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# Converting hotels and motels into affordable housing for union members in Los Angeles County

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## Issue

Hospitality workers living in Los Angeles County are facing a housing crisis. Most hospitality worker households earn between \$32,000 and \$100,000 per year, which places them in the 30-80% Area Median Income (AMI) range. In Los Angeles County, less than half of renter households below 80% AMI have access to an affordable rental unit. These households are then faced with two main options — either stay in the area and spend more than 30% of their income on housing costs (“rent burden”) or move further away where housing is cheaper but commutes are longer.

Rent burden forces many households to cut back on spending for essentials like food, clothing and medicine, but they remain at risk of eviction and homelessness. Research also shows that longer commutes have negative effects on overall well-being.

UNITE HERE Local 11 (UH11), which represents more than 32,000 hospitality workers in Los Angeles, has been looking for ways to leverage its political and financial might to address the housing crisis for its members. UH11 is particularly interested in solutions that can quickly create new, “workforce housing” at scale. In this brief, “workforce housing” refers to affordable housing that is available for households in the 30-80% AMI range. This research explores how UH11 could convert hotels and motels into workforce housing for its members.

## Study Approach

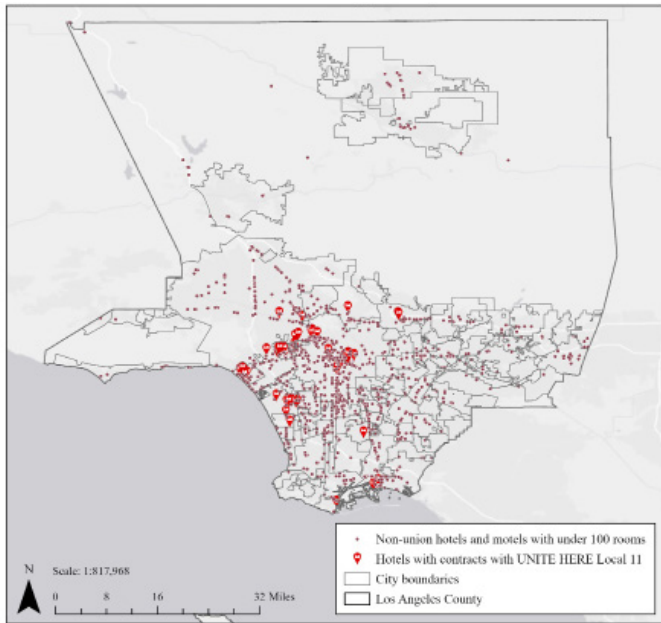
To assess the county’s readiness for hotel/motel conversions and come up with policy recommendations, researchers used a mixed-methods approach that analyzed existing

laws, programs, and regulations concerning conversions, mapped out locations and counted all small hotels and motels in the study area, and held interviews with experts. The subsequent policy options were evaluated using a Criteria Alternative Matrix (CAM). After grading each policy option, we selected the high scoring, non-exclusive policy options as recommendations for how UH11 should proceed.

## Key Findings

This research revealed opportunities and challenges facing efforts to convert hotels/motels into workforce housing in Los Angeles County.

- » While some jurisdictions have provided funding and eased regulations, by and large, hotel/motel conversion has been conceived narrowly as a solution for addressing homelessness in California rather than as a broader solution to the state’s affordable housing shortage. This is reflected in the state’s most prominent hotel/motel conversion initiative — Project Homekey. Under this program, the state has allocated approximately \$3.5 billion to generate over 15,000 housing units from converted units, but Homekey sites can only house people who are experiencing homelessness or meet the federal definition of “at risk” of homelessness. Most hospitality worker households do not meet this definition. While some cities have passed policies easing regulatory requirements, these policies largely seek to address the homeless or “at risk” population, not the workforce housing shortage.
- » Recent programmatic and legislative changes have created opportunities to convert hotels and motels into workforce housing. Homekey administrators are considering changes to eligibility rules that would address



Data sources: County and city boundaries (County of Los Angeles open data), Hotel/motel data (County of Los Angeles Assessor Parcel Data); Union hotel data (fairhotel.org)

**Figure 1.**

Location of all 1,588 non-union hotels and motels with 100 or fewer rooms in Los Angeles County and their spatial relation to the 63 union hotels.

funding challenges, including the practice of “income-mixing” that would allow households in the 30-50% AMI range to qualify for Homekey properties. Pasadena eased its regulatory requirements to include workforce conversions. Passed in 2018, Pasadena’s ordinance facilitates the conversion of hotels and motels with 80 or fewer guest rooms into supportive housing, transitional housing, single-room occupancy, multi-family housing, or some combination of these housing types and allows households up to 120% AMI to live in these properties. Pasadena’s ordinance could serve as a model for other jurisdictions’ laws. The analysis of funding sources revealed that it may be possible to finance conversions in the City of Los Angeles, even without Homekey dollars.

- » Not all hotels and motels are good candidates for conversion. Some hotels/motels — like union hotels — provide quality jobs to their employees. If hotels/motels

that primarily serve tourists are converted into housing, this might create market incentive to build more. Because new hotels/motels often replace housing, this would only exacerbate the housing shortage.

- » The number of rooms at each property helped determine which hotels/motels are most suitable for conversion. Several cities raised minimum wages for workers at properties with 60 or more rooms, making that a good characteristic to assess suitability for conversion. The researchers found that non-union properties with fewer than 100 rooms are also good candidates. There are 1,588 total properties that meet this criteria, and of those, a vast majority (85%) have 60 or fewer rooms (Figure 1).

## Recommendations

- » UH11 should take an active role in piloting workforce conversion projects — likely by working with a more experienced developer. These projects would increase the county’s affordable housing stock and help build support for legislation that further facilitates workforce conversions.
- » Concurrently, UH11 should undertake two lobbying efforts: It should lobby cities that have already passed supportive ordinances to expand these to include workforce housing, and it should lobby other cities that have not yet passed ordinances, but have expressed an interest in hotel/motel conversions.
- » UH11 should also lobby Project Homekey administrators to follow through with plans to expand the program’s eligibility criteria to include households in the 30-50% AMI range who are experiencing — or at risk of — homelessness.

## For More Information

Kearns, J., Magallanes, G., Rock, A., Rodriguez, A., & Smanpongse, S. (2024). Recommendations for UNITE HERE Local 11 to Address the Affordable Housing Shortage in Los Angeles County (Master’s capstone, UCLA). Retrieved from: <https://escholarship.org/uc/item/6m14d4rt>

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