the same period the previous year (Helfand and Winton 2007). Lauded as a success by the business community, city officials and the LAPD, The Safer Cities Initiative was made permanent in October 2007. This allayed the fears of many downtowners who feared the extra 50 LAPD officers and ancillary resources would be withdrawn for use elsewhere and the streets would be surrendered to the drug dealers once again (George 2007; Flynn 2007a).

The impact on Main Street was equally dramatic. An editorial in the Los Angeles Downtown News on October 15, 2007 trumpeted "In one very important way, the Safer Cities Initiative is an unqualified success. It could even be said, without exaggeration, that the program that celebrated its first anniversary recently is having a revolutionary impact on the look and feel of Downtown Los Angeles." The editor continued "Portions of Downtown that were overrun with drug dealers and tent encampments have been cleared. Stretches of Fifth and Main streets, among others, are pretty safe to walk on once again. Workers, residents, and visitors to Downtown can feel more comfortable in more portions of the community than they have in years. Some decry the police crackdown in Skid Row, but the truth is, a crackdown - yes, that exact word - has been needed for years. Significant activity by law enforcement is necessary to evict the drug dealers and the criminals who for decades have been preying on the homeless, the mentally ill and the poor. A group of activists has
complained that homelessness, not crime, is being criminalized, but cleaning up an area full of impoverished people, including a disproportionate number of minorities, is going to rankle. Solving an ugly problem, and Skid Row is that, is not easy” (DT_News_Editor 2007). Other observers and stakeholders reveled in the changes on Main Street. Entrepreneurs began leasing vacant buildings for restaurants, bars, cafes, boutiques, and barber shops. Business owners who had been dogged for years by drug addicts smoking crack outside their front doors no longer had to chase away the offenders. Women were seen in the evenings alone on the streets walking their dogs or on their way to have coffee with friends whereas in the past the only lone females on the streets were prostitutes. The dangerous zones on Main Street were dangerous no more to the relief of the residents, business owners and developers who were busy building thousands of lofts to rent and sell in the near future (Flynn 2007). For these people the Battle of Main Street had been won!

5.3. Theme 3: Construction Boom

The third theme chronicles the rapid acceleration in development once the pioneers had established that a robust market existed for housing in Downtown. This theme has four sub themes. The first sub theme examines the intense interest of developers evoked by the success of the pioneer projects. The second subtheme follows the evolution of residential projects into new construction and mixed uses. The third sub theme chronicles the boosterism of the Los Angeles Downtown News during the renaissance. The fourth sub theme studies the struggle between developers and affordable housing advocates.
5.3.1. Loft Fever

Following the completion of the Pegasus in June four more adaptive reuse projects were completed in 2003. Two projects were located in the Historic Core: the Higgins Building on Second Street and the Orpheum Lofts on Broadway. The other two projects were the Flower Street Lofts, already profiled earlier, and the Little Tokyo Lofts which were actually located on San Pedro Street in Skid Row and not in Little Tokyo. These five ARO projects totaled 746 units. Including Gilmore's and Shomof's buildings there were now 1,012 market rate housing units created with the ARO. All of the ARO projects completed from 2000 through 2003 listed in Table 5-1.

<table>
<thead>
<tr>
<th>Year</th>
<th>District</th>
<th>Project Name</th>
<th>Units</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rental</td>
<td>Sale</td>
</tr>
<tr>
<td>2000</td>
<td>Historic Core</td>
<td>San Fernando (Old Bank District)</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total for year</strong></td>
<td><strong>70</strong></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>Historic Core</td>
<td>Continental (Old Bank District)</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Hellman (Old Bank District)</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Spring Tower Lofts</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total for year</strong></td>
<td><strong>196</strong></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>None completed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Financial</td>
<td>Pegasus Apartments</td>
<td>322</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Higgins Building</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Orpheum Lofts</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skid Row</td>
<td>Little Tokyo Lofts</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>Flower Street Lofts</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total for year</strong></td>
<td><strong>655</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Condo Conversions</td>
<td>(Higgins Bldg &amp; Little Tokyo Lofts)</td>
<td>(296)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total (2000-2003)</strong></td>
<td><strong>625</strong></td>
<td><strong>387</strong></td>
</tr>
</tbody>
</table>

Table 5-1: Residential projects completed from 2000 to 2003. Source: DCBID Housing Database

The first new apartments were opened in the study area, the Orsini I, in the Civic Center. The 296 unit complex, located in a lot next to the Harbor and Hollywood Freeways was built by Geoff Palmer (DCBID 2010).
Interest in condos downtown was growing rapidly. The Downtown News development survey published in February 2004 counted 46 new residential projects underway in downtown: eight for-sale projects, 33 rental projects and five mixed-use projects (Mandell 2004b). The condo-loft frenzy ignited by the million dollar sale at the Flower Street Lofts was building momentum. Two rental buildings completed in 2003, the Higgins Building and the Little Tokyo Lofts, were converted to condominiums; the former in 2004 and the latter in 2005 (DT_Newstaff 2003d; Mandell 2004c; Coates 2006). A condo project in the Industrial District east of Alameda Street, the Toy Factory Lofts, was due to open in May 2004. By early March the developer had already sold or reserved 70 units. The interest list had grown to nearly 2,000 people. The asking price ranged from the high $200,000s to over $600,000. The Douglas Building, a 50 loft conversion at the corner of Spring and Third streets in the Historic Core, was due to open at the end of 2004. Over 200 people were on the waiting list to purchase a loft (Maese 2004a).

Eight adaptive reuse projects were completed in 2004 adding 899 housing units to the inventory. Four buildings in the Historic Core were completed, two in the Financial District, and one each in the Fashion District and South Park. One new construction rental project in South Park was also completed in 2004. City Lights on Fig, with 100 apartments, was located immediately across the street from the Convention Center (DCBID 2010). Only six adaptive reuse projects were completed in the study area in 2005. Four projects in the Historic Core opened, two of which were for-sale condominiums, the Douglas Lofts at Third and Spring streets with 50
condo/lofts and the Bartlett Building at Seventh and Spring Streets with 135 condo/lofts. Adaptive Reuse projects completed in 2004 and 2005 are listed in Table 5-2. A new apartment complex, the Met Lofts, was completed in South Park on

<table>
<thead>
<tr>
<th>Year</th>
<th>District</th>
<th>Project Name</th>
<th>Units</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rental</td>
<td>Sale</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>Fashion Santee Court</td>
<td>165</td>
<td>165</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Financial Gas Company Lofts</td>
<td>251</td>
<td>251</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>South Park Lofts</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>SB Grand (Barry's Lofts)</td>
<td>280</td>
<td>280</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>City Lofts</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Santa Fe Building</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Tomahawk Lofts</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>1043 Grand Avenue</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Total for year</td>
<td></td>
<td>619</td>
<td>280</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>Bunker Hill Metro 417</td>
<td>277</td>
<td>277</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Bartlett Building</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Douglas Building</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Pacific Electric Lofts</td>
<td>314</td>
<td>314</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Security Building Lofts</td>
<td>153</td>
<td>153</td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>Grand Lofts</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td>Total for year</td>
<td></td>
<td>744</td>
<td>255</td>
</tr>
<tr>
<td></td>
<td>Total (2004-2005)</td>
<td></td>
<td>1,363</td>
<td>535</td>
</tr>
<tr>
<td></td>
<td>Total ARO projects completed from 2000 - 2005</td>
<td></td>
<td>1,988</td>
<td>922</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,910</td>
<td></td>
</tr>
</tbody>
</table>

Table 5-2: Adaptive Reuse projects completed in 2004 and 2005. Source: DCBID Housing Database

Flower Street, one block north of the Flower Street Lofts. The $50 million, 264-unit building was built by Forest City (Maese 2005a; DCBID 2010). New residential projects completed in Downtown through 2005 are listed in Table 5-3.

5.3.2. The Market Evolves

Two new trends in downtown housing developed in 2005. The first trend was the renovation of a modern skyscraper into mixed uses of offices and residential units. The top ten floors of the 22-story Chase Plaza Building at Eighth Street and Grand Avenue was converted into 132 condominiums while the lower twelve floors
remained in use as offices. The 442,235 square foot building was constructed in 1986 for use as office space. Being located on the fringe of downtown negatively impacted the lease activity in the building, with only 55% of the offices occupied. Sky Lofts, as the new project was called, had units ranging in size from 1,066 to 2,141 square feet.

<table>
<thead>
<tr>
<th>Year</th>
<th>District</th>
<th>Project Name</th>
<th>Units</th>
<th>Rental</th>
<th>Sale</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Civic Center</td>
<td>Orsini - Phase I</td>
<td>296</td>
<td></td>
<td></td>
<td>296</td>
</tr>
<tr>
<td>2004</td>
<td>South Park</td>
<td>City Lights on Fig</td>
<td>100</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>2005</td>
<td>South Park</td>
<td>Met Lofts</td>
<td>264</td>
<td></td>
<td></td>
<td>264</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>660</strong></td>
<td></td>
<td></td>
<td><strong>660</strong></td>
</tr>
</tbody>
</table>

Table 5-3: New residential projects completed from 2003 - 2005. Source: DCBID Housing Database and were sold for $660,000 to $1,357,000 (Maese 2003; Coates 2004). The concept of combining condominiums and offices in the same building was not new by any means. The 100-story John Hancock Center in Chicago opened in 1970 with 700 condominiums located on floors 45 to 92 with offices on the lower floors (Chicago 2013). The Chase Plaza conversion (renamed Sky) was the first office/condominium combination in downtown Los Angeles and opened the possibilities of converting more underused modern office buildings to mixed uses (DCBID 2010).

The second trend was the construction of new high rise buildings for residential uses. The ARO was passed with the intention of converting empty historic buildings in downtown to residential uses. Spring and Main streets had an abundance of suitable buildings available for this purpose. However, South Park had a lot more land devoted to parking lots than historic buildings. There were some very generous tax incentives for converting historic buildings to housing but few for building new high rise residential towers. These projects had to pencil out for a profit from market...
demand without tax credits or low interest loans. South Group, a Portland, Oregon, based partnership of two construction firms, purchased three super blocks of land from AEG on the east side of Staples Center for $9 million in December 2003. The partners, Gerdin/Edlin Development and Williams & Dame had extensive experience building condominiums in Portland. Their plan for the block of land on the east side of the Flower Street Lofts was to construct three condominium towers. South Group received approval from the CRA for the project in June 2004 and obtained building permits for the first tower in September 2004. The first tower, Elleven, shown in Figure 5-4, was located at 1111 South Grand Avenue had 176 condominiums on 13 floors. The condos ranged in size from 773 to 2,726 square feet and were priced from $325,000 to $1.6 million. When the sales office opened in November 2004 all of the units were sold in a few days (Coates 2004a; Maese 2005). Elleven opened in the spring of 2006 to 100% occupancy (Guzman 2008a).
The second tower, Luma, was 19 stories in height and had 236 condos ranging in size from 750 to 3,400 square feet. The asking price when the sales office opened in June 2005 was $550,000 to $1.68 million. Luma opened in June 2007 to 91% occupancy. Elleven and Luma were the first residential high rises in California to earn LEED Gold ratings from the United States Green Building Council. The third tower, Evo, was the tallest of the three buildings at 24 stories. There were 311 condos ranging in size from 730 to 3,500 square feet selling for $425,000 to $3.8 million. The developer took deposits on 218 of the 311 units when the sales office opened in July 2006 (Guzman 2008a).

The Downtown News development survey in September 2005 showed an increase of new projects to 65 with 22 for sale developments, 33 rental projects and ten mixed use buildings. The number of condo projects nearly doubled while the rental developments only increased by one. Mixed use projects gained two over the previous year. The big news in this report was that L.A. Live, the entertainment complex on the north side of Staples Center broke ground on September 15, 2005. Now there was visible progress on the construction of the theaters, restaurants and hotels in the center (Coates and Maese 2005). The shift from blueprints to reality undoubtedly helped sales for the South Group's towers only three blocks away.

5.3.3. Los Angeles Downtown News

Reclaiming Main Street from the drug dealers was a major success for the coalition. As developers swarmed into downtown it seemed that new residential projects, either ARO or new construction, were popping up every week. The
Downtown News periodically published updates on projects underway Downtown.

The first update on residential projects was published on February 26, 2001 and featured reports on 10 rental projects either under construction or under serious consideration. There were no for-sale projects in this report. The Downtown News, considered by many as Downtown's biggest booster, added to the enthusiasm that was growing in Downtown with catchy headlines such as: **Loft-y Aspirations ~ Downtown Residential Projects Grow Up, Fast** (February 18, 2002), **Downtown Hits the Big Time** (February 17, 2003), and **Downtown Keeps Growing: 2,500 Units Could Open This Year, With 6,000 More in Various Stages of Development** (February 16, 2004).

A summary of the Downtown News project updates is shown in Table 5-4.

While the growing number of projects would suggest that the hype about downtown was justified closer examination of the data tempers the outlook somewhat. For example, the El Dorado Hotel conversion to condominium lofts was listed on the first update report in February 2001 and it was also listed in every subsequent report until February 2010. The El Dorado Hotel began life as the Stowell Hotel when it opened in 1913. In the

<table>
<thead>
<tr>
<th>Los Angeles Downtown News Project Updates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date</strong></td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>February 26, 2001</td>
</tr>
<tr>
<td>February 18, 2002</td>
</tr>
<tr>
<td>February 17, 2003</td>
</tr>
<tr>
<td>February 16, 2004</td>
</tr>
<tr>
<td>September 20, 2004</td>
</tr>
<tr>
<td>September 19, 2005</td>
</tr>
<tr>
<td>September 18, 2006</td>
</tr>
<tr>
<td>September 17, 2007</td>
</tr>
<tr>
<td>September 15, 2008</td>
</tr>
<tr>
<td>February 19, 2010</td>
</tr>
<tr>
<td>September 17, 2010</td>
</tr>
</tbody>
</table>

Table 5-4: Los Angeles Downtown News Residential Project Updates
1940s the hotel was renamed the El Dorado and eventually became a residence hotel for low income transients (Guzman 2010). New owners arrived in 1977 and renamed the building the Pacific Grand Hotel. After running afoul of city inspectors the hotel finally closed in 1998 (Yokoi 1992; Yokoi 1993; DT_Newsstaff 2003g). Tom Gilmore purchased the building with plans to create a boutique hotel (DT_Newsstaff 2003g). Hence the inclusion in the first Downtown News project update report. Gilmore encountered difficulty attracting investors in the $15,000,000 renovation of the El Dorado and decided to convert the building into condominiums instead. Gilmore partnered with Downtown Properties in 2003 for the condominium conversion. Plans were submitted to the city and building permits were finally issued on October 17, 2005 (DT_Newsstaff 2005). The conversion cost was estimated to be $27,000,000 when the permits were issued. It took five years and $40,000,000 to complete the conversion and bring the units to market. Bill Stevenson, a partner in Downtown Properties, described the project as an economic disaster. In an interview with the Downtown News he said ““There were lots of costs, lots of problems with the city. We won’t be getting our equity back, we’ll lose all of our equity. We’ll get the bank paid off and that’s about it.” (Guzman 2010). While the difficulties of the El Dorado was not typical of the residential projects listed by the Downtown News there were a number of unique stories that delayed projects on the list and in some cases removed them as well.

There were seven residential projects completed in the study area in 2006 adding 785 units to the Downtown housing stock. There were three projects in South Park:
two adaptive reuse rental buildings and one new condominium building, two in the Financial District, a new apartment building with 128 rentals, Hikari, was completed in Little Tokyo and 64 condo-lofts were created in the Santee Village Textile Building in the Fashion District. While the number of projects finished was the same as the previous year the number of units declined by 214. For the first time more condominiums were built than rental units, 463 versus 322 (DCBID 2007).

Condominium prices prior to the launch of the Flower Street Lofts was based on the resale of units on Bunker Hill and the Skyline in South Park. Using the year 2000 as a benchmark prices for a one-bedroom condominium had increased nearly three-fold by 2005 and continued rising in 2006 (DCBID 2010). Historical condominium sale prices are listed on Table 5-5.

There was a surge of project completions in 2007. Once again condominiums units outnumbered rentals 1,033 to 448. Four projects in the Historic Core opened adding 187 condominiums and 220 rental units to the inventory. The Eastern Columbia Building, a turquoise terracotta clad Art Deco style beauty, was converted by the Kor Company into 147 luxury condominiums. Built in 1930, the structure has 13 floors reaching the 150 foot height limit that was in place at the time of construction crowned with a 114-foot clock tower housing electrical and mechanical

<table>
<thead>
<tr>
<th>Number of bedrooms</th>
<th>Square footage</th>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>700-900</td>
<td>2000</td>
<td>132,500</td>
<td>150,441</td>
<td>172,402</td>
<td>218,681</td>
<td>309,450</td>
<td>376,862</td>
<td>456,082</td>
<td>429,296</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 BR</td>
<td>900-1,300</td>
<td>2000</td>
<td>198,071</td>
<td>224,750</td>
<td>255,502</td>
<td>360,000</td>
<td>492,385</td>
<td>585,401</td>
<td>624,844</td>
<td>593,109</td>
</tr>
<tr>
<td>3+ BR</td>
<td>1,300 +</td>
<td>2000</td>
<td>221,667</td>
<td>267,917</td>
<td>332,731</td>
<td>399,973</td>
<td>556,816</td>
<td>659,012</td>
<td>686,070</td>
<td>633,760</td>
</tr>
</tbody>
</table>

Table 5-5: Historical condominium prices from 2000-2007. Source: DCBID Housing Database
equipment as well as a boiler room. The exterior turquoise tile is accented with dark blue trim and gold lace (Coates 2006c). Sales began at the Eastern Columbia in March 2007. Actor Johnny Depp purchased a multi-floor penthouse at the top of the building in July 2007 for $2.1 million giving a celebrity boost to the Downtown Renaissance (Maese 2008). Other projects completed in 2007 included the Title Guarantee Building conversion on the edge of Bunker Hill, two more buildings in the Fashion District Santee Village complex, a 127 unit condominium project in Little Tokyo, Luma, the bigger sister to Elleven in South Park, and three projects in the Financial District. The largest project of the year was one of these three. Market Lofts, a seven-story, 267-unit condominium project was new construction whose ground floor retail was filled with a 50,500 square foot Ralph's Fresh Fare grocery store. The Fresh Faire opened on July 20, 2007 to a crowd of 1,000 shoppers. Ralph's spokesman Terry O'Neil, said the company had never had such a large turnout for a store opening. LAPD officers were called out mid-morning to re-route traffic away from the pedestrians waiting in the street in front of the store (DiMassa 2007; Maese 2007). Projects completed in 2006 and 2007 are listed in Table 5-6.

5.3.4. Affordable Housing Alarm

The flurry of building activity set off alarm bells with affordable housing advocates. Developers searching for suitable properties to convert to market-rate condominiums and rentals began seriously considering purchasing the mega hotels on Spring and Main streets for renovation and room consolidation. Like the Hayward Hotel these "grand dames of downtown" had long ago lost their luster and were
renting rooms as low as $10.00 per night on a weekly basis (Fennell 2003; DiMassa 2005). Affordable housing had been a concern in Downtown for decades confronting

<table>
<thead>
<tr>
<th>Year</th>
<th>District</th>
<th>Project Name</th>
<th>Type</th>
<th>Units</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Fashion</td>
<td>Santee Village - Textile Bldg</td>
<td>ARO</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Library Court</td>
<td>ARO</td>
<td>91</td>
<td>91</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Sky Lofts</td>
<td>Ren</td>
<td>132</td>
<td>132</td>
</tr>
<tr>
<td></td>
<td>Little Tokyo</td>
<td>Hikari</td>
<td>New</td>
<td>128</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>Elleven</td>
<td>New</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>Packard Lofts</td>
<td>Ren</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>The Reserve</td>
<td>ARO</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total for Year</strong></td>
<td></td>
<td>322</td>
<td>463</td>
</tr>
<tr>
<td>2007</td>
<td>Bunker Hill</td>
<td>Title Guarantee Building</td>
<td>ARO</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>Fashion</td>
<td>Cornell, Eckardt &amp; Santee Bldgs</td>
<td>ARO</td>
<td>216</td>
<td>216</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Delano Lofts (renamed Milano)</td>
<td>ARO</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Mandel Lofts</td>
<td>ARO</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Market Lofts</td>
<td>New</td>
<td>267</td>
<td>267</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Eastern Columbia</td>
<td>ARO</td>
<td>147</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Main Mercantile</td>
<td>ARO</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Pan American Building</td>
<td>ARO</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>SB Lofts (Valuta Building)</td>
<td>ARO</td>
<td>184</td>
<td>184</td>
</tr>
<tr>
<td></td>
<td>Little Tokyo</td>
<td>Teramachi</td>
<td>New</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>Luma</td>
<td>New</td>
<td>236</td>
<td>236</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total for Year</strong></td>
<td></td>
<td>448</td>
<td>1,033</td>
</tr>
</tbody>
</table>

Table 5-6: Residential projects completed in 2006-2007. Data source: DCBID Housing Database

ARO and new housing built (2000-2005)  
2,648  922  3,570

ARO and new housing built (2006-2007)  
770  1,496  2,266

Total ARO and new housing built (2000-2007)  
3,418  2,418  5,836

the coalition with acrimony necessitating wrenching concessions and compromises as in the case of the 1975 CBD Redevelopment Plan. The primary agents of supply for affordable housing since that time had been the CRA and more recently, the Los Angeles Housing Department (LAHD 2005). The Adaptive Reuse Ordinance did not require affordable housing in and of itself but the city and the state did offer incentive
programs to include affordable units in a project (LAMOHED 2006). There were two attempts to mandate affordable housing in every residential project in downtown, the first in 2004 and the second in 2006. Both attempts failed due to pressure from the business community and developers (Mandell 2003k; Maese 2005d; Perry 2007). What emerged in place of an inclusionary ordinance in 2004 was a set of developer incentives that increased density, reduced parking requirements, deferred fee payment, and offered expedited processing of plans and permits (LADCP 2004). The second attempt yielded an amended set of incentives that included middle-income workforce housing, the reduction of setback requirements for high-rise residential buildings and the creation of a new Greater Downtown Housing Incentive Area (LADCP 2007). Consequently, by 2007 only five market rate residential projects (out of 44) included affordable housing units (195 units) in their product mix. The incentives were clearly inadequate to entice developers to mix affordable units with market rate housing. During the same time period thirteen stand alone affordable housing projects featuring 884 units had been built in the study area, all with some type of government subsidy (DCBID 2007).

The threat to the residential hotels was real. In October 2004 the City Council’s Housing, Community and Economic Development Committee asked the LAHD and the City Attorney’s Office to provide recommendations to the Mayor and the City Council for the preservation of the SRO hotel housing inventory. In a special report to the Mayor on August 22, 2005, the LAHD found that 10 single-room occupancy hotels (SRO) had closed in downtown causing the city to lose 1,087 SRO housing
units between 1995 and 2003. The report also noted that there were seven at-risk SRO hotels with a combined 2,270 rooms including the Alexandria (512 rooms), Cecil (613 rooms), Hayward (511 rooms), Huntington (200 rooms), and the Rosslyn (264 rooms) that could be lost to market rate conversions (LAHD 2005).

The hotel of greatest concern to affordable housing advocates was the Frontier, a 12-story, 430-room hotel located on the northwest corner of Fifth and Main streets. In 2002, the owners, Robert and Joseph Frontiera, began a floor by floor renovation, starting on the top floor, to consolidate three guest rooms into one market rate loft. By keeping costs to a minimum, the Frontiera brothers planned on spending about $1 million per floor to renovate the hotel. When finished, about 127 market rate lofts would replace 430 SRO hotel rooms (Maese 2006).

There was some uncertainty in the language of the ARO as to whether residential hotels qualified as commercial buildings thus allowing conversions under the ordinance (DT_Newsstaff 2002b). The Frontiera brothers avoided this controversy by submitting their conversion plans to the planning department for approval and then to the Department of Building and Safety (LADBS) for building permits. Building permits were issued and the renovation commenced floor-by-floor beginning with the top floor of the hotel (LADCP 2007a). Apparently, the issuance of the building permits without the approval of the CRA was in error. An error that was not discovered for over three years. Meanwhile, the owners had renovated the upper three floors and were beginning work on the fourth. When this error was discovered, the CRA ordered the Department of Building and Safety to freeze the permits. While the
permits were frozen the CRA passed guidelines for hotel conversions that effectively ended future market rate renovations of residential hotels within CRA project areas. The city followed suit and passed an Interim Control Ordinance (ICO) freezing residential hotel conversions citywide for one year until a permanent ordinance could be crafted. Since the Frontieras had obtained their building permits before the new guidelines were adopted and the moratorium enacted, their hotel was theoretically exempt. After a prolonged battle with the CRA the Frontieras negotiated a settlement allowing the renovations to continue (LADCP 2007a). Financially drained and exhausted from the battle the brothers elected to sell the hotel to Amerland Group, a for-profit developer of affordable and senior housing projects based in San Diego (Personal Communication 6/28/2010).

At this point the CRA decided to change tack and become more proactive in pursuing hotel properties for affordable housing. The City Council had extended the ICO for one more year prohibiting the conversion of residential hotels to market rate housing. The CRA launched a plan on August 23, 2007 to loan city grant money to local non-profit housing agencies to purchase and rehabilitate threatened Downtown SRO hotel properties before the ICO expired in 2008. Seven hotels with more than 1,300 rooms were targeted for purchase. Two of the hotels were located on Main Street: the Rosslyn Hotel at Fifth and Main streets, formerly known as the Rosslyn Annex, and the Huntington Hotel at Eighth and Main. Three other hotels were clustered together at the intersection of Fifth and Los Angeles streets, one block east of Main Street: the King Edward, the Leland and the Baltimore. The other two hotels,
the Madison and the Ford were located on Seventh Street in the heart of Skid Row. Financing for the program was to be provided by the Los Angeles Community Development Department utilizing federal Community Development Block Grants for low and/or no interest loans to purchase the hotels (George 2007d). Donald Spivack, the CRA Deputy Chief of Operations and Policy, reported that there were still 5,500 privately owned SRO hotel rooms in Skid Row not protected by affordable housing covenants that could be converted to market rate housing. This project would preserve 20% of the total as affordable housing (Personal Communication 7/19/2010).

The development community in Downtown was not enthused about this program. Tom Gilmore took the lead and had meetings with city officials to oppose the plan and offer an alternative approach. The five hotels sited on Main and Los Angeles streets were located adjacent to or near development projects, both market rate and low-income. Gilmore proposed mixed income conversions for these properties for a better income blend in the developing neighborhoods. Gilmore made a compelling case and his words carried weight, not just in development circles, but throughout downtown. His background in homeless services in the 1990s and his continuing service with the Midnight Mission since then gave Gilmore credibility few, if any, other developers could muster (George 2007e). By the end of September the CRA plan had been slashed to just one hotel, the Ford with 293 rooms, on East Seventh Street (CRALA 2009).

The City Council settled the residential hotel conversion issue once and for all on May 6, 2008. The council unanimously passed an ordinance closely patterned on the
residential hotel development conversion guidelines adopted by the CRA on June 15, 2006 (Scott 2008). SRO hotel owners could once again convert their hotels to market rate housing only if they mitigated the loss of the existing housing in one of two ways: construct new units within a two mile radius of where the old units were located or provide a building site and 80% of the construction cost of building replacement housing. These conditions also applied if the building was demolished (LACC 2008). This ordinance made hotel conversions very difficult and expensive to undertake. While Tom Gilmore won the battle with the CRA the affordable housing advocates won the hotel conversion war.

A bit of long awaited news for Downtown residents was the completion of the Nokia Theater at L.A. Live on October 17, 2007. L.A. Live is a sports and entertainment complex adjacent to Staples Center. The $2.5 billion project broke ground in 2005 and was scheduled to open in phases through 2010. The promise of L.A. Live was used as promotional material for the sales and rentals of nearly all of the lofts opened in South Park since 2004. Nokia Theater was the centerpiece of the complex. The 7,100-seat theater has the largest stage in Southern California at 14,000 square feet and boosts that no seat is more than 210 feet from the stage. The Emmy Awards moved to Nokia Theater the following year and a 14 screen Regal Cinema opened in October 2009. The Grammy Museum, Conga Room nightclub, a Lucky Strike Bowling Alley and a plethora of exclusive restaurants were scheduled to open in the next few years with a 54 story Ritz Carleton condo/hotel crowning the complex in 2010 (Regardie 2007a; DT_Newsstaff 2008; DT_Newsstaff 2009a).
As 2007 came to a close the Residential Renaissance in Downtown seemed to be hitting on all cylinders. Financing was now widely available to developers for adaptive reuse projects and for new construction. Home buyers could deal with 'preferred lenders' working with developers or shop their own financing (Maese 2005c). Enough ARO projects had been completed that developers, contractors and city officials had become proficient in tackling conversions. There was less surprise when walls were opened up and seismic retrofitting installed in century old buildings. The development process had become so predictable that when Hamid Behdad, the Adaptive Reuse Czar, retired on January 1, 2007, a "new czar" was not appointed to replace him in the Mayor's Office (Personal Communication 5/29/2010). Amenities long sought by residents were now available: a real grocery store, a multi-screen movie theater, new restaurants and bars with many open Saturdays and Sundays, drycleaners, barbers, stylists, etc. The Safer Cities Initiative made it safe to walk the streets both day and night. Celebrities were buying condos giving Downtown credibility as a hip place. Everywhere one looked there was some kind of construction underway. When asked, people were eager and proud to say they lived Downtown.

5.4. Theme 4: Boom Goes to Bust

This theme examines the market shift from housing shortage to excess supply, the resulting collapse in prices and the bankruptcy of several prominent developers. There are four sub-themes in thus section. The first sub theme chronicles the overbuilding of condominiums in 2006 and 2007 as well as the projects in the pipeline for 2008-2010. The second sub-theme looks at efforts by developers to
rationalize the market downturn. The third sub-theme details the actions taken by developers to move unsold inventory. The fourth reviews the decision of many developers to shift from for-sale to for-rent marketing.

5.4.1. A Flood of Condos

By the end of 2007 there was a rapidly developing glut of condominiums in Downtown. Of the 3,418 rental units constructed in Downtown since Tom Gilmore opened the San Fernando Building 2,630 were adaptive reuse projects and 788 were new construction. Of the 2,418 condominiums finished since the Flower Street Lofts went on sale, 806 were new construction and 1,612 were ARO enabled. The number of market rate housing units had increased by 5,836 units since the ARO became effective while the number of affordable housing units increased by 1,041. There were five condominium buildings with 897 units in Downtown in 2000. Three buildings were on Bunker Hill, one in Little Tokyo and one in South Park. By the end of 2007 there were 3,315 condominiums in 22 buildings. The problem was that the new condominiums were not selling as briskly as the Flower Street Lofts did or most of the projects finished in 2004 and 2005. Of the 1,033 condominiums completed in 2007 over 400 sat empty at the end of the year. This was not just a 2007 problem. There were still unsold units in buildings completed in 2006. Condominiums prices peaked in early 2007 and began a slow downhill slide. Probably even more unnerving for developers was the realization that over 4,700 condominiums were under construction in Downtown at year-end 2007. This is nearly twice as many condominiums as had been built in the past five years and more than two and one-half
times more than had been sold since the Flower Street Lofts went on sale in 2003. Of the 2,418 condominiums finished from 2003 to 2007 only 1,857 had been sold. On top of that there were over 2,000 rental units also under construction. Condominiums under construction are listed on Table 5-7 and rental units under construction are listed on Table 5-8.

<table>
<thead>
<tr>
<th>District</th>
<th>Project Name</th>
<th>Type</th>
<th>Expected Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bunker Hill</td>
<td>Park Fifth</td>
<td>New</td>
<td>732</td>
</tr>
<tr>
<td>Finance</td>
<td>Brockman Building</td>
<td>ARO</td>
<td>80</td>
</tr>
<tr>
<td>Finance</td>
<td>Roosevelt Lofts</td>
<td>ARO</td>
<td>223</td>
</tr>
<tr>
<td>Finance</td>
<td>655 Hope Street</td>
<td>ARO</td>
<td>80</td>
</tr>
<tr>
<td>Finance</td>
<td>717 Ninth St (Watermark)</td>
<td>New</td>
<td>214</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Broadway Exchange Building</td>
<td>ARO</td>
<td>73</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Chapman Flats</td>
<td>ARO</td>
<td>168</td>
</tr>
<tr>
<td>Historic Core</td>
<td>El Dorado Lofts</td>
<td>ARO</td>
<td>65</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Great Republic Lofts</td>
<td>ARO</td>
<td>72</td>
</tr>
<tr>
<td>Historic Core</td>
<td>National City Bank Lofts</td>
<td>ARO</td>
<td>93</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Rowan Building Lofts</td>
<td>ARO</td>
<td>206</td>
</tr>
<tr>
<td>Historic Core</td>
<td>SB Main</td>
<td>ARO</td>
<td>220</td>
</tr>
<tr>
<td>Historic Core</td>
<td>SB Manhattan</td>
<td>ARO</td>
<td>198</td>
</tr>
<tr>
<td>Historic Core</td>
<td>SB Spring</td>
<td>ARO</td>
<td>195</td>
</tr>
<tr>
<td>Historic Core</td>
<td>SB Tower</td>
<td>ARO</td>
<td>250</td>
</tr>
<tr>
<td>Little Tokyo</td>
<td>200 S. Los Angeles St.</td>
<td>New</td>
<td>741</td>
</tr>
<tr>
<td>South Park</td>
<td>Concerto (renamed Apex)</td>
<td>New</td>
<td>629</td>
</tr>
<tr>
<td>South Park</td>
<td>Evo</td>
<td>New</td>
<td>311</td>
</tr>
<tr>
<td>South Park</td>
<td>Ritz Carleton</td>
<td>New</td>
<td>224</td>
</tr>
</tbody>
</table>

| Total Condominiums Under Construction by Year | 1,717 | 2,101 | 956 |
| Total Condominiums Under Construction (2008-2010) | 4,774 |

Table 5-7: Condominiums under construction 12/31/2007. Source: DCBID Housing Database

This irrational exuberance was not confined just to Downtown. On December 20, 2007 Andrew Adelman, the General Manager of the Department of Building and Safety, sent a letter to Mayor Villaraigosa announcing that there were 100 new high rise buildings either under construction or under serious consideration in the City of Los Angeles. The tallest building was slated to rise 76 stories and the shortest
buildings were 11 stories. Adelman also touted his department's use of "innovative cutting edge approaches to encourage construction and economic development in the city." An interesting feature of the high-rise building list was that 91 of the 100 were for intended for residential use and 48 of the 91 specifically stated the word condo in the description. Forty-seven of the buildings were sited in Downtown in the Central City Community Plan Area (Adelman 2007). By 2012 only 10 of the 47 buildings in

<table>
<thead>
<tr>
<th>District</th>
<th>Project Name</th>
<th>Type</th>
<th>Expected Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civic Center</td>
<td>Orsini - Phase II</td>
<td>New</td>
<td>566</td>
</tr>
<tr>
<td>Finance</td>
<td>Union Lofts</td>
<td>ARO</td>
<td>92</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Alexandria Hotel</td>
<td>ARO</td>
<td>463</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Broadway Plaza Lofts</td>
<td>ARO</td>
<td>82</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Jewelry Trades Building</td>
<td>ARO</td>
<td>62</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Judson Building</td>
<td>ARO</td>
<td>60</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Medallion</td>
<td>New</td>
<td>200</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Mercantile Arcade</td>
<td>ARO</td>
<td>140</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Metropolitan Lofts</td>
<td>ARO</td>
<td>84</td>
</tr>
<tr>
<td>Historic Core</td>
<td>Rosslyn Lofts</td>
<td>ARO</td>
<td>143</td>
</tr>
<tr>
<td>South Park</td>
<td>717 Olympic</td>
<td>New</td>
<td>156</td>
</tr>
<tr>
<td></td>
<td>Total Rental Units Under Construction</td>
<td>Expected Completion</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2008</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>Total Rental Units Under Construction by Year</td>
<td>1,848</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total Rental Units Under Construction (2008-2010) = 2,048</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Housing Units Under Construction (2008-2010) = 6,822</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5-8: Rental units under construction 12/31/2007. Source: DCBID Housing Database

Downtown had been built. Seven residential, one mixed use hotel and condominium project, one school and the new Police Administration Building.

5.4.2. Urban Buyers Wanted

As concern spread through the developer community about the steep drop in condominium sales the Building Industry Association of Southern California (BIASC) organized a panel discussion on current urban homebuyer's behavior and marketing trends at the Walt Disney Concert Hall on September 5, 2007. Four
industry experts were invited to speak on their design or marketing specialty. The advertisement for the meeting began with "Even in a down market, homebuyers are chasing the urban lifestyle... if it has the right vibe. Precisely defining and capturing that vibe is the subject of an in-depth discussion, **Urban Buyer Behavior, Wednesday Evening, September 5, 2007** at **Walt Disney Concert Hall** in Downtown Los Angeles." The panelists included Tyson Sayles, Executive Vice President of the Kor Group, Jonathan Watts, a Principal of Cunningham Group Architecture, Adam Ducker, senior principal in the Washington D.C. office of Robert Charles Lessor & Company, and Jack Skelley, Vice President of Roddan Paolucci Roddan Advertising and Public Relations. Two of the panelists, Watts and Ducker, were offering the latest data and design trends on urban mixed use projects. Sayles, the E.V.P. of the Kor Group, was bringing direct experience from the successful marketing of the Pegasus, Eastern Columbia, Santa Fe Lofts, and the Barker Block in Downtown Los Angeles. He was going to share how developers could "appeal to buyers with sophisticated tastes seeking authentic urban environments". The last panelist, Jack Skelly, was a specialist in "full service 'ideation,' or the creation of real and compelling marketing identities" (BIASC 2007). The contradiction evident in the opening statement of a down market and homebuyers chasing the urban lifestyle probably gave some hope to the developers already feeling the decline in condominium sales. The Downtown News headlined the article reporting about the panel as "Seeking the Elusive 'Urban Buyer'" and noted that Downtown Los Angeles
had "seen spectacular residential growth in recent years, but where some worry about sustaining the trend" (Scott 2007a).

The rapid escalation of condominium prices discussed earlier undoubtedly had an impact on sales due to the fact that there were fewer eligible buyers. The sales price per square foot gives a better perspective on affordability. The average sale price per square foot for condominiums from 2000 to 2007 are shown in Table 5-9. For example, most of the condominiums on the first three floors of the Flower Street Lofts sold for $300,000 to $500,000 per unit. Since this was a former industrial building with large open spaces the developer constructed fairly large lofts ranging from 1,350 to 2,750 square feet. The price per square foot was approximately $222.00 per square foot on the smaller lofts and $182.00 per square foot on the larger units.

<table>
<thead>
<tr>
<th>Number of bedrooms</th>
<th>Square footage</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>700-900</td>
<td>$168.61</td>
<td>$191.44</td>
<td>$219.78</td>
<td>$275.59</td>
<td>$389.29</td>
<td>$462.51</td>
<td>$559.09</td>
<td>$527.54</td>
</tr>
<tr>
<td>2 BR</td>
<td>900-1,300</td>
<td>174.56</td>
<td>198.50</td>
<td>225.48</td>
<td>318.36</td>
<td>440.42</td>
<td>525.82</td>
<td>558.66</td>
<td>528.86</td>
</tr>
<tr>
<td>3+ BR</td>
<td>1,300+</td>
<td>174.93</td>
<td>210.93</td>
<td>266.18</td>
<td>328.46</td>
<td>462.50</td>
<td>553.95</td>
<td>576.47</td>
<td>530.52</td>
</tr>
</tbody>
</table>

Table 5-9: Historical condominium prices from 2000-2007. Source: DCBID Housing Database

The Flower Street Lofts were large lofts primarily because of the type of building converted to housing. Office buildings, on the other hand, were better suited to smaller lofts. The Bartlett Building on Seventh Street which came on market in early 2005 had units ranging from 450 to 1,020 square feet. Prices ranged from $350.00 to $500.00 per square foot on the lower floors with a few units priced as high as $700.00 per square foot on the upper floors. Because the units were fairly small the sales prices were mostly in the $300,000 to $400,000 range and relatively affordable.
Moving ahead to 2007 when the Market Lofts opened above the Ralph's Fresh Fare grocery store prices had climbed again. The Market Lofts ranged in size from 695 square feet to 1,588 square feet - bigger than the Bartlett Building but smaller than the Flower Street Lofts. The smallest studio unit was priced at $425,000 ($612.00 per square foot) and the largest two-bedroom unit at $925,000 ($582.00 per square foot). There were a large number of one-bedroom units priced just under $500,000 and small two-bedroom units priced in the mid $600,000s (Flynn 2007b). As the Downtown condominium inventory increased over time the variety of floor sizes offered also increased creating a huge range of selling prices biased mostly towards the upper end. Pricing at the 24-story Evo in South Park reflects the evolution of condominium sizes with the smallest studio priced at $425,000 and the penthouses selling for $3.8 million.

5.4.3. Creative Promotions

The panel discussion must have had some impact on the attendees because shortly afterwards developers began offering incentives to buyers for making a purchase commitment. One of the more innovative incentives was made by the Santee Village developer, MJW Investments, in December 2007. MJW offered buyers a free three-year lease on a Mini Cooper automobile if they signed a loft purchase agreement by February 3, 2008. Santee Village was the largest ARO development in Downtown with seven residential buildings located on Los Angeles Street between Seventh Street and Eighth Street in the Fashion District (Maese 2007b). MJW purchased the Santee complex of ten buildings in 1998 about the time that Tom Gilmore was buying.
the Old Bank District properties (Maese 2001g). All were industrial spaces with high ceilings and large oversized frame windows. The master plan called for seven of the buildings to be converted into 445 lofts over 66,000 square feet of retail space. The first three buildings, Connell, Bailey Hat and Brownstein-Louis, were converted into 165 rentals in 2004 and branded as Santee Court. Rite-Aid signed a 20-year lease for ground floor retail space at the corner of Seventh and Los Angeles streets in 2004 and opened a drug store in anticipation of a growing residential presence in the Fashion District (Maese 2004b). MJW sold the three rental buildings in August 2005 for $45 million (Maese 2005d).

The second phase, Santee Village, began with the conversion of the Textile Building into 66 condo-lofts in 2005. The lofts ranged in size from 650 to 1575 square feet and sold for $350,000 to $1,000,000. Sales began in May 2006. Meanwhile the three remaining buildings, Cornell, Eckardt and Santee were being converted into 216 condo-lofts. The lofts, shown in Figure 5-6, were finished and ready for sale in November 2007. These units were smaller than the Textile Building lofts and sold for $300,000 to $700,000. The completion date proved to be unfortunate timing as condominium sales in Downtown had pretty much ground to a halt. There were still a dozen unsold lofts in the Textile Building. Mark Weinstein, president of MJW Investments, told a Downtown News reporter that the Mini Cooper promotion was the result of a brainstorming session. Weinstein further explained "It made a big splash and got national coverage. In this marketplace you have to be smarter and more creative and more persistent. There's a fine line between success
and failure. I think you'll start seeing creative things to get people to look, but ultimately people are looking for value propositions." Weinstein reported that 75 people had come to the sales office inquiring about the promotion in the week after it was announced (Maese 2007b). By the end of February 2008 Weinstein had sold 29 units in the Cornell Building and nine in the Eckhardt. Weinstein still had over 180 lofts to sell in the two buildings. Weinstein discontinued the Mini Cooper promotion and offered a flat rebate of $60,000 per unit regardless of size. The rebate could be used to buy down the interest rate on the mortgage, pre-pay mortgage payments or HOA dues, down payment assistance or cash back on closing if desired (Broverman 2008).

Weinstein was right about the thin line between success and failure. Even with the generous rebate offer sales were slow in 2008. By October, less than a dozen additional units had been sold leaving 170 units still for sale. Weinstein, unable to repay the construction loan of $67.5 million, surrendered control of Santee Village to Figure 5-5: Santee Village courtyard. Photo by author, 2007.
Patriot Group, a mezzanine level lender who was subordinate to the senior lender which in this case was Bank of America. Patriot Group's Santee Village division filed for bankruptcy in early 2009 and Bank of America took ownership of the project in October 2009 (Scott 2010).

Market Lofts was another project taking the rebate approach to stimulate condominium sales. The 267-unit project was built atop the Ralph's Fresh Fare market on Ninth Street. The Lee Group and CIM were partners in this project. Both companies were profiled earlier in the discussion on the Flower Street Lofts. The unit size and pricing data was previously discussed in the finance section. The Market Lofts were scheduled to open simultaneously with the Ralph's thus hopefully giving sales a boost as shoppers visited the store. And visit they did with 2,000 people shopping daily by September 2007 (Scott 2007). The buyer interest list was long and had collected quite a bit of dust by the time the lofts were ready for sale. Move-ins were brisk during the summer but by Fall had slowed considerably. The developers offered $25,000 rebates over the holidays to keep sales momentum going (Maese 2007b). By year end only 103 lofts had been sold. In January, the rebate was decreased to $20,000 but the developers offered to pay the HOA fees for two years as a bonus. This offer expired at the end of February (DT_Newsstaff 2008a). When Santee Village launched their $60,000 rebate Market Lofts countered with a $50,000 rebate good through May 10, 2008 (Broverman 2008). In July, the developer boosted the rebate to $60,000 for a one-bedroom and $80,000 for a two-bedroom unit. This
program expired on July 31, 2008. However, this model became the de facto pricing schedule for the next year.

In October 2009 Jeff Lee, President of Lee Homes, announced that the last 55 unsold condominiums would be auctioned on November 14, 2009 at the Bonaventure Hotel. Lee noted that the auction was a close-out sale and not motivated by financial distress. He said that all of the construction loans had been repaid and that his company and CIM were ready to move on to new projects (Smith 2009). The auction took place as promised and all of the units were sold. Reserve prices ranged from $130,000 to $295,000. Selling prices were considerably higher with the lowest selling price at $292,000 for a 695 square foot one-bedroom studio and the highest selling price at $522,000 for a 1,427 square foot two bedroom unit. Auction prices reflected a 35% to 40% discount from the original asking prices of the units (Smith 2009a). The auction was over in three hours and netted the developers $21.9 million which works out to $393,000 per unit (Scott 2009a). The huge discounts on the lofts must have been bittersweet for the first-in-line buyers at the Market Lofts. The highest winning bid at $522,000 was for a loft that originally would have sold at $838,500 - a $316,500 discount. Since 212 lofts had already been sold before the auction and more than a few at full price without rebates some owners probably suffered substantial paper losses on that day. This was quite a difference from the sales at the Skyline Condominiums twenty years earlier when buyers were offered a full refund on their purchase by Forest City at any time until all of the lofts were sold.

5.4.4. Condominiums Become Rentals
Some developers recognized early that the condominium market was seriously ill and elected to convert their buildings to rentals. Others continued to take deposits from purchasers in the hope they would achieve the 50% threshold necessary to start closing deals. Yet still others wanted to close escrows but found that the buyer's loans had fallen through forcing the purchaser to withdraw from the sales agreement. Rents had been creeping upwards ever since Tom Gilmore opened the San Fernando Building. In early 2007 about the time condominium prices were peaking the average rent was $2.75 per square foot. While condominium prices were falling rents still rose for another year finally topping out at $2.80 per square foot in the second quarter of 2008. As the condo reversions back to rentals escalated the supply of rental lofts and apartments grew putting pressure on lease rates. Rents fell quickly to $2.29 per square foot by the first quarter of 2009 and then began rising into the $2.40 - $2.45 range where they stabilized through 2011 (DCBID 2011).

Another complication for the rental market arose in 2007. Speculators who had been playing the condominium market found that the quick profits garnered by flipping condos evaporated in the second quarter of 2007. As discussed earlier, as condominium sales slowed the developers were now willing to offer incentives to attract purchasers leaving nascent buyers with the real possibility of a loss rather than a quick profit. Since the speculators had actually purchased their condominiums many found it necessary to lease their investment to create some cash flow. The Eastern Columbia was one such building where large numbers of units came on the rental market within months of the building's opening. The director of the Casden Real
Estate Economic Forecast at the University of Southern California, Dolores Conway, acknowledged that there would be an effect of investor owned condominium rentals on the overall market but cautioned "We don't really have a way of measuring that, but we know it's occurring. What it's doing is contributing a shadow supply to the market" (Maese 2007c; Scott 2008a).

The flood of condominiums expected to arrive in 2008 didn't materialize. Of the eleven projects with 1,717 condominiums scheduled for completion in 2008 only one building, Evo, with 311 for-sale units made it to market. Three other buildings were finished: Chapman Flats (168 units), National City Bank Lofts (93 units) and SB Manhattan (198 units). All three had been reverted into 459 rentals. The other seven projects were delayed until 2009 or 2010. Of the ten rental buildings expected to open in 2008 only five were completed adding 1,337 units to the inventory. There were 2,202 housing units completed in Downtown in 2008, much less than the 3,565 expected but still nearly twice as many as 2006 and 2007 combined. See Table 5-7 for the summary of housing units completed from 2008 to 2011.

Evo was the big sister to the Elleven and Luma buildings profiled earlier. By the time it came to market on October 5, 2008 over 40% of the 218 deposits made since July 2006 had been withdrawn and the conviction of the balance to complete the purchase was in doubt. The timing could not have been worse. The financial crisis was well underway, Lehman Brothers had failed three weeks earlier and the stock market was in freefall. Of the 90 odd buyers still on the list many had developed cold feet (Guzman 2008b). In January, 2009 South Group sold one of the penthouses for
$3.1 million, a record sale in Downtown. This was followed three weeks later by the sale of another penthouse for $3.2 million. Both sales were in the $800.00 per square foot range with the latter having 3,973 square feet of enclosed residence and a 3,500 square foot private terrace. Both were sold for cash and both buyers wished to remain anonymous. By the first of March, five months after the grand opening, only 20 units had closed escrow. South Group began a series of promotions with catchy titles like the "$3 Million Sale", the "Homebuyer Advantage Sale" and the "Live Large" sale each offering discounts on condominiums, financing, down payments, interest rates or some combination of the above. Sales picked up to about 10 units per month. By June over 60 units had closed escrow (South_Group 2009; South_Group 2009a; South_Group 2009b). The specials and discounts became everyday pricing by summer thus lowering the gross margin on sales. Apparently closing ten escrows per month was not enough and South Group relinquished control of Evo and two prime vacant lots on the next block to their lenders in September 2009 (Scott 2009d).

Three condominium projects were completed in 2009: the Roosevelt Building (222 units), the Rowan Lofts (206 units) and the first phase of Concerto (77 units) for a total of 505 condominiums. One of these buildings, the Roosevelt, had just begun selling lofts when the primary construction lender, Bank of America, refused to close the escrows and transfer title. The developer, Milbank Real Estate, filed for Chapter 11 bankruptcy reorganization in April, 2009 in an attempt to negotiate a settlement with the bank. Meanwhile, Bank of America allowed the purchasers to rent their lofts while the federal courts adjudicated the case. This conflict between Milbank and
Bank of America essentially removed about 200 condominiums from the market for three years.

The second condominium project, the Rowan Building, was located on the northeast corner of Spring and Fifth streets. The developer, Downtown Properties, had previously converted the Douglas Building into condo-lofts and had partnered with Tom Gilmore to develop the Rowan into 206 for-sale lofts and the nearby El Dorado Hotel into 65 for-sale lofts. Gilmore had purchased both buildings when he was developing the Old Bank District (Mandell 2004d). The Rowan had suffered repeated delays, not as serious as the El Dorado, but nearly so and finally came to market in January 2009. Pre-sales had only yielded 30 buyers and the future looked uncertain. Downtown Properties needed to sell 50% of the units before the retail lender would close any of the sales and allow buyers to move in. Downtown Properties took a bold step and decided to auction 79 lofts in an attempt to cross that threshold. The units had been marketed at just under $600.00 per square foot with studios selling for $317,000 and larger, 1,419 square foot, two-bedroom condos selling for $775,000. The reserve prices were set at 45% below the asking prices. This was the first residential auction ever held in Downtown and many people were apprehensive about the outcome. The auction was held on Sunday, February 8, 2009. Sixty-three units were sold at an average price of $346,000 yielding $21.8 million in sales. Downtown Properties had sold enough units to make the 50% threshold achievable (Guzman 2009a).
The downside to holding an auction is that the selling prices dictate what the market was willing to pay for your lofts. There were still over 100 vacant lofts in the Rowan awaiting buyers. The studios originally selling for $317,000 went to auction with a reserve price of $195,000 and sold for $207,000, a 35% discount from the original price. With a large unsold inventory it was hard to ask for $317,000 again. The auction established the market price closer to $200,000 than $300,000 for studio size lofts with commensurate discounts on larger units (Scott 2009b). Sales languished for the next six months with an average of one unit sold per week. In late August the developer held a red-tag sale to move some inventory. On Saturday, August 29, 2009 nineteen units were discounted for a one-day sale with 550 square foot studios starting at $219,000 and 860 square foot one-bedroom units starting at $279,000. Eight units were sold leaving over seventy units still unsold (DT_Newsstaff 2009b). Sales slowed even more. By July 2011 fifty more units had been sold. After being on the market for 30 months the Rowan had twenty units left to sell. By any measure that was better than filing bankruptcy (Guzman 2011a).

The third project completed in 2009 also has an interesting tale. Concerto, a set of new condominium buildings in South Park was being constructed in phases. The first phase, a seven story building located at the corner of Ninth Street and Figueroa was completed in August 2009. Phase 2, a 271-unit thirty story tower adjacent to the seven story building, was under construction. Corus Bank, a Chicago based lender, had loaned $190 million for construction of the two buildings. The developer, Sonny Astani, decided to auction the 77 units in the first building and use the funds to finish
construction on the larger tower next door. The auction was held on August 29, 2009. All 77 units were sold at an average price of just over $400,000 yielding $31 million for Astani. Corus Bank refused to release the liens on the condominiums thereby freezing the sales. Corus also refused to release further construction funding for the second building. Astani filed a lawsuit against Corus Bank on September 4 seeking the lien releases and demanding the bank honor the construction loan contract. Corus Bank was seized by the FDIC on September 11, 2009. At this time Astani was in compliance with the loan covenants, the project was on schedule and Astani was not delinquent on any payments. And Astani had sold all of his condominiums from the first building in one day. The problem was Corus Bank. Astani, uncertain of how the FDIC would dispose of the assets from Corus Bank, filed bankruptcy for the Concerto project on September 17 (Scott 2009d). The bankruptcy filing did help the buyers of the 77 units sold at auction. They were allowed to move into their condominiums by the end of the year (Scott 2009c). The thirty story tower became a legal and political football between Astani, the FDIC, and ST Residential, the division of Starwood Capital that eventually purchased the building from the bankruptcy court. As part of the bankruptcy settlement Astani relinquished control of the Concerto tower in February 2011. ST Residential renamed the building Apex and opened it as rentals in November 2012 (Guzman 2012).

Seven rental projects were completed in 2009 adding 1,157 more apartments to what was now becoming a glutted rental market. One of the projects, the Brockman Building was supposed to be for-sale condominiums but the owner reverted back to
rentals in December 2008. Unable to reschedule financing to accommodate rental
cash flow instead of for-sale construction loan payback the owner, West Millennium
subsidiary Brockman Building Lofts LLC defaulted on the $35 million loan in March
and filed a Chapter 7 bankruptcy petition on April 1, 2009. Bank of America became
the owner of another Downtown loft conversion (Scott 2009e). Projects completed in
2008 and 2009 are listed in Table 5-10.

The following year, 2010, brought over 1,000 more rental units to market and two
more condominium projects on line. The first condominium project was 655 Hope
(located at that address on Hope Street), an 80 unit ARO conversion of a more

| Residential Projects Completed 2008 - 2009 |
|-----------------|----------------|----------------|
| Year            | District        | Project Name   |
| 2008            | Civic Center   | Orsini II      |
|                 | Historic Core  | Alexandria     |
|                 | Historic Core  | Chapman Lofts  |
|                 | Historic Core  | Judson-Rivas Building |
|                 | Historic Core  | National City Bank Lofts |
|                 | Historic Core  | SB Manhattan    |
|                 | Historic Core  | Union Lofts    |
|                 | South Park     | 717 Olympic    |
|                 | South Park     | Evo            |
| 2009            | Finance        | Brockman Lofts |
|                 | Finance        | Roosevelt Lofts|
|                 | Historic Core  | Great Republic Lofts |
|                 | Historic Core  | Haas Building  |
|                 | Historic Core  | Rosslyn Lofts  |
|                 | Historic Core  | Rowan Lofts    |
|                 | Historic Core  | SB Main        |
|                 | Historic Core  | SB Spring      |
|                 | Little Tokyo   | Sakura Crossing|
|                 | South Park     | Concerto Lofts |
|                 | Project Name   | Type           | Units | Rental | Sale | Total |
| 2008            | District        | Project Name   |
|                 | Civic Center   | Orsini II      | New   | 566   | 566  |
|                 | Historic Core  | Alexandria     | ARO   | 463   | 463  |
|                 | Historic Core  | Chapman Lofts  | ARO   | 168   | 168  |
|                 | Historic Core  | Judson-Rivas Building | ARO | 60   | 60  |
|                 | Historic Core  | National City Bank Lofts | ARO | 93   | 193 |
|                 | Historic Core  | SB Manhattan    | ARO   | 198   | 198 |
|                 | Historic Core  | Union Lofts    | ARO   | 92    | 92  |
|                 | South Park     | 717 Olympic    | New   | 151   | 151 |
|                 | South Park     | Evo            | New   | 311   | 311 |
| 2009            | Finance        | Brockman Lofts | ARO   | 80    | 80  |
|                 | Finance        | Roosevelt Lofts| ARO   | 222   | 222 |
|                 | Historic Core  | Great Republic Lofts | ARO | 72   | 74  |
|                 | Historic Core  | Haas Building  | ARO   | 68    | 68  |
|                 | Historic Core  | Rosslyn Lofts  | ARO   | 297   | 297 |
|                 | Historic Core  | Rowan Lofts    | ARO   | 206   | 206 |
|                 | Historic Core  | SB Main        | ARO   | 220   | 220 |
|                 | Historic Core  | SB Spring      | ARO   | 190   | 190 |
|                 | Little Tokyo   | Sakura Crossing| New   | 230   | 230 |
|                 | South Park     | Concerto Lofts | New   | 77    | 77  |
| Total for Year  |                |                |       | 1,791 | 311 |
| Total for Year  |                |                |       | 2,202 |     |

Table 5-10: Residential projects completed in 2008-2009. Data source: DCBID Housing Database
modern office building built in 1964. The 17-story structure had residences configured on floors seven through seventeen with parking, a fitness center and retail located on the lower floors. The project was scheduled to open in 2009 but complications arose with fire safety modifications to the building pushed the completion date into 2010. The developer, Seck Group, elected to open the building with an auction of 45 units on April 18, 2010 to achieve the sales momentum needed to start closing escrows (DT_Newsstaff 2010). On auction day the developer decided to offer only 30 units instead of 45. Observers felt the final auction prices were fair and reflected the actual market prices of the units. Prices ranged from a low of $260,000 for a 600 square foot studio to $500,000 for an 1,197 square foot two-bedroom unit. Most units sold for $350.00 to $400.00 per square foot (Smith 2010). The decision not to sell all 45 units was not a good one. Seck Group needed 40 buyers to begin closing escrows. They only had 30. Perhaps the developer anticipated that the publicity of the auction would attract more buyers. One thing auctions do is establish the market price for the units. And Seck still had 50 more lofts to sell. By the middle of September Seck was still short of buyers and the building was still empty. By this time some of the 30 auction purchasers had withdrawn their bids and moved on leaving about 20 buyers still interested in the building. Move-ins finally began in November 2010 (Smith 2010b). Seck still had unsold inventory at 655 South Hope Street in 2012.

The second condominium building to come on-line in 2010 was the El Dorado with 65 lofts. This building was profiled earlier. Downtown Properties intended to
auction 47 of the 65 units on April 25 but problems emerged with the water main supplying the fire sprinklers in the building delaying issuance of the Certificate of Occupancy. The building faces Spring Street but the water main connects on Main Street. This was not going to be a simple repair. Downtown Properties canceled the auction (Vaillancourt 2010b). The repairs and inspections were completed in July. Interest in the El Dorado had grown and sales contracts were being signed even without the benefit of an auction. Downtown Properties met their sales quota in August and buyers began moving into their new lofts at the end of the month (Guzman 2010). By July of 2011 51 units had been sold. It would take another eight months to sell the balance.

Only two residential projects were completed in 2011: the long awaited Ritz-Carlton Residences at L.A. Live and the Metropolitan Lofts, an 84 unit rental building in the Historic Core. This dearth of project completions is a result of developer decisions to postpone or cancel construction in 2008 and 2009. The Ritz Carlton Residences are located on floors 27-52 of the Ritz-Carlton Hotel. The 224 units range in price from $850,000 to $9.3 million. The first escrow closed in February 2011. Buyers had been leaving deposits since late 2007 but by 2009 many foresaw price reductions in the offing. They were correct. The current pricing was 20% below the initial asking prices (DT_Newsstaff 2011). By September 2012 58% of the 224 units had been sold (DT_Newsstaff 2012). By the following summer there were only thirty units left unsold, ten penthouses with prices ranging from $3.5 million to $9.3 million and twenty two and three bedroom units starting at $1.9 million. AEG had
aggressively marketed the units to Asian buyers by working with brokers in the local Chinese and Korean communities and through direct advertising in Asia. The efforts apparently were successful as Kimberly Lucero, the vice-president for sales and marketing for AEG, reported that "a steady stream of Asian buyers fueled sales at the project over the last two years" (Vaillancourt 2013a). Projects completed in 2010 and 2011 are listed on Table 5-11.

As the number of completed projects rose vacancies rose even faster. By the end of 2008 2,202 more units had been completed boosting the housing inventory of the Central City Plan Area to over 21,000 housing units with about 3,200 units vacant at the end of the year. By April 1, 2010 (Census Day) the housing inventory had swelled to 23,626 and the vacancies had grown to 3,546 units which is about 15% of the total

<table>
<thead>
<tr>
<th>Year</th>
<th>District</th>
<th>Project Name</th>
<th>Type</th>
<th>Units</th>
<th>Type</th>
<th>Rental</th>
<th>Sale</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Civic Center</td>
<td>Orsini III</td>
<td>New</td>
<td>210</td>
<td></td>
<td>210</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fashion</td>
<td>Emil Brown Lofts</td>
<td>ARO</td>
<td>38</td>
<td></td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>655 Hope</td>
<td>ARO</td>
<td>80</td>
<td></td>
<td>80</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finance</td>
<td>Watermarke</td>
<td>New</td>
<td>214</td>
<td></td>
<td>214</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>El Dorado</td>
<td>ARO</td>
<td>65</td>
<td></td>
<td>65</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Jewelry Trades Building</td>
<td>ARO</td>
<td>62</td>
<td></td>
<td>62</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Medallion</td>
<td>New</td>
<td>96</td>
<td></td>
<td>96</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>SB Tower</td>
<td>ARO</td>
<td>250</td>
<td></td>
<td>250</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historic Core</td>
<td>Spring Arcade Building</td>
<td>ARO</td>
<td>140</td>
<td></td>
<td>140</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>Broadway Plaza</td>
<td>ARO</td>
<td>82</td>
<td></td>
<td>82</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total for Year</td>
<td></td>
<td></td>
<td>1,092</td>
<td>145</td>
<td>1,237</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>Historic Core</td>
<td>Metropolitan Lofts</td>
<td>ARO</td>
<td>84</td>
<td></td>
<td>84</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>South Park</td>
<td>Ritz Carlton Residences</td>
<td>New</td>
<td>224</td>
<td></td>
<td>224</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total for Year</td>
<td></td>
<td></td>
<td>84</td>
<td>224</td>
<td>308</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ARO and new housing built (2010-2011)</td>
<td></td>
<td></td>
<td>1,176</td>
<td>369</td>
<td>1,545</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ARO and new housing built (2000-2009)</td>
<td></td>
<td></td>
<td>6,366</td>
<td>3,234</td>
<td>9,702</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total ARO and new housing built (2000-2011)</td>
<td></td>
<td></td>
<td>7,542</td>
<td>3,603</td>
<td>11,247</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5-11: Residential projects completed in 2000-2011. Data source: DCBID Housing Database
housing stock. This low level of occupancy was surprising since the communities surrounding Downtown were still experiencing a three to four percent vacancy rate. This can be partially explained by the withdrawal of units from the market through foreclosure and bankruptcy. For example, the Roosevelt (222 units) and Brockman (80 units) were both completed in 2009 but only a few units were sold in the Roosevelt before Bank of America refused to allow escrows to close and no units were sold in the Brockman. The developers of both buildings filed bankruptcy. Nearly 300 units remained empty for three years until the buildings were sold by the banks and reopened as rentals in 2012 (DT_Newsstaff 2010a; Fischer 2012). Santee Village is another case where 170 lofts remained off the market until May of 2011 when a new owner began selling the remaining lofts at about one-half the price originally asked in 2008 (Cerullo 2011). The annual housing absorption rate has remained pretty steady even during the darkest days of the recession. The preference of new residents in Downtown has always been rentals. The rapid increase in vacancies from 2008 to 2010 was mainly due to the fact that over 4,000 rental units came to market in those three years - more than came to market in the previous eight years.

The decline in condominium unit sales has a number of causes, one being price as previously discussed and another being a miscalculation of demand and the subsequent overproduction of for-sale units. The excess inventory was absorbed when prices dropped as evidenced by price reductions, rebates and sales conducted by developers. The auctions conducted in 2009 and 2010 reset prices at a number of
projects. After peaking in early 2007 condominium prices declined over 40% by 2011. Average condominium prices from 2005 to 2012 are shown in Table 5-11. The average price decline masks the variability in the actual market prices at different buildings. Loft unit #604, a 790 square foot studio in the Higgins Building, sold for $420,000 in 2006 near the peak of the market. The loft owner defaulted and Fannie Mae, who held the mortgage note, foreclosed on April 7, 2011. Fannie Mae listed the property the following month at $180,400 which works out to $228.00 per square foot. The price dropped 57.1% from 2006 providing Fannie Mae sells the unit for $180,400 (Vaillancourt 2011d). Lofts at the Bartlett Building, another Barry Shy project, first sold in the Spring of 2005. A 780 square foot one-bedroom loft first sold on May 27, 2005 for $410,000 which works out to $525.00 per square foot. A similar unit with 750 square feet sold four years later on April 27, 2009 for $140,000 ($187.00 per square foot). Mini-lofts of approximately 450 square feet at the Bartlett sold for as much as $800.00 per square foot in 2007 and as for as little as $246.00 per square foot in 2011. Similar stories can be found at the SB Grand at the corner of Fifth Street and Broadway where on July 21, 2006 a 670 square foot studio sold for $415,000. Three years later a 650 square foot loft two floors down sold for $133,000. Some

<table>
<thead>
<tr>
<th>Number of bedrooms</th>
<th>Square footage</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>700-900</td>
<td>376,862</td>
<td>456,082</td>
<td>429,296</td>
<td>386,266</td>
<td>279,065</td>
<td>268,481</td>
<td>257,769</td>
<td>286,714</td>
</tr>
<tr>
<td>2 BR</td>
<td>900-1,300</td>
<td>585,401</td>
<td>624,844</td>
<td>593,109</td>
<td>535,893</td>
<td>386,249</td>
<td>377,119</td>
<td>355,387</td>
<td>370,481</td>
</tr>
<tr>
<td>3+ BR</td>
<td>1,300+</td>
<td>659,012</td>
<td>686,070</td>
<td>633,760</td>
<td>570,385</td>
<td>553,939</td>
<td>522,258</td>
<td>497,903</td>
<td>501,710</td>
</tr>
</tbody>
</table>

Table 5-12: Historical condominium prices from 2005-2012. Source: DCBID Housing Database.
buildings like the Market Lofts or Elleven took less of a hit on prices during the downturn than others.

Census results give a better picture on the amount of speculation in condominium sales. As mentioned earlier everyone in downtown knew there were speculators in the market no one seemed to have a way to measure it. The condominium count on Census day in the CCCP area was 4,211. Of these units 390 were for sale and 64 had been sold but not yet occupied which leaves a net of 3,757 units that had been sold and occupied at one time. The Census revealed that only 1,982 units were owner occupied (52.8%) leaving the other 1,775 either rented, kept for seasonal use, used as a business instead of a residence, or withdrawn from the market due to foreclosure or for some other purpose. The Historic Core, genesis of the Downtown Residential Renaissance, had 997 condominiums on Census day. Eighty-one units were for sale most of which were located in the Rowan Building and 21 had been sold but not yet occupied. Of the 895 units that had been sold about one-half, 450 units, were owner occupied leaving 445 units for some other use. Most of the condominiums in the Historic Core were sold near the top of the market leaving many buyers underwater on their mortgage loans. Did the owners love downtown and want to stay or were they waiting for prices to rise so they could sell? Were there issues about the amenities available? Was security on the streets a concern? Or did the owners simply see downtown as a good investment and always plan to rent their condominium? For these reasons these condominiums were deemed a suitable group for the survey.
6. Place Making in Downtown Los Angeles

To measure the success of the coalition in creating a successful residential environment in Downtown a survey was mailed to all of the residences in six condominium buildings in the Historic Core. The Historic Core was selected due to its centrality in the Residential Renaissance. The Historic Core has been the target area for Downtown revitalization dating back to the Spring Street Revival of the Bradley Era. There was a plethora of empty or near-empty historic buildings suitable for reuse. While the ARO was designed to facilitate the conversion of abandoned and underutilized commercial buildings in Downtown to residential rental units, condominiums became the residential style of choice by developers after the success of the Flower Street Lofts. As chronicled earlier the glut of condominiums that emerged by 2008 crushed the market for the next five years. Condominium prices dropped dramatically far outstripping declines in major markets across the country.

6.1. The Sample

The six buildings are all ARO projects and were selected due to the length of time in service as residences. The building with the longest service is the Higgins Building with 135 units located on Second Street. As mentioned earlier the Higgins was originally opened as rentals in July 2003 and then converted to condominiums the following year. The second building, the SB Lofts (originally named Barry's Lofts) with 280 units, opened as condominiums in October 2004. The third building, the 7th Street Lofts with 139 units, opened as condominiums in February 2005. All three of these buildings were developed by Barry Shy, one of Downtown's major landlords.
The fourth building, the Douglas Building with 50 units, opened as condominiums in June of 2005. The fifth building, the Eastern Columbia with 147 units, opened in 2007. The sixth and last building, the Pan American Lofts with 40 units, opened in the summer of 2007. These buildings have a gross total of 794 condominiums.

Information on each of the buildings is listed in Table 6-1. There are two other condominium buildings in the Historic Core. The Rowan Lofts, profiled earlier, began selling units in January 2009. To boost sales past the magic 50% threshold to enable escrow closings the developer, Downtown Properties, held an auction on February 8, 2009, in which 63 lofts were sold at a substantial discount. Sales languished through 2009 and 2010. A substantial number of lofts remained unsold when the survey was conducted. The other building, the El Dorado, was also profiled earlier and was only about 50% occupied at survey time. Neither of these buildings were deemed suitable for inclusion due to the discounted sales pricing and recent occupancy.

Condominiums were selected for survey over rentals for several reasons. First, purchase requires a substantial personal financial investment for down payments and

<table>
<thead>
<tr>
<th>Building Name</th>
<th>Opened</th>
<th>Units</th>
<th>Owned</th>
<th>Rented</th>
<th>Vacant</th>
<th>Percent Owned</th>
<th>Percent Vacant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higgins</td>
<td>2004</td>
<td>135</td>
<td>64</td>
<td>50</td>
<td>21</td>
<td>47.4</td>
<td>15.6</td>
</tr>
<tr>
<td>SB Lofts</td>
<td>2004</td>
<td>280</td>
<td>86</td>
<td>122</td>
<td>61</td>
<td>30.7</td>
<td>21.8</td>
</tr>
<tr>
<td>7th Street Lofts</td>
<td>2005</td>
<td>140</td>
<td>74</td>
<td>52</td>
<td>10</td>
<td>52.9</td>
<td>7.1</td>
</tr>
<tr>
<td>Douglas</td>
<td>2005</td>
<td>50</td>
<td>29</td>
<td>13</td>
<td>8</td>
<td>58.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Eastern Columbia</td>
<td>2007</td>
<td>147</td>
<td>59</td>
<td>43</td>
<td>40</td>
<td>40.1</td>
<td>27.2</td>
</tr>
<tr>
<td>Pan American</td>
<td>2007</td>
<td>40</td>
<td>14</td>
<td>22</td>
<td>4</td>
<td>35.0</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>792</strong></td>
<td><strong>326</strong></td>
<td><strong>302</strong></td>
<td><strong>144</strong></td>
<td><strong>41.2</strong></td>
<td><strong>18.2</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 6-1: Building Survey List. Source: Census 2010 and DCBID Housing Database
closing costs that is not requisite of a tenant opting for a lease. Second, purchases are not usually made on a whim due to the complexities of real estate law whereas the consummation of a lease can be completed in a few hours. Third, purchasing entails a sense of relative locational permanency. Once purchased owners often find it much more difficult to sell a home than it was to buy it especially if the loan is underwater as was (and is) the case in Downtown. Fourth, leasees are only bound to the term of the lease which is normally one year. If the amenities are inadequate or safety on the streets uncertain, relocation is feasible at the end of the lease term. In some cases it was possible to break a lease without penalty. Hal Bastian did so on occasion at the San Fernando Building when tenants became fearful of walking the streets in front of the building. People purchasing condominiums were more likely to scrutinize the streets and consider both short and long terms prospects for the neighborhood.

In mid-November 2010 792 surveys were mailed with first class postage to the residential units in the six buildings. A total of 62 surveys were returned due to the lack of a forwarding address. An Internet search of the addresses of the returned envelopes as they arrived revealed that the units were in some stage of foreclosure. These units were deducted from the survey sample size due to vacancy of unknown duration. Survey responses were tallied by building with the highest response rate from the Douglas Building at 27.7% and the lowest response rate at 19.3% from the SB Lofts. The average response rate from all buildings was 22.2%. Responses by building and by owner and tenant is shown in Table 6-2. Owner responses were 65.4% of total responses leaving 34.6% of responses from tenants. Census data from
April 1, 2010 revealed that owner occupied housing in the Historic Core accounted for only 50.3% of the all condominiums sold with the balance occupied by tenants (49.7%). The higher response rate from owner occupied units (65.4%) is interesting and may stem from a property owners propensity to open all mail delivered to their address (or perhaps mail with a university return address). Three additional surveys were returned, two from owners who used their lofts for business purposes only and who lived elsewhere and the third from an investor who leased the property to a tenant for use as a residence. All three responses were incomplete and therefore the data was not entered into the table.

### 6.2. Demographics, Tenure and Employment

Of the 162 responses 56 were from tenants with an average household size of 1.48 for a resident total of 83. Owned unit responses totaled 106 with a average household size of 1.56 for a resident total of 165. The average household size of both renters and owned-units was 1.53 and the resident total was 248. Females out-numbered male in the tenant category while the opposite was true for owned units. The median age for females was nearly three years younger in the tenant group and nearly seven years
younger for owners. Overall males outnumbered females 86 to 76 and the median age was 38.8 years. The median age by tenure is shown in Table 6-3.

The length of residence differs between renters and owners. The average number of months residing in their current abode for renters was 17.4 months with a range of two to 91 months. Only four renters had previously lived downtown before moving to their current address. Loft owners, on the other hand, had a significantly longer residence at their current address with an average time of 40.3 months. Twenty-one (19.8%) had lived at a previous Downtown location before purchasing their loft, some for as few as three months with the longest residing Downtown for 68 months. The average length of Downtown residence for all respondents was 33.9 months. The length of Downtown residence for survey respondents is shown in Table 6-4.

Employment characteristics for tenants and owners were similar with the exception of work-at-home employees. The tenant group reported that 11 of the 56 respondents (19.6%) worked at home while the owner group reported that only 7 out 106 respondents (6.6%) worked at home. All of the tenant group were employed while three people in the owner

<table>
<thead>
<tr>
<th>Residents by Tenure and Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>Male Tenants</td>
</tr>
<tr>
<td>Female Tenants</td>
</tr>
<tr>
<td><strong>Total for tenants</strong></td>
</tr>
<tr>
<td>Male Owners</td>
</tr>
<tr>
<td>Female Owners</td>
</tr>
<tr>
<td><strong>Total for owners</strong></td>
</tr>
<tr>
<td><strong>Median Age of all residents</strong></td>
</tr>
</tbody>
</table>

Table 6-3: Tenure and Median Age.

<table>
<thead>
<tr>
<th>Length of Downtown Residence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downtown Address</td>
</tr>
<tr>
<td>Current address</td>
</tr>
<tr>
<td>Average # of months</td>
</tr>
<tr>
<td>Range in months</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Previous DT address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number with previous address</td>
</tr>
<tr>
<td>Average # of months</td>
</tr>
<tr>
<td>Range in months</td>
</tr>
</tbody>
</table>

Table 6-4: Downtown Residence.
group were retired and one was unemployed. This seems significant that only one respondent out of 162 was unemployed at the time of the survey. The average commute was 7.9 miles for renters with a range of 0.1 to 40 miles and 8.3 miles for owners with a range of 1 to 32 miles. There was one outlier in the survey who reported a commute of 2,000 miles but who also reported few trips to the office with most tasks being completed via telecommuting. This record was not included in the computations.

The methods of commuting were also comparable with autos serving as the primary means of transport. Options listed on the survey were: driving, rail, bus, bike, walk, and other. Approximately one-half of commuters reported driving as their preferred method. A number of commuters reported multiple modes of travel resulting in 177 transport modes for 140 people who regularly commute. The employment and commuting statistics are shown in Table 6-5.

6.3. Walking and Pets

Survey results reveal that pet ownership has diminished over time from the early days of the Old Bank District. The pet friendly policy instituted by Tom Gilmore and Hal Bastian had multiple goals. First, it was a means for tenants to "meet on the street" while walking their
dogs thus promoting a sense of community. Second, as noted by a number of downtown residents, a fully grown Doberman Pinscher or German Shepherd was better protection on the streets than a Smith & Wesson revolver. Lastly, it was a justification to tenants for the lack of floor covering in the lofts which saved Tom Gilmore hundreds of thousands of dollars for carpet and tile installation. During Hal Bastian's tenure as leasing manager at the Old Bank District half of the tenants signing leases had dogs. Only 12 tenants reported having dogs (21.4%) with two tenants owning two dogs each. Six tenants had cats with four of the six having two cats each. Three tenants reported "other" pets. Two of the tenants reported having both dogs and cats. Thirty-five out of 56 tenants (62.5%) reported having no pets.

Loft owners had more pets but not by much. Twenty-nine had dogs (27.4%) with seven keeping two dogs each. Seventeen owned cats (16.0%) with four people keeping two cats each. Three people reported keeping "other" pets (2.8%). Three of the responders reported having both dogs and cats. Ninety-four loft residents did not own pets (58.0%). Pet ownership statistics are shown in Table 6-6.

The other half of Tom Gilmore's equation concerning pet ownership, the part about motivating people to walk the streets has improved dramatically. Nearly every respondent reported walking neighborhood streets on a regular basis. This is a big change from the days when diners traveling to Pete's Cafe from the Pacific

<table>
<thead>
<tr>
<th>Type</th>
<th>Tenants</th>
<th>Owners</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>35</td>
<td>59</td>
<td>94</td>
<td>58.0%</td>
</tr>
<tr>
<td>Dogs</td>
<td>12</td>
<td>29</td>
<td>41</td>
<td>25.3%</td>
</tr>
<tr>
<td>Cats</td>
<td>6</td>
<td>17</td>
<td>23</td>
<td>14.2%</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>6</td>
<td>3.70%</td>
</tr>
</tbody>
</table>

Table 6-6: Pet Ownership.
Electric Lofts drove the two blocks from Sixth Street and Main to Fourth Street and Main and utilized the valet parking services provided by Tom Gilmore. Twenty-nine tenants reported walking the streets daily. Twenty-five tenants stated that they walked several times per week with responses ranging from two to five per week. One person reported walking five times per month and another reported walking two times per month. Nine tenants reported walking three blocks per trip and nine more reported walking four blocks per trip. Thirty-eight tenants reported walking five blocks or more per trip.

As shown in Table 6-7, loft owners proved equally as active. Forty-five owners reported walking daily. Fifty-four people reported walking several times per week ranging from one to six trips. Three people reported on a monthly basis with one person walking five times per month, another walking four times per month and the third walking three times per month. Three loft owners reported walking only rarely with no frequency indicated but did indicate distance with two reporting trips of four blocks and the third reporting trips of five blocks or more. Lastly, one loft owner did not state a walking trip frequency but did indicate a distance of four blocks per trip. Loft

<table>
<thead>
<tr>
<th>Walking Trip Frequency and Distance</th>
<th>Tenants</th>
<th>Owners</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily</td>
<td>25</td>
<td>45</td>
<td>74</td>
</tr>
<tr>
<td>Weekly</td>
<td>29</td>
<td>54</td>
<td>79</td>
</tr>
<tr>
<td>Times per week</td>
<td>3.24</td>
<td>3.43</td>
<td>3.37</td>
</tr>
<tr>
<td>Monthly</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Times per month</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Rarely</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Distance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One Block</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Two Blocks</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Three Blocks</td>
<td>9</td>
<td>16</td>
<td>25</td>
</tr>
<tr>
<td>Four Blocks</td>
<td>9</td>
<td>27</td>
<td>36</td>
</tr>
<tr>
<td>Five Blocks or more</td>
<td>38</td>
<td>61</td>
<td>99</td>
</tr>
</tbody>
</table>

Table 6-7: Walking Frequency and Distance.
owners also traveled as far as the tenants. Two people reported traveling two blocks per trip and 16 reported walking three blocks per trip. Twenty-seven reported walking four blocks and 61 reported traveling five blocks or more per trip.

Both tenants and loft owners had no-travel zones (Table 6-8). Tenants, more so than loft owners, avoided Skid Row. Forty-three out of 56 tenants (76.8%) reported Skid Row to be out of their comfort zone. Seven tenants avoided Broadway, one person avoided Pershing Square, another avoided the Flower District (which is adjacent to Skid Row), a third wouldn't walk through the Third Street tunnel under Bunker Hill, and two people avoided dark areas in general.

Loft owners, had a few more areas they considered out of bounds. Sixty-nine avoided Skid Row (65.1%), seven wouldn't walk on Broadway and two loft owners felt that Pershing Square was unsafe. Other areas to avoid included the Fashion District (two people), Flower District (one person), the corner of Ninth Street and Olive (one person), alleys (one person), and dark places (four people). Overall, 77.2% of respondents identified areas of Downtown they considered unsafe for travel. It is not surprising that so many people consider Skid Row to be a dangerous place and one to be avoided. Less than ten years ago every building surveyed was located in Skid Row. Skid Row

<table>
<thead>
<tr>
<th>No Travel Zones</th>
<th>Area</th>
<th>Tenants</th>
<th>Owners</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skid Row</td>
<td>43</td>
<td>69</td>
<td>112</td>
<td>69.1%</td>
<td></td>
</tr>
<tr>
<td>Broadway</td>
<td>7</td>
<td>7</td>
<td>14</td>
<td>22.6%</td>
<td></td>
</tr>
<tr>
<td>Pershing Square</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1.9%</td>
<td></td>
</tr>
<tr>
<td>Fashion District</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>Flower District</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>Alleys</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>3rd Street Tunnel</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>9th Street &amp; Olive</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>Dark Areas</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>3.7%</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>9</td>
<td>28</td>
<td>37</td>
<td>22.8%</td>
<td></td>
</tr>
</tbody>
</table>

Table 6-8: No Travel Zones.
encroached into Downtown all the way to Hill Street until the Safer Cities Initiative pushed it eastward a few blocks to Los Angeles Street. What this means is that everything east of Main Street is a no-walk zone for nearly two-thirds of the residents.

6.4. Downtown as a Desirable Place to Live

Each respondent was asked to list the three most important reasons they found Downtown a desirable place to live. The question was open ended to elicit a spontaneous emotional response as opposed to a long list of possible answers from which the respondent would select three choices. The responses were recorded and coded into three major categories: Convenience, Economic and Lifestyle. The convenience category had six response groups and the Economic category had four response groups.

<table>
<thead>
<tr>
<th>Convenience Group</th>
<th>Tenant</th>
<th>Owner</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close to work</td>
<td>14</td>
<td>30</td>
<td>44</td>
<td>8.9%</td>
</tr>
<tr>
<td>Close to school</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>0.6%</td>
</tr>
<tr>
<td>Centrality</td>
<td>17</td>
<td>26</td>
<td>43</td>
<td>8.7%</td>
</tr>
<tr>
<td>Transit friendly</td>
<td>10</td>
<td>14</td>
<td>24</td>
<td>4.9%</td>
</tr>
<tr>
<td>Lots of amenities</td>
<td>24</td>
<td>41</td>
<td>65</td>
<td>13.2%</td>
</tr>
<tr>
<td>Low maintenance</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Total (6)</strong></td>
<td>69</td>
<td>111</td>
<td>180</td>
<td>36.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic Group</th>
<th>Tenant</th>
<th>Owner</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property appreciation</td>
<td>0</td>
<td>10</td>
<td>10</td>
<td>2.0%</td>
</tr>
<tr>
<td>Downtown transformation</td>
<td>0</td>
<td>9</td>
<td>9</td>
<td>1.8%</td>
</tr>
<tr>
<td>Good value</td>
<td>0</td>
<td>8</td>
<td>8</td>
<td>1.6%</td>
</tr>
<tr>
<td>Low rent</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Total (4)</strong></td>
<td>2</td>
<td>27</td>
<td>29</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Table 6-9: Downtown Desirable Convenience and Economic Groups

Both categories are shown in Table 6-9. The Lifestyle category had 17 response groups and is itemized in Table 6-10. The response total for all surveys in the Downtown Desirable category if all respondents had listed three items would have been 486.
However, a few tenants listed only two "likes" or repeated a "like" more than once. Repetitions were not counted. Some homeowners penciled in a fourth "like" below line three. These additions were added to the list if they were not repetitions. The "likes" totaled 166 for tenants and 326 for homeowners for a grand total of 492.

Amenities elicited the highest response ranking not only in the Convenience Group but in all groups for both tenants and loft owners. Twenty-four tenants and 41 homeowners cited "lots of amenities" as a plus for living downtown. "Close to work", "Centrality", and "Transit friendly" all scored well while responses for "Close to school" and "Low maintenance" were negligible with a combined count of only four items. Convenience group items represented 36.6% of all Downtown "likes". A graphical representation is shown in Chart 6-1

Little interest was shown by tenants in Economic issues as a positive for living Downtown. Only two tenants cited "Low rent" as a "like" in the Downtown Desirable
section. However, homeowners cited "Property appreciation" (10), "Downtown transformation" (9) and "Good value" (8) as Downtown "likes". The four items in the Economic Group totaled 29 "likes" which represented only six percent of the total in the survey.

The Lifestyle Group showed much greater variety than either the Convenience or Economic Groups. The two top items were "Urban lifestyle" (62 responses) and "Walkable streets" (60 responses) which combined netted nearly 25 percent of all "likes". The next two highest scores were "Historical architecture" (44 responses) and "Arts and culture" (40 responses) followed by a third pair with "Sense of community" (24 responses) and "Diversity" (19 responses). These six items represented 88.0% of all Lifestyle responses and over one-half of all Downtown Desirable "likes". Thirteen people cited "Loft living" as a "like" even though none of the buildings were lofts in the true sense of the word as converted industrial buildings. All of the buildings surveyed were office buildings transformed into residential living space with money-saving omissions by developers such as walls, ceilings and flooring.
Another low scoring item was "City view" with only six responses. This was surprising since Downtown has the densest concentration of high rise buildings and tallest skyscrapers west of Chicago. Another surprise emerged in the low number of responses in "Live/work units" as a desirable feature of Downtown. Only two tenants cited this feature and no owners. Eleven tenants and seven owners reported working at home in the survey but many people work at home on a regular basis without their residence being legally approved for such activity. When the Adaptive Reuse Ordinance (ARO) was passed by the City Council in 1999 the council also approved a companion ordinance allowing live/work units in commercial zones. Since most ARO conversions occurred in commercial zones thousands of live/work units were built and occupied. A recommendation report from the Los Angeles City Planning Department in 2009 identified 14,000 live/work units created citywide since the ARO was implemented with most of the units located in Downtown (LADCP 2009a). Developers promoted the feature heavily in marketing materials. The few responses of working at home suggest that most live/work units are being used solely as residences.

Two last items round out the Lifestyle section (see Chart 6-2). One female owner cited the preponderance of young people as a positive for living Downtown. The respondent identified her own age as under 30. No other tenants or owners cited age, young or old, as being significant. As noted earlier, the median age of all residents in the study area per the 2010 Census was 40.1 years. The median age of tenants in the survey was 37.4 years and owners was 39.4 years. The residential population can
hardly be considered young unless compared to the population of retirement communities in Arizona or Florida. However, Downtown is a lively community with thousands of visitors especially for street concerts or Art Walk so this observation may be accurate depending on the context. The other item of interest was the observation by a male tenant of the presence of the "Creative Class" in Downtown. Popularized by Richard Florida in his landmark book, *The Rise of the Creative Class*, in 2002, the Creative Class seems to have become synonymous with Downtown revitalization nationwide. Every city government wants to attract the upwardly mobile, talented, tolerant, and technologically savvy innovators of tomorrow to their cities today (Florida 2002). In an interview the Deputy Chief of Operations of the Community Redevelopment Agency (CRA) noted that Downtown began attracting a
new, young kind of entrepreneurial class of worker at about the same time the City Council passed the ARO. One of the members of the renter's focus group was an intern at the CRA at the time of the meeting. He reported that the Creative Class was a topic in nearly all policy discussions at the agency. While there are undoubtedly many talented people living in Downtown worthy of being identified as part of the Creative Class only one tenant cited the phenomenon as a positive reason for living Downtown.

6.5. Downtown Dislikes

Each respondent was also asked to list three things that they disliked about living Downtown. The list was more extensive than the "likes" list. There were 43 separate items that were allocated to five groups. A Health and Safety Group and a Personal Group were added to the existing Convenience, Economic and Lifestyle Groups. This list was literally the other side of the coin, opposites of the Downtown Desirable list. The Convenience Group (Table 6-11 and Chart 6-3) consisted of ten items.

<table>
<thead>
<tr>
<th>Convenience Group</th>
<th>Tenant</th>
<th>Owner</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of personal services</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>1.2%</td>
</tr>
<tr>
<td>Services closed</td>
<td>10</td>
<td>5</td>
<td>15</td>
<td>3.1%</td>
</tr>
<tr>
<td>Lack of stores</td>
<td>3</td>
<td>25</td>
<td>28</td>
<td>5.8%</td>
</tr>
<tr>
<td>No grocery stores</td>
<td>5</td>
<td>13</td>
<td>18</td>
<td>3.7%</td>
</tr>
<tr>
<td>No Trader Joes</td>
<td>3</td>
<td>9</td>
<td>12</td>
<td>2.5%</td>
</tr>
<tr>
<td>Poor transit</td>
<td>7</td>
<td>4</td>
<td>11</td>
<td>2.3%</td>
</tr>
<tr>
<td>Long commute</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>0.6%</td>
</tr>
<tr>
<td>Bad traffic</td>
<td>6</td>
<td>5</td>
<td>11</td>
<td>2.3%</td>
</tr>
<tr>
<td>Bad streets</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Road closures</td>
<td>2</td>
<td>11</td>
<td>13</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41</strong></td>
<td><strong>77</strong></td>
<td><strong>118</strong></td>
<td><strong>24.3%</strong></td>
</tr>
</tbody>
</table>

Table 6-11: Downtown Dislikes Convenience Group

The first five items dealt with the availability of merchandise and personal services. Almost 18% of tenants cited the limited hours (and days) of the existing food and
beverage establishments as well as personal and professional services. For decades
service businesses had operated in Downtown on a five-day a week business schedule
with most closing their doors at the end of the day and remaining shuttered on
weekends. That schedule suited the Downtown workforce who commuted from the
suburbs. However, Downtown residents often returned home from day jobs in the
early evening to find vitally needed services unavailable until the next morning.
Tenant complaints outnumbered homeowners two-to-one on the issue of operating
hours. The reverse was true on the next item, "Lack of stores". Owner complaints
outnumbered tenants eight-to-one on the lack of shopping choice. Big box retailers
like Target and Best Buy were specifically identified on the surveys. The next item,
"No grocery stores", was important to 18 people. Even though Ralphs had opened in
2007 the lack of grocery stores was still a hot-button issue when the survey was
conducted. The last item of the five merchandise availability issues was "No Trader
Joes". Twelve respondents, or about one out of every fourteen, specifically listed the
lack of a Trader Joes in Downtown. Trader Joes enjoys a cult-like following among
foodies. The first Trader Joes opened in Pasadena in 1967 not far from Downtown.
The Downtown Center Business Improvement District conducts demographic surveys
of Downtown periodically to record the progress of the Residential Renaissance. In
the survey conducted in 2008, 89% of the respondents requested that Trader Joes
open a Downtown location. In 2011 the question was reworded to inquire as to the
probability of shopping at Trader Joes if one were to open in Downtown. Ninety-two
percent of the residents responding to the survey stated they were extremely or very
likely to shop at Trader Joes. The results of this survey indicate that eleven out of every twelve people would prefer to shop at Trader Joes. However, the instrument used in this study reveals that only one person out of every fourteen complained about the lack of a Trader Joes in Downtown. The first five items concerning the availability or merchandise and services had 79 responses which was about two-thirds of the 118 total for the Convenience Group. For the survey as a whole this represented 16.3% of all responses.

Of the three items in the Economic Dislike Group (Table 6-12) that elicited any interest by respondents was high cost of parking in Downtown. About one-fourth of both

<table>
<thead>
<tr>
<th>Economic Group</th>
<th>Tenant</th>
<th>Owner</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expensive housing</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0.4%</td>
</tr>
<tr>
<td>Expensive parking</td>
<td>14</td>
<td>28</td>
<td>42</td>
<td>8.7%</td>
</tr>
<tr>
<td>Economic uncertainty</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16</strong></td>
<td><strong>29</strong></td>
<td><strong>45</strong></td>
<td><strong>9.3%</strong></td>
</tr>
</tbody>
</table>

Table 6-12: Downtown Dislikes Economic Group
tenants and homeowners cited this issue as an irritant. The combined total represented 8.7% of all of the responses. The high cost of housing was mentioned by one tenant and one homeowner and general economic uncertainty was cited by only one tenant.

The Health and Safety Group (Table 6-13 and Chart 6-4) had the majority of responses from both tenants and homeowners. There were fifteen items in this group with a total of 259 complaints. The number one complaint was "Homelessness" with 70 responses. There were five other items closely related to "Homelessness" that were often listed together with "Homelessness" or on subsequent lines on the survey. The five related items were: "Unsanitary sidewalks", "Drugs", "Crime and unsafe streets", "Panhandling", and "Dirt and trash".

The combined total of all six was 196 which represented 75.7% of all Health and Safety complaints. Many respondents listed these items sequentially and clinically. A typical example would be: "homelessness, unsanitary streets, drug dealers" or "public urination, very filthy, needs to be cleaner". Others expanded on the issue. For
example: "homeless people and related issues", "the depressing homeless problem" and "homeless blight". Yet others showed some disdain. For example, "safety and daily hassles with deeply deranged, strung out and aggressive street dwellers", "homeless seem to be more vile after dark", and "it's dirty and there's strange people". Yet others revealed some indignation. For example, "homeless piss smell, gross people from the SROs selling drugs, panhandling, etc." or "streets are toilets for some people - so smelly". For some people it became more personal. For example, "homeless sleeping in my doorway" or "my friends are afraid to visit". A few responses seem poetic; "The smell of urine roasting in the sun" fell into this category.

Homeowners as a group seemed concerned about homelessness as more than a personal problem. These observations included: "homeless population - the city's lack of action to the problem", "the indigent population is still largely ignored" and "homeless and people with drug addictions obviously needs attention". Lastly, some people expressed a little fear. For example, "dangerous people", "some of the homeless are really crazy", "dangerous at night", and "night walking is scary!".

The balance of the items in the Health and Safety Group were minor except for complaints about noise. "Noisy streets" had 28 complaints, "bus noise" had ten and "noisy bars" had three for a total of 41 out of 259 in the group. Smog registered eight complaints but smog is hardly unique to Downtown. When it is smoggy on Main Street it is also smoggy in Westlake, Echo Park and Hollywood. There were also eight complaints about empty buildings waiting renovation into apartments or condo lofts, three complaints about graffiti, one about dark streets and one concerning rats.
The number of empty buildings in Downtown is a fraction of what it was ten years earlier and will gradually drop to zero as they are converted into rental units. Graffiti is really minimal in the areas serviced by the major business improvement districts especially the Downtown Center Business Improvement District. Higher priced housing is spared spray paint art in most of Downtown. However, east of Main Street graffiti is ubiquitous in Skid Row and the Warehouse District. Dark streets should probably be avoided in most places not just Downtown. Rats are really a temporal and seasonal issue. Pershing Square is overrun with rats at night scurrying about in the trash receptacles looking for food scraps. The sewers and storm drains are home to thousands if not tens of thousands of rats. A good rain storm flushes the vermin up to street level especially in Skid Row. The homeless people who camp on the streets

![Chart 6-4: Downtown Dislikes Health and Safety Group](https://example.com/chart6-4.png)
complain bitterly about the swarms of rats that attack their tents during rainy weather. Perhaps if a rain storm had preceded the survey by a few days rats would have ranked higher in the Health and Safety Group.

The Lifestyle Group (Table 6-14) had some important observations on Downtown (No schools, No pedestrian promenade, Not kid friendly) yet can also be considered miscellaneous due to the low count that most achieved. The most significant was the 31 complaints about "No parks" and the 11 complaints about "Too many dogs". For a Downtown revitalization that has its roots in the dog-friendly Old Bank District just ten years earlier this observation had a little sting to it. Five respondents thought Downtown was "Too crowded" while four people felt "Isolated". A couple of tenants complained that the Hispanic shopping district on Broadway had a "Swap meet atmosphere" while one homeowner blasted the excessive number of parking lots and another lamented the lack of a yard. Another homeowner was concerned about the aggressive nature of the LAPD when
enforcing minor infractions. Lastly, a homeowner complained that Downtown still had a bad reputation in the rest of the city.

The fifth and final group in the Downtown Dislikes category was the Personal Group. There are only two items in the Personal Group: "Dislike building" and "Dislike Neighborhood". One twenty-something female tenant complained about the building in which she lived. Fortunately this problem can be resolved due to the relatively short term of tenant leases. Another twenty-something female, this one a homeowner, complained about the neighborhood in which she had chosen to purchase her loft. This problem is more difficult (and expensive) to mitigate. This respondent is also the only person in the survey who "Likes noise" in the Downtown Desirable section.

The survey results for Downtown Desirable can be summarized by clusters of responses. Two clusters of responses were identified: one which can be broadly defined as Urban and the other as

<table>
<thead>
<tr>
<th>Downtown Desirable Response Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centrality Cluster</td>
</tr>
<tr>
<td>Close to work</td>
</tr>
<tr>
<td>Centrality</td>
</tr>
<tr>
<td>Transit friendly</td>
</tr>
<tr>
<td>Lots of amenities</td>
</tr>
<tr>
<td><strong>Total (4)</strong></td>
</tr>
<tr>
<td>Urban Cluster</td>
</tr>
<tr>
<td>Sense of community</td>
</tr>
<tr>
<td>Urban lifestyle</td>
</tr>
<tr>
<td>Walkable streets</td>
</tr>
<tr>
<td>Diversity</td>
</tr>
<tr>
<td>Historical architecture</td>
</tr>
<tr>
<td>Arts and culture</td>
</tr>
<tr>
<td><strong>Total (6)</strong></td>
</tr>
<tr>
<td>All Other Responses (17)</td>
</tr>
<tr>
<td><strong>Total (27)</strong></td>
</tr>
</tbody>
</table>

Table 6-15: Downtown Desirable Response Cluster Summary
Centrality (Table 6-15). This was an arbitrary assessment based on the type and quantity of responses. The six elements in the Urban Cluster generated 249 responses (average 41.5 each) nearly evenly distributed across the tenant and homeowner groups. This cluster represented 50.6% of the 492 total responses. The four elements in the Centrality Cluster generated 176 responses (average 44 each) but not quite as evenly balanced across the two groups. This cluster accounted for an additional 35.8% of the responses. The 17 other elements in the Downtown Desirable averaged just under four responses each for a total of 67. More than five out of every six responses (86.38%) fell in the Urban and Centrality Clusters which is a strong testament for the unique qualities that downtowns offer.

The survey results for Downtown Dislikes can also be aggregated into clusters. Due to the diversity of dislikes responses five clusters were identified: (Lack of) Goods and Services, Commuting, Health and Safety, Noise, and Recreation (Tables 6-16 and 6-17). The Health and Safety Cluster led the pack with 196 responses distributed over six elements. This cluster accounted for 40.4% of the 485 dislikes survey responses. The next cluster was Goods and Services with 79 complaints spread over five elements. This cluster focused on the lack of vendors supplying merchandise or personal services or if stores were present in Downtown restrictive operating hours. This cluster tallied 16.3% of responses. The third cluster, Commuting, was dominated by the high cost of parking Downtown with 42 complaints. This one issue outnumbered the other three elements, Poor Transit, Bad Traffic and Road Closures (35 combined), in the cluster. The total responses in this
cluster accounted for 15.9% of all complaints. The last two clusters, Noise and Recreation, had few elements but were deemed too important to relegate to the "All Others" cluster. Noise had issues: "Noisy streets" with 28 complaints and "Bus noise" with 10 complaints. Together these two represented 7.8% of all complaints. The last cluster, Recreation, had only one element: "No parks". This issue was mentioned by 31 people in the survey and accounted for 6.4% of responses.

All of the clusters combined registered 86.80% of the responses which is very close to the sum of the Downtown Desirable clusters. The language in most of the responses in four of the clusters, Goods and Services, Commuting, Noise, and Recreation, exhibited irritation rather than exasperation or fear. The one cluster where these two emotions were evident was in the Health and Safety Cluster. The references to "homeless piss smell", "streets are toilets for some people", and "safety and daily hassles w/deeply deranged, strung out and aggressive street dwellers" reflects exasperation. References to "dangerous people", "perceived danger and sense of lack of safety", "night walking is scary" and

<table>
<thead>
<tr>
<th>Downtown Dislikes Response Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goods &amp; Services Cluster</strong></td>
</tr>
<tr>
<td>Lack of personal services</td>
</tr>
<tr>
<td>Services closed</td>
</tr>
<tr>
<td>Lack of stores</td>
</tr>
<tr>
<td>No grocery stores</td>
</tr>
<tr>
<td>No Trader Joes</td>
</tr>
<tr>
<td><strong>Total (5)</strong></td>
</tr>
<tr>
<td><strong>Health and Safety Cluster</strong></td>
</tr>
<tr>
<td>Homelessness</td>
</tr>
<tr>
<td>Unsanitary sidewalks</td>
</tr>
<tr>
<td>Drugs</td>
</tr>
<tr>
<td>Crime/unsafe streets</td>
</tr>
<tr>
<td>Panhandling</td>
</tr>
<tr>
<td>Dirt and trash</td>
</tr>
<tr>
<td><strong>Total (6)</strong></td>
</tr>
</tbody>
</table>

Table 6-16: Downtown Dislikes Response Cluster Summary
"some of the homeless are really crazy" revealed fear in the minds of the respondents. Forty-six tenants and 71 homeowners wrote at least one of the complaints in the Health and Safety Cluster about Downtown on their survey. This is 72.2% of the total respondents. An analysis of the surveys by gender for the Health and Safety Cluster revealed that males averaged 1.20 complaints per person while females averaged 1.22 complaints per person. However, on the individual elements the responses varied considerably. Male complaints about Homelessness outnumbered female complaints by a ratio greater than 4:3. For the two elements Dirt and Trash and Crime/Unsafe Streets the pattern was reversed with female complaints outnumbering male complaints by 4:3. The ratio of tenant complaints to homeowner complaints was equitable except for Drug issues. Only one tenant noted drugs as a problem as opposed to eight homeowners.

Analysis of the
Health and Safety
Cluster by age
revealed some
disparities. Tenants
and homeowners
under the age of 30
averaged 1.5
complaints per person
while the population

<table>
<thead>
<tr>
<th>Downtown Dislikes Response Summary (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commuting Cluster</td>
</tr>
<tr>
<td>Poor transit</td>
</tr>
<tr>
<td>Bad traffic</td>
</tr>
<tr>
<td>Road closures</td>
</tr>
<tr>
<td>Expensive parking</td>
</tr>
<tr>
<td>Total (4)</td>
</tr>
<tr>
<td>Noise Cluster</td>
</tr>
<tr>
<td>Noisy streets</td>
</tr>
<tr>
<td>Bus noise</td>
</tr>
<tr>
<td>Total (2)</td>
</tr>
<tr>
<td>Recreation Cluster</td>
</tr>
<tr>
<td>No parks</td>
</tr>
<tr>
<td>Total (1)</td>
</tr>
<tr>
<td>All Other Responses</td>
</tr>
<tr>
<td>Total (43)</td>
</tr>
</tbody>
</table>

Table 6-17: Downtown Dislikes Response Cluster Summary
aged 50 and older averaged 1.04 complaints per person. Complaints within the under
30 group across the cluster by gender were proportional to the male/female ratio.
However, within the 50+ age group, males complaints were twice the level of
complaints by females. Dissatisfaction of the Downtown population on this cluster
decreased with age and especially by gender.

Length of residence in Downtown was an issue for tenants in the importance of
this cluster. Forty-six tenants voiced complaints within this cluster. The average
length of residence of this group was 22.0 months. The average length of residence of
the ten tenants who did not complain was only 10.6 months. However, within the
homeowner group there was almost no difference with the complainants averaging
45.5 months of residence and the non-complainants averaging 45.0 months.

6.6. A Comparison of Surveys

Clearly, the major challenge to the continuation of the Downtown Residential
Renaissance is improvement in the Health and Safety issues identified in the survey.
In some respects progress has been very encouraging. The success of the Safer Cities
Initiative (SCI) in reclaiming Main Street from the drug dealers and initiating a robust
commercial corridor for all residents to use and enjoy is a landmark accomplishment.
However, four years after the launch of the SCI the majority of the residents were
apprehensive about homelessness and safety on the streets. In this respect little has
changed. In 2002 the Los Angeles Housing Department, using funds from a state
Downtown Rebound Planning Grant, commissioned a residential market study of
Downtown. The Concord Group, a consulting firm specializing in housing and land
use issues, was hired to conduct a survey of Downtown employees and households to determine the wants and needs of residents and assess the challenges to successfully implementing a "Downtown Rebound". Concord conducted 150 intercept surveys with employees at businesses located throughout the Central City Community Plan area who did not live Downtown and 144 intercept and telephone surveys with households currently living Downtown. The median age of the Household Survey respondents was 38 and the average household size was 2.0. Eighty-one percent of the respondents were renters with the balance homeowners (Concord 2003).

At the time of this survey only 266 rental units in four ARO projects had been completed: Three buildings in the Old Bank District and the Spring Tower Lofts. The existing for-sale market rate inventory in Downtown consisted of 530 condominiums on Bunker Hill, 129 condominiums in Little Tokyo and 170 units in the Skyline in South Park (DCBID 2010). Other than the senior housing commissioned by the CRA most of the other rental housing in Downtown was in pretty poor condition.

Households were queried to list two major challenges for their neighborhoods. The number one challenge was Crime and Safety with a 39% response rate. Number two was Dilapidated Housing with a 20% response rate. Culture placed number three with 9% followed by Affordable Housing (7%), City Services (6%), Transportation (6%), Parks and Open Space (5%), and Shopping at 5%. In the Employee Survey, safety also ranked as the number one barrier or reason for not considering relocating to a Downtown address (Concord 2003).
The fact that Safety and Crime was the top concern of residents in both 2002 and 2010 indicates that the Safer Cities Initiative implemented in 2006 had not been as effective as first thought. While the surveys were structured and worded differently both yielded the same result with very similar response percentages. The success of the Safer Cities Initiative really hinged on the perception of the stakeholders in the Historic Core. The extra police resources assigned to the Central City Division were evident on the streets and more intensive enforcement of quality of life issues were visible to everyone. The shift of Skid Row two blocks eastward essentially reclaimed Spring and Main streets for public use. Loft dwellers noticed a reduction in people sleeping on the sidewalks in front of their buildings. In fact, the number of people sleeping on the sidewalks in downtown peaked at about 1,900 per night in September 2006 and steadily dropped to less than 600 by September 2009 (Vaillancourt 2011b).

Crime in the downtown area did drop after the SCI was implemented (crime also dropped citywide during the same period). But several important issues that stoked fear in hearts and minds of Historic Core residents prior to the SCI did not change. The number of registered sex offenders living in downtown did not decline nor did the number of parolees and ex-convicts. While drug dealers no longer owned the sidewalks and street corners of Spring and Main streets they did still creep in now and then.

But had the battle against the drug dealers really been won? The massive blow the LAPD delivered to the Fifth and Hill Street gang was devastating - for a short time. Drug sales were so lucrative that new players rose up the ranks and rebuilt the
distribution system. While the drug trade was impacted it quickly rebounded. Within a short time drugs were again widely available at low prices on Skid Row. Before long the Fifth and Hill Street gang returned to the streets of Skid Row. The City Attorney sought and was eventually granted in 2009 a permanent gang injunction and the creation of a Downtown Los Angeles Safety Zone covering the Historic Core and Skid Row. The court also awarded the city $4,200,000 in civil damages and $857,500 in civil penalties. The assets of the thirteen named defendants identified as gang leaders was subject to seizure and sale to satisfy the monetary awards (DEA 2009; LASC 2009).

The Fifth and Hill Street gang was reeling from the injunction but other gangs began filling the void. LAPD anti-gang units had identified thirty different gangs involved in drug trafficking in Skid Row by 2010. Even more troubling was the news that rival gangs had forged a truce to keep the peace and share the drug business (Linthicum 2010). A phrase commonly heard in Skid Row reflecting this arrangement is "red plus blue equals green", with red representing the color of the Bloods street gang, blue representing the color of the Crips and green representing the color of money. A new initiative to stem the drug trade in the West Coast's largest drug bazaar was launched by city and county law enforcement officials on April 7, 2010. City Attorney Trutanich, LAPD Chief Charlie Beck, Los Angeles County District Attorney Steve Cooley and Los Angeles County Sheriff Lee Baca joined together in a news conference announcing their plan to seek an injunction banning known drug dealers from setting foot in Skid Row. Eighty drug dealers with multiple convictions
for drug crimes in Skid Row were identified by Trutanich in their filing. Most of the eighty named drug dealers were not residents of Skid Row. The injunction was issued by Superior Court Judge Theresa Sanchez-Gordon on November 30, 2010 (Vaillancourt 2010).

As this injunction was being debated in court the homeless population living on the streets had began increasing in 2010 after falling for over three years. Also during this time it appeared highly likely that Skid Row was soon to be deluged with parolees and newly released convicts from the state prisons. California's adult prison population had increased over 800% from 19,623 in 1977 to 172,528 in 2006 after passage of get-tough sentencing laws in the 1970s (CDCR 1997; CDCR 2008). The state's population increased 66% in this same time period (CA_DOF 2012). The incarcerated population exceeded prison design capacity by 1981 and even with the construction of 21 new prisons the number of cells with beds never closed the gap (CDCR 1997; CDCR 2008). The state prisons were put under the supervision of a federal court receiver and the Department of Corrections and Rehabilitation was ordered to reduce the prison population to 137.5% of the prison system's capacity of 80,000 in 2009 (US_SC 2011). Anticipating an adverse court ruling the state legislature passed a prison reform bill in 2009 expediting early release of up to 17,000 inmates for educational training and good behavior. Another feature of the bill allowed unsupervised parole for some non-violent convicts. The pace of implementation of the reform bill by the Department of Corrections and Rehabilitation and the uncertainty as to how many inmates would be released without
supervision caused anxiety and apprehension in Downtown. As of January 2010 there were 2,381 active parolees in the City of Los Angeles of which 814 were registered in or near Skid Row. Many people feared that a reduction of inmates in the state prisons would yield an increase in early-releasees and ex-convicts in Downtown (Farrell 2009; Vaillancourt 2010a).

As this angst was developing over prison realignment and unsupervised parole another unsettling revelation over security in downtown was revealed. The surveillance cameras installed to great fanfare in 2006 were no longer operational. This only came to light because of a series of stabbings in Skid Row, one of which was directly below one of the cameras. Six people beat and stabbed a 53 year-old man repeatedly. The victim later died. When pressed for video evidence from the camera LAPD officials admitted that the cameras hadn't worked for over two years. The surveillance camera scheme was plagued with problems from the very beginning. Ten cameras were installed in Skid Row in September 2006 and six cameras were installed later in Little Tokyo. The Skid Row cameras were staffed for a period of time but unfortunately the Little Tokyo cameras were never connected to the network. By their own admission the police personnel were never trained in the use of the camera equipment and some equipment was accidently damaged and became unusable. When the cameras were installed there was not enough money to contract for periodic maintenance and repair. As equipment wore out or was damaged by officers surveillance was discontinued at that location. One by one all of the cameras ceased to function (Blankstein and Winton 2011). Against this backdrop of
continuous bad news and future uncertainty it should not be a surprise that residents were uneasy, apprehensive and in some cases outright scared of the situation on the streets outside their lofts when they answered their surveys.

6.7. Overall Satisfaction With Downtown Living

The best measure of the resident's sentiment about living Downtown lay in the responses to question number 14 on the survey (Table 6-18). Question 14 inquired about the respondents expectations about their place of residence at three future points: one year, five years and ten years. Despite all of the angst about homelessness, crime, unsanitary sidewalks, dirt and trash, noise, lack of stores and expensive parking over seventy-seven percent of the respondents expected to live in Downtown one year from the date of the survey. A higher percentage of homeowners (84.0%) answered yes as compared to tenants (64.3%) but both groups indicated little desire to leave Downtown in the immediate future. Only four tenants and four homeowners explicitly stated that they would not be living Downtown one year from the date of their response. This represents less

<table>
<thead>
<tr>
<th>Future Living Plans in Downtown</th>
<th>1 year</th>
<th>5 years</th>
<th>10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tenants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>36</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>Maybe</td>
<td>16</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td><strong>Owners</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>89</td>
<td>41</td>
<td>20</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>21</td>
<td>40</td>
</tr>
<tr>
<td>Maybe</td>
<td>13</td>
<td>43</td>
<td>40</td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>106</td>
<td>106</td>
<td>106</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>125</td>
<td>52</td>
<td>26</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>38</td>
<td>59</td>
</tr>
<tr>
<td>Maybe</td>
<td>29</td>
<td>70</td>
<td>67</td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>162</td>
<td>162</td>
<td>162</td>
</tr>
</tbody>
</table>

Table 6-18: Future Living Plans in Downtown
than five percent of the total number of the respondents. Granted that homeowners had a more substantial anchor in place due to the complexity of selling real property as opposed to tenants waiting for a lease to expire and this may be reflected somewhat in the declining positive responses in the five and ten year columns. Chart 6-5 illustrates the composite living plans of the respondents.

The responses to question number 15 were equally revealing. Question 15 on the tenant survey queried whether the tenant would purchase a condominium at the present time (day of the survey) if it was financially feasible. Thirty-seven of the 56 respondents answered yes. Of the 19 respondents who answered no several indicated that purchasing a home was a future goal and noted that they would prefer a single family home over a rented condominium. Others stated that they planned to have children (thus rejecting Downtown as a place for children) or felt that prices were too high. One respondent noted the uncertainty of his future home due to the fact that he was still in grad school. Still others rejected purchasing a home Downtown because the success of Downtown development was uncertain. One respondent felt that there were too many scary
people on the streets. Another complained that Downtown was too inaccessible to guests due to the high price of parking. Finally, one respondent simply stated that he preferred to rent.

Question 15 for homeowners took a different tack since they already made the decision to purchase sometime in the past. Since most were underwater on their mortgages, owing more than the current market price for their condominiums, they were queried if they would sell their condominiums if the housing market suddenly recovered and they could recover their initial investment. Seventy respondents (66.0%) said no, 18 respondents (17.0%) said yes, and 18 said maybe. Some of the reasons given for a "no" response were: "I love it!", "Downtown feels like home", "I love it and I won't move", and that their condominium was an investment. Responses for the positive responses ranged from the practical, "I want a yard" and "I have a baby now", to the fearful responses chronicled earlier: "Too much crime", "Downtown is a dirty environment", and "I just want to leave Downtown". The maybe responses had similar diversity with statements like: "We may have children in the future" to "I would like to move to a safer area". Nearly two-thirds of the respondents, both tenants and homeowners, indicated a strong preference for Downtown living. Clearly, the urban lifestyle, walkable streets, sense of community, historical architecture, arts and culture and diversity were more important than the negative issues and lack of amenities discussed earlier.
Chapter 7. Conclusion

This project was initiated to investigate the development of a new residential community in Downtown Los Angeles. After decades of failed attempts by the public sector a new approach was taken by the Los Angeles City Council in the adoption of an Adaptive Reuse Ordinance. There were many skeptics watching from the sidelines as the first rental units were completed and leased to new tenants. Momentum began to build as more and more housing units were built and service businesses opened their doors. Challenge after challenge confronted the pioneers. Initially, financing was difficult if not impossible to obtain for developers and homebuyers. Eventually this hurdle was overcome. Something as simple as a grocery store, ubiquitous everywhere else, took seven years to open in Downtown. Public safety and cleanliness of the streets and sidewalks in Downtown has been a concern for decades. These problems are still not resolved. Another crisis occurred when developers built too many condominiums and a massive glut appeared. Many projects converted to rentals to avoid bankruptcy. Some other developers didn't act soon enough and lost their investments. Before long, more people moved Downtown and the glut of housing units was absorbed by the market. While the cranes were quiet for several years new projects are now underway. The Residential Renaissance continues.

This chapter is organized in the following manner. First, the research questions presented in the Introduction are reviewed and the findings for each query are summarized. Second, the four significant contributions to the body of urban
geographical knowledge identified and explained in detail. Third, the limitations of the study are specified followed by an agenda for future research.

7.1. Research Questions Rejoined

The central question presented at the beginning of this case study was: What are the political and economic forces engaged in the creation of a new residential community in downtown Los Angeles? From this initial inquiry four sub-questions were identified. First, what type of urban regime coalition has formed to facilitate the revitalization of the existing urban structure in downtown Los Angeles? Focusing on the scale of the study area, the narrative presented in Chapter 4 reviewed the various programs that attempted to revitalize Downtown Los Angeles for fifty years beginning in 1949 and culminating in the passage of the Adaptive Reuse Ordinance (ARO) in 1999. The composition and goals of the urban regime coalition changed over time and suffered numerous setbacks before finally achieving the passage of the pro-development ARO and opening the floodgates of private investment in Downtown housing projects.

Sub-question #2: How has the coalition of interests shaped the redevelopment of downtown to include or exclude particular groups? The ARO was created with the intent to attract private capital to build market rate housing in Downtown. Over ninety percent of the housing in Downtown prior to the passage of the ARO was low income or government subsidized affordable housing. The median income in the Central City study area was $17,777 with nearly one-half of the households earning less than $10,000 per year. As cited in the first theme in the fifth chapter, the monthly rents in
the first ARO project, San Fernando Building, ranged from $790 to $2,500 per month. The cheapest rent in the Old Bank District was $9,480 per year and the most expensive was $30,000 per year. As new projects were completed rents escalated. Monthly rents in the third ARO project, The Pegasus, ranged from $1,300 - $4,300. Three short years after the San Fernando Building opened the first million dollar condominium was sold. The ARO was engineered to exclude most of the existing Downtown residents from participating in the Residential Renaissance.

Sub-question #3: What design elements and amenities reflected the political tensions and how did they work to attract or repel residents? The answer to this question turned out to be the flip side of Sub-question #2. While the ARO did not mandate affordable housing in each project the city did offer incentives to include affordable housing in privately financed housing projects. In addition, the CRA was required by state law to include affordable units in all residential housing constructed in a redevelopment project areas. However, the ARO entitled developers the right-to-build by ordinance and did not require CRA approval leaving affordable housing to the discretion to the developer. As outlined in Chapter 5 (section 5.3.4.) the grey area between the ARO and affordable housing requirements emerged in hotel conversions from SRO status to market rate apartments or condominiums. The development community opposed more affordable housing fearing it would discourage the affluent, creative class from moving Downtown. As discussed earlier, both the CRA and the City Council eventually took action to severely limit residential hotel conversions to market rate units thus insuring most would become affordable housing complexes.
Sub-question #4: Did these political tensions lead to contradictions in design, planning, policy, and the landscape? The ongoing struggles between the LAPD and the Skid Row community discussed in Chapter 5 (section 5.2) are good examples of the friction between the "old Downtown" and the "new gentrified Downtown". The launch of the Safer Cities Initiative in 2006 and its adoption as permanent police Skid Row policy one year later serve as a continuing reminder of the political tensions on the streets of Downtown.

Lastly, the question arises whether the housing recession marks the end of the downtown Residential Renaissance or is merely a temporary pause. As the glut of condominiums-turned-apartments were being absorbed by the market developers began construction on new rental projects in 2012. The first new (post-bust) ARO project opened in 2013 with 43 rental lofts. Nearly 1,100 rental units and 193 condominiums are under construction for opening in 2014 and over 2,000 rental units are under construction with openings scheduled for 2015. Developers are still playing safe with rental projects but the lack of condominiums on the market or in the pipeline generates lots of speculation in the Downtown community. It appears that the Residential Renaissance is still humming but the excitement and drama in the early years seems unlikely to recur in the future.

7.2 Significant Findings of This Study

This study has contributed four significant findings to the body of urban geographical knowledge. The first contribution is that urban regimes are not exclusive. Los Angeles has developed a multi-faceted urban regime incorporating the four types
of regimes first identified by Clarence Stone. Second, the traditional way of looking at Downtown by residential districts is constrained by artificial boundaries. A different and better way to analyze Downtown is through the construction of amenity zones that reflect the level of services available in neighborhoods. The third contribution is the observation that rental housing outperforms condominiums with Downtown residents. It appears that owner occupied housing constrains the mobility of the creative class who constitute the bulk of the new residents. Lastly, public safety and sanitary streetscapes are still very important to residents in Downtown Los Angeles.

7.2.1. Multi-faceted Regimes

Research on urban regimes historically has focused on the composition of coalitions, available resources, policies and agendas, and the power of the regime to accomplish their goals. Once identified, a regime is exclusive. Only one type of regime can exist in a city at one time. The typology of urban regimes introduced by Clarence Stone in 1993 identifies four types of regimes: Development, Middle Class Progressive, Maintenance, and Lower Class Opportunity Expansion. These classifications were based on the range of resources necessary in a regime to accomplish goals in a agenda for each type. The first three types, Development, Middle Class Progressive and Maintenance, had already been documented in research on American cities when Stone's typology was released. The fourth, Lower Class Opportunity Expansion, was largely hypothetical with few concrete examples to support the classification. Regimes could change but not co-exist (Stone 1993).
Los Angeles followed this pattern for decades. The first regime can be identified as early as the 1870s when railroads first arrived in Los Angeles. As a boom town development was paramount. This regime was remarkably successful and remained in place until the Depression years of the 1930s. As discussed earlier the election of Fletcher Bowren in 1938 marked a regime change from a Development Regime to a Middle Class Progressive Regime. Bowren's election did not initiate the regime change. The previous regime had been flagging for years. The business community had lost access to the resources necessary to implement a growth agenda after the stock market crash in 1929. The election of Bowren signaled a political willingness to utilize government programs and funds to accomplish goals. Once the business community recovered following World War II, the Committee of 25, an opaque clique of business elites, engineered a coup in the mayoral election in 1953 thus returning a pro-growth mayor to office. The election of Norris Poulson marked the return of a Development Regime in Los Angeles (Davis 1991; Gottlieb, Vallianatos et al. 2006).

As noted earlier, city council members are elected by district. By tradition, city council members wield considerable power over land use decisions within their districts. Fifty years ago, the City Council was pro-development as the city expanded rapidly. However, in 1965 slow growth advocate, Marvin Braude, was elected in Council District 11 serving West Los Angeles and the southern San Fernando Valley. Braude was the first of what would eventually be many slow growth advocates on the city council. The election of Tom Bradley as Mayor in 1973 initiated a polar shift in
city politics. The bi-racial Black-Jewish coalition that promoted Bradley was a stark change from the white Protestant politicians who had dominated city politics for nearly 100 years (Sonenshein 1993).

While the Bradley administration promoted economic development, especially in Downtown, it also championed social programs favoring minorities who had long been neglected by City Hall. Bradley aggressively sought federal funding for social programs thus bypassing the city council for appropriations and he tapped the coffers of the CRA for redevelopment in Downtown. An oft stated goal of the new mayor was the repositioning of Los Angeles as a World City. When Bradley was elected Los Angeles was a headquarters city for major oil and gas producers, aerospace corporations, banks, and savings and loans. Bradley found influential and deep pocketed allies to support his quest. During Bradley's first term a second slow growth advocate, Zev Yaroslavsky, was elected in another West side district to the city council in 1975. Braude now had like-minded colleague on the city council. But Braude and Yaroslavsky together only had two votes against the thirteen other pro-growth council members (Purcell 2000; Gottlieb, Vallianatos et al. 2006).

Bradley's skill in securing funding and promoting the agenda of the coalition reached its high point in 1984 when Los Angeles hosted the Summer Olympic Games. Utilizing the Memorial Coliseum as the principle stadium, which was also used in the 1932 Olympics, saved the city great expense in preparation for the events. The games turned a profit of $200 million for Los Angeles breaking a lengthy string of huge losses for hosting cities. The glow of civic success didn't last. A confluence of events
turned against the coalition the following year. The fiscal effects of Proposition 13, the initiative limiting property taxes, finally began limiting the administration's ability to fund social programs. These funding shortfalls, coupled with reductions in federal aid for cities by the Reagan administration in the mid 1980s, severely impacted the flow of monies Bradley had been using for the past ten years. Meanwhile, Downtown redevelopment had been so prolific in the construction in new high rise office space that a glut developed on Bunker Hill and the Figueroa Corridor thus ending the construction boom. The pro-growth economic miracle Bradley had presided over for his first three terms ground to a halt (Gottlieb, Vallianatos et al. 2006).

This funding malaise occurred as the slow growth movement was booming. In 1985, the city lost a lawsuit over the proliferation of high rise buildings on the Westside and southern San Fernando Valley in areas zoned for lower densities. Braude and Yaroslavsky, both representing Westside council districts, launched an initiative the following year, Proposition U, to downzone most of the commercial land in the city. By tapping into the network of homeowner associations who had successfully sued the city the previous year, the councilmen shepherded the initiative to victory. The publicity created by the battle over Proposition U spurred more slow growth activists to run for office. The success of these candidates along with the election of more minority council members like Gloria Molina, Michael Woo, Richard Alatorre, and Nate Holden, diversified the city council considerably. As the influence of the Bradley administration waned the power of the council members increased (Davis 1990; Purcell 1997).
What emerged from the disintegration of the Bradley coalition by the early 1990s was a fragmented system of urban regimes centered on clusters of city council districts. The civil unrest in 1992 shattered the confidence of the business community and called into question the ability of the city government to maintain order yet alone foster economic development. Globalization had taken its toll on corporations headquartered in Los Angeles as mergers and buyouts resulted in the relocations of corporate offices to other U.S. cities and foreign countries. Los Angeles was becoming a branch office city thus withdrawing substantial resources from the faltering coalition. The Greater Los Angeles Chamber of Commerce and the Central City Association fell towards irrelevance as membership and revenues faded. Richard Riordan, the new mayor elected in 1993 on a platform of law and order, was unable and perhaps unwilling to organize a new coalition to replace the Bradley regime. Local businesses and developers gravitated towards the new city council oriented power centers to accomplish their goals. By the time of the city council vote on the Adaptive Reuse Ordinance Los Angeles resembled a federal system of urban regime coalitions. While Los Angeles, as the second largest city in the country, can safely be considered a Middle Class Progressive Regime on social policies, the decentering and fragmentation identified by the L.A. School becomes apparent in the plethora of coalitions operating at the local scale (Purcell 1997; Purcell 2000; Gottlieb, Vallianatos et al. 2006).
7.2.2. Amenity Zones

After researching and analyzing the neighborhoods of Downtown it became apparent that a key concern of residents was the availability of amenities. Some neighborhoods were amenity rich like the Financial District and South Park and other neighborhoods were amenity poor like Skid Row. A new way to view the spatial organization of Downtown would be through this lens. Amenity zones, as illustrated in Figure 7-1, would be more reflective of the quality and price of housing than the historical legacy of Downtown districts identified on old Downtown planning documents. After examining Census data on the downtown residential districts, three amenity zones have been identified. Two additional areas, the Control Center and the Hinterland, that can be considered non-amenity or amenity

Figure 7-1: Downtown Amenity Zones. Map by author.
neutral are also mapped. The population statistics for the three amenity zones are shown in Table 7-1.

The three amenity zones have the largest populations in the Central City Plan Area. The high amenity zone consists of three residential districts: Bunker Hill, Financial and South Park. This zone is endowed with high-end amenities provided by public and private funding. When Bunker Hill was redeveloped a cultural center was constructed on the top of the hill. The Music Center and Performing Arts Center consists of two theaters (Mark Taper Forum and the Ahmanson Theater) and two music venues (the Dorothy Chandler Pavilion and the Walt Disney Concert Hall). Two additional complementary amenities, the Museum of Contemporary Art and the Colburn School of Performing Arts are located a block away. High-end residential is clustered around this node. Anchoring the south end of the zone is the sports and entertainment complex consisting of the Convention Center, Staples Center, and L.A. Live. The Nokia Theater and Grammy Museum are located in L.A. Live Numerous restaurants and bars, such as Fleming's Steakhouse, Trader Vics, Wolfgang Puck, and Lawry's Carvery are also located here (AEG 2012).

Numerous new condominium towers have been built nearby to capitalize on the amenities provided by Anshultz Entertainment Group (AEG), the developer behind

<table>
<thead>
<tr>
<th>DOWNTOWN AMENITY ZONE POPULATION</th>
<th>2000</th>
<th>2010</th>
<th>INCREASE</th>
<th>DENSITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control Center</td>
<td>2,530</td>
<td>4,614</td>
<td>2,084</td>
<td>8,491</td>
</tr>
<tr>
<td>High Amenity</td>
<td>8,832</td>
<td>13,416</td>
<td>4,584</td>
<td>12,010</td>
</tr>
<tr>
<td>Frontier</td>
<td>3,739</td>
<td>8,312</td>
<td>4,573</td>
<td>31,366</td>
</tr>
<tr>
<td>Low Amenity</td>
<td>7,431</td>
<td>9,225</td>
<td>1,794</td>
<td>25,797</td>
</tr>
<tr>
<td>Hinterland</td>
<td>2,676</td>
<td>2,117</td>
<td>(559)</td>
<td>1,753</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>25,208</td>
<td>37,684</td>
<td>12,476</td>
<td>10,796</td>
</tr>
</tbody>
</table>

Table 7-1: Downtown Amenity Zone Population
Staples Center and L.A. Live. Stretching between these two anchor nodes are a plethora of clubs, restaurants and shopping opportunities geared towards the incomes enjoyed by these residents.

At the opposite end of the spectrum lies the low amenity zone. The low amenity zone has only one residential district: Skid Row. Skid Row is an amenity desert. For a district with a population greater than 9,000 people there are very few restaurants. Most eateries are self serve and take out. There are also packaged food products available in markets. There are no supermarkets, no department stores, no drugstores, no Wal-Marts. Even 99 Cent Stores has shunned the area. Deep discount stores like Big Lots and 99 Cent Stores are located in the adjacent Frontier Zone. Since 6,000 people (65.2% of the population) live in group quarters facilities and are considered by the Census Bureau to be "out" of the workforce there is little disposable income in the district. Only 35% of households in Skid Row report earnings and of those households over 90% earn less $25,000 per year. What is found here are numerous missions and social service agencies offering free meals, showers and shelter for residents. One of the few amenities and a coveted entertainment opportunity for residents are the basketball courts in Gladys Park in the east side of the district.

Household income data for the amenity zones is shown in Table 7-2 and illustrated in Chart 7-1.

The third amenity zone sandwiched between the high and low zones reflects the transition from amenity affluence to amenity poverty. The zone, referred to as the Frontier, has approximately one-half of its housing stock allocated as market rate
(rented and owned) and the other half dedicated as affordable housing or price
constrained by the Los Angeles City Rent Stabilization Ordinance (RSO). This zone

<table>
<thead>
<tr>
<th>INCOME BAND</th>
<th>LOW</th>
<th>CUMULATIVE</th>
<th>FRONTIER</th>
<th>CUMULATIVE</th>
<th>HIGH</th>
<th>CUMULATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $10,000</td>
<td>55.2</td>
<td>55.2</td>
<td>33</td>
<td>33</td>
<td>16.8</td>
<td>16.8</td>
</tr>
<tr>
<td>$10,000 to $24,999</td>
<td>35.2</td>
<td>90.4</td>
<td>28.1</td>
<td>61.1</td>
<td>26.9</td>
<td>43.7</td>
</tr>
<tr>
<td>$25,000 to $49,999</td>
<td>7.8</td>
<td>98.2</td>
<td>11.5</td>
<td>72.6</td>
<td>15.8</td>
<td>59.5</td>
</tr>
<tr>
<td>$50,000 to $99,999</td>
<td>1.8</td>
<td>100.0</td>
<td>13.8</td>
<td>86.4</td>
<td>21.7</td>
<td>81.2</td>
</tr>
<tr>
<td>$100,000 to $199,999</td>
<td>0</td>
<td>100.0</td>
<td>11.4</td>
<td>97.8</td>
<td>14.2</td>
<td>95.4</td>
</tr>
<tr>
<td>Over $200,000</td>
<td>0</td>
<td>100.0</td>
<td>2.2</td>
<td>100.0</td>
<td>4.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 7-2: Household Income by Amenity Zone. Data from ACS 5 Year Estimates 2006-2010

contains the two census tracts that comprise the Historic Core of downtown. This
dichotomy of housing types has created a challenge for service businesses. Prior to
the housing boom amenities located along Spring and Main Streets were limited
almost to the extent of the amenity level in today's Skid Row. Dozens of vacant office
buildings had at best ground floor retail of low order goods. The exception to this was
the Broadway Shopping District. In 2000, Broadway was the largest Mexican
shopping district in Los Angeles and rumored by many as the largest outside of
Mexico. This was essentially a daytime phenomena with businesses opening at 9:00
A.M. and closing shop at 6:00 P.M. seven days a week. A wide variety of products
were available from clothing to shoes and electronics to toys geared toward the
Latino customer. Shoppers rode buses to downtown from all directions to take
advantage of the bargains offered by vendors. Building rents averaged $5.00 per
square foot and up - some of the highest in Los Angeles County. Competition from
new shopping centers in Huntington Park and South Gate impacted the dominance of
Broadway. Vendors were enticed to relocate with much lower rents, less onerous city
regulations and business license fees and easier parking for customers. By 2010,
twenty percent of the Broadway storefronts were vacant. Did local residents take advantage of the shopping opportunities on Broadway? For the most part, no. Most vendors spoke only Spanish while most residents did not. Also, the product mix did not appeal to many residents. This was true in 2000 and remains true today.

The amenity situation in the Frontier has improved since the housing boom began. Mean household income is high at $57,365 which is over three times the mean household income in Skid Row. It is only $24,000 less than the high amenity zone.

Yet over 60% of households earn less than $25,000 per year. There are dozens of new restaurants and bars in the Frontier catering to the high income residents. Small markets and specialty shops are ubiquitous as are art galleries. One bellwether of hipness or chic, Starbucks, which had been missing finally opened on Spring Street in 2012. The closest Starbucks before 2012 was located on Grand Avenue in the
Financial District in the High Amenity Zone. Starbucks as an amenity indicator was first identified by Clark in 2004 and utilized by Richard Greene in a study of high amenity zones in Chicago in 2006 (Greene 2006).

Lastly, a quick review of the non-amenity zones. The Control Center encompasses the Civic Center District and Little Tokyo. The Civic Center represents government operations centers and power structures. In addition to City Hall and various city departments, there is police power of arrest and confinement. There are also court systems and tax authorities. Of the 2,904 people residing in the Civic Center District, 1,269 (43.7%) people are prisoners in the city and federal detention centers. Amenities available in the Control Center are nominally weekday, daytime eateries geared to the working population of the city. These restaurants tend to have mid-price range menus for the lunch crowd.

Little Tokyo on the other hand does have an abundance of restaurants. The Little Tokyo District as mentioned earlier has had millions of dollars of city community redevelopment investment since the mid 1970s and remains a top tourist attraction in the downtown area. However, the residential population is heavily biased towards the retirement crowd. Over 75% of the housing is reserved for seniors under HUD guidelines. The new "non-senior" housing recently built on the east side of Alameda has a stronger connection to the Arts District to the east than to downtown proper. Many downtown Historic Core residents report little familiarity with the amenities in Little Tokyo. Parking is a problem everywhere downtown and the prospect of crossing Skid Row during the day let alone at night is unappealing to most people. In
the minds of many, Skid Row has become a 21st century version of Grady Clay’s Dangerous Movement Zone where pedestrians are threatened by traffic in the community (Clay 1973).

The Hinterland is the last zone in downtown. The Hinterland is the combination of the Fashion and Industrial Residential Districts. This area is an amenity desert. While thousands of people work here every day, only 2,117 people reside here. That is 559 fewer people than ten years ago. The Hinterland holds promise for future residential development as the available office building stock suitable for adaptive reuse is exhausted in the Frontier. But that promise is still some ways off in the future.

7.2.3. Housing Tenure

Another interesting finding in this study was the preference for rental housing over owner-occupied units. As discussed in Chapter 3, the existing housing stock in Downtown in 2000 was 13,255 units of which 11,704 were occupied. Only 829 condominiums had been built prior to the passage of the Adaptive Reuse Ordinance (ARO) which sparked the Residential Renaissance. According to the 2000 Census 772 of the 829 (93.5%) were owner occupied on the Census date leaving only 57 condominiums leased to tenants. The remaining 10,932 occupied housing units were rentals most of which were affordable housing units with government rent subsidies. Downtown was far different from Los Angeles City as a whole. Single person households accounted for 71.8% of the total households in Downtown. Nearly one-half of the residents earned less than $10,000 per year and the poverty rate was 48.5%. Downtown was poor by any measure.
Downtown was considerably different in 2010. Over 10,800 new and ARO housing units had been completed since Tom Gilmore opened the San Fernando Building in 2000. The vacancy rate in 2000 was 11.7%. The vacancy rate in 2010 was 15%. The number of condominiums completed by 2010 numbered 3,379. Adding this figure to the existing condominium stock of 829 brings the total to 4,208. Only 1,988 of these condominiums were owner occupied in 2010. After ten years of furious building activity Downtown increased the number of owner occupied households by only 1,216. It could have been a lot worse. By the end of 2007 2,418 condominiums had been built with many remaining unsold at the beginning of 2008. Developers caught up in the condo frenzy sparked by the $1 million sale at the Flower Street Lofts had 4,774 more condominiums in the works scheduled for completion by 2010. with most already in some stage of construction. Fortunately only 961 of the 4,774 were actually completed with the balance reverted to rentals or delayed until 2011 or 2012. Census records show that condominium buildings once completed and fully sold quickly drop to about 50% owner occupancy with the rest becoming rental units.

These figures raise the question whether condominiums are a suitable housing type for Downtown. If the construction of 10,837 housing units only increased the number of owner occupied households by 1,216, Downtown was overbuilt with condominiums by the end of 2007. The target consumer for Downtown housing is widely cited as the young creative class. When Gilmore began leasing the San Fernando Building he described his ideal tenant as "the young creative class...multi, multi in every possible way. Multi-ethnic, multi-racial, sexual orientation, a really
creative melting pot. We decided we would have to create our own identity here, and use this creative class of urban pioneers to set a new standard." Gilmore then elaborated more fully on the urban pioneer demographic: "It's 24 to 36 years old, some creative business whether it's music industry, or media of some type, or now in this day and age, computer graphics, something like that. At least a third of them are gay, at least another third of them are multi-ethnic couples. It is a group of people who thrive on the urban environment, who thrive on the vitality and sort of random interaction that urban environments create" (Personal Communication 12/10/2010).

Gilmore further stated that rentals were the key to a successful Downtown. "The downside to condominiums is that they are, from what I’m seeing, a little bit more of an internal community environment. That they actually interact with the rest of the community perhaps a little less. And I’m not sure what drives that, and the difference between me, and for instance, we just had this (funding crisis) thing with Art Walk, this big thing we had, and it all went crazy, and everybody’s trying to figure out what to do, and so I was able to get together with 8 or 9 other large property owners around here and basically sit down and say ‘Is this a good thing for us, or is this a bad thing for us?’ Because if it’s a good thing, then we need to figure a way to help fund it and stabilize it. And (we all agreed) and I’m happy about that. But one of the things that I couldn’t do was get any of the condominium buildings on line because they don’t have a building owner, they have an HOA, they have a board chair. They don’t have the capacity (to make) decisions and go left or right. Everything is subject to board approval, everything is subject…by the time they’re ready to throw you a life raft,
you drown a week ago. So, on some level, they provide a baseline of stability and a baseline of maintenance, but in this kind of a part of town where there’s a creative environment, and there is in fact a sort of broader philosophy driving it than people simply living in houses with nice terraces and gardens, that random quality that I like so much about this part of town requires that there at least a healthy number of building owners who are activists and who love the neighborhood and see their profitability in terms of maintaining the vibrancy of that neighborhood” (Personal Communication 12/10/2010).

The creative class as outlined by Richard Florida in *The Rise of the Creative Class* (2002) is young, highest educated, footloose, technologically savvy, and socially tolerant. The creative class is also inclined to prefer an urbanized environment with lots of amenities and walkable, eclectic streets. They tend to be active participants instead of spectators. The creative class is also willing to relocate to a distant city in search of ideal working conditions and is also willing to do so frequently. That being said is the creative class inclined to establish roots in a community through the purchase of a condominium? Perhaps, but probably not. Even Richard Florida broaches this topic in a later book, *Who's Your City?* with a section in Chapter 8, titled "When a Place Gets Boring..." (Florida 2008). Florida was even more explicit when he noted that high real estate prices inhibit innovation by choking out affordable venues that foster creativity. He further warns about the ways in which home ownership limits mobility and suggests that an alternative form of tenure should be considered somewhere between owning and renting. Florida concludes with "As
we have seen, there are many reasons to live in a superstar city, but wanting to own a home should not necessarily be one of them" (2008: 143).

Somewhere along the way this message got lost when developers began to flood the market with condominiums. Tom Gilmore was right when he told me that condominiums should have a limited role in Downtown housing.

7.2.4. Public Health and Safety

The survey results discussed in Chapter 6 were not surprising to anyone who has walked the streets of Downtown especially the Historic Core and Skid Row. While the streets and sidewalks are cleaner today than in the past conditions are still deplorable. Feces on the sidewalks, the ubiquitous urine smell, and trash littering the streets would be intolerable in other parts of the city. This coupled with the ongoing war between the LAPD and drug dealers is exhausting for everyone. One can't help but wonder "why is it okay here?" This is not a new problem and it is doubtful that any other American downtown undergoing revitalization faces such daunting challenges. Study after study and program after program all conclude the obvious that more money and resources for housing and social services are needed for Skid Row. Progress is being made but it is glacial in motion. This is obviously a bigger problem than the city is capable of handling. Downtown has been and continues to be a dumping ground for people with mental health issues, substance abuse and addiction problems, registered sex offenders, and parolees from not just Los Angeles County but from all over the state. State and federal assistance will be needed to find new solutions to these problems.
7.3. Limitations of the Study

Besides the time and money issues affecting most if not all research agendas, there are several limitations to this study. First, there is a lack of literature on multi-faceted regimes. Scalability of regime typologies was not anticipated when this case study was incubated and designed. It is possible that Los Angeles is unique in this regime structure due to the political structure specified by the city charter but there may be other large cities experiencing similar fracturing. Second, the findings of this study may not be generalizable to other cities undergoing revitalization due to the scale, proximity and persistence of Skid Row to Downtown. Los Angeles has the largest Skid Row of any city in the United States. The coincidence of Skid Row, the largest county jail in the country, and an unbridled illegal drug bazaar on the local streets presents a challenge to local law enforcement to maintain order thus affecting the resident's perceptions of public safety. Third, while public safety was an important concern to many residents in this study, the lack of a benchmark, such as a previous address or community, from which to measure the degree of fear and uneasiness left these perceptions difficult to quantify.

Fourth, the mail survey focused on homeowners in the Historic Core for the reasons specified in Chapter 6. The Historic Core was the genesis of the Residential Renaissance. Consequently the residents with the longest tenure lived in the condominium buildings in this district. The average number of months of residence for homeowners was 40.3 while the average number of months of residence of renters was only 17.4. Since most Downtown residents are renters it is conceivable that a
broader survey of tenants would yield a wide range of residential tenure that would also yield meaningful results in the "likes" and "dislikes" categories on the questionnaires.

7.4. Future Research Avenues

The conclusion of this study opens several avenues for future research. First, a forensic study of development in Los Angeles by council district followed up with interviews with key players, including City Council members, local Neighborhood Council members, city planners, developers, and other stakeholders would be a good start on understanding the spatial organization of urban regimes and the scale in which they operate in the city. It is possible that other topographically and socially fragmented cities are experiencing the same splintering of coalitions within their boundaries. This new study would also be an opportunity to integrate elements of postmodern urbanism into the analysis of regime coalition activities to better understand the spatiality of the coalitions. Another consideration could be the rotation of influential coalition members as new actors bring resources to the table and become engaged in the governance of Los Angeles.

Second, a study targeting Downtown renters could address several issues. As noted earlier, city planning officials seek to attract the Creative Class to new Downtown residences but there appears to be some question as to the success of their efforts. This uncertainty could be partially due to how millennials self identify. Focus groups could be utilized to establish identity parameters for the Creative Class to be used on a subsequent survey instrument. A follow up issue is the preference of the
Creative Class for tenancy over home ownership. The survey could delve into depth on this subject. This data could be helpful to planners and developers for future downtown residential projects.

Finally, research on the methods other cities have utilized to deal with homelessness and social problems in downtown revitalizations may yield some ideas and solutions suitable for use in Los Angeles.
References


Curtiss, A. (1994). Grand Hopes for City Core: Backers say a $64 million project of apartments, shops and offices in three historic buildings will help create a funky district like N.Y.s Greenwich Village. Los Angeles Times. Los Angeles, Times Mirror.


DCBID (2007). Downtown Los Angeles Housing Information: 4th Quarter 2007 Los Angeles, Downtown Center Business Improvement District.


306


LADCP (2003). Central City Community Plan. Los Angeles, Department of City Planning.


Metro (2012). Maps and Timetables, Los Angeles County Metropolitan Transportation Authority.


Appendix A: Homeowner Survey

Historic Downtown Homeowner Survey

1) How long have you lived at your current address? _______ yrs _______ mos

2) How many years have you lived downtown (including your current home)? _______ yrs _______ mos

3) How many people live in your housing unit, including yourself? _______

4) What is your gender? Female _______ Male _______

5) What is your age? Under 30 _______ 30 - 39 _______ 40 - 49 _______ 50 - 59 _______ 60 + _______

6) How close do you live to your place of employment? _______ miles

7) How do you normally commute to work?

   Drive _______ Rail _______ Bus _______ Bike _______ Walk _______ Other _______

8) Please list the three most important reasons you find living downtown desirable:

   1. _______

   2. _______

   3. _______

9) Please list the three things you dislike about living downtown:

   1. _______

   2. _______

   3. _______

10) How often do you go for a walk for personal business (shopping, dinner, etc.) in the evening or on weekends?

    Daily _______ (or) # of days per week _______ (or) # of days per month _______ Rarely, if ever _______

11) When you do go for a walk, how far do you usually travel?

    1 block _______ 2 blocks _______ 3 blocks _______ 4 blocks _______ More than four blocks _______

12) Are there any streets or areas that you deliberately avoid when walking about? Yes _______ No _______

    If so, please list the streets or describe the areas. _______

13) Do you have any pets? if so, what kind and how many? Dogs _______ Cats _______ Other _______

14) At this time, do you think you will still be living downtown one year from today? Yes _______ No _______ Maybe _______

    Five years from today? Yes _______ No _______ Maybe _______ Ten years from today? Yes _______ No _______ Maybe _______

15) If the housing market were to suddenly recover and you had the opportunity to sell your condo for what you paid for it

    would you do so? Yes _______ No _______ Maybe _______

    If so, why? _______

Thank you for participating in the survey. Your help is greatly appreciated!!!
Appendix B: Tenant Survey

Historic Downtown Tenant Survey

1) How long have you lived at your current address? ________ yrs ________ mos
2) How many years have you lived downtown (including your current home)? ________ yrs ________ mos
3) How many people live in your housing unit, including yourself? ________
4) What is your gender? Female ________ Male ________
5) What is your age? Under 30 ________ 30 - 39 ________ 40 - 49 ________ 50 - 59 ________ 60+ ________
6) How close do you live to your place of employment? ________ miles
7) How do you normally commute to work?
   Drive ________ Rail ________ Bus ________ Bike ________ Walk ________ Other ________
8) Please list the three most important reasons you find living downtown desirable:
   1) ________
   2) ________
   3) ________
9) Please list the three things you dislike about living downtown:
   1) ________
   2) ________
   3) ________
10) How often do you go for a walk for personal business (shopping, dinner, etc.) in the evening or on weekends?
    Daily ________ (or) # of days per week ________ (or) # of days per month ________ Rarely, if ever ________
11) When you do go for a walk, how far do you usually travel?
    1 block ________ 2 blocks ________ 3 blocks ________ 4 blocks ________ More than four blocks ________
12) Are there any streets or areas that you deliberately avoid when walking about? Yes ________ No ________
    If so, please list the streets or describe the areas ________
    ________
    ________
13) Do you have any pets? If so, what kind and how many? Dogs ________ Cats ________ Other ________
14) At this time, do you think you will still be living downtown one year from today? Yes ________ No ________ Maybe ________
    Five years from today? Yes ________ No ________ Maybe ________ Ten years from today? Yes ________ No ________ Maybe ________
15) If it was financially feasible (income, down payment, etc.) would you purchase a condo at this time? Yes ________ No ________
    If not, why not ________

Thank you for participating in the survey. Your help is greatly appreciated!!!