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Landlord ordered to halt illegal rent hikes

Judge's ruling aims to protect poor tenants in gentrifying areas until a lawsuit is decided.

By Jessica Garrison and Cara Mia DiMassa
Times Staff Writers

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In a ruling that some said could slow the pace of gentrification in the city, a Los Angeles Superior Court Judge on Friday ordered a major landlord to stop imposing unlawful rent increases on hundreds of tenants and barred the landlord from buying any more buildings in the city pending the outcome of a lawsuit.

Judge Ralph W. Dau said Landmark Equity Management and its affiliated companies would also be prohibited from entering the premises of any of its properties until the suit is decided. The court appointed a retired judge to oversee improvements to the 42 buildings — a step that legal experts said was unusual.

City Atty. Rocky Delgadillo and the Los Angeles Legal Aid Foundation filed suit against the landlord this summer after tenants complained that their water and electricity were being cut off and they were being threatened with violence as part of a campaign to force them out.

The suit accused the owners of picking apartment buildings in swiftly gentrifying neighborhoods in Hollywood, downtown, Westlake and Los Feliz, pushing out longtime tenants and then renting the apartments at much higher rates.

"I hope it sends a message," Delgadillo said. "I am troubled ... by slumlords proliferating here in the city. It's not tolerable and I'm not going to stand for it."

Officials from Landmark, whose affiliated companies also own several buildings in New York City and have faced similar complaints there, could not be reached for comment.

The city attorney's office has been criticized in the past for failing to prosecute slumlords. The suit represented a departure in the way it addressed such cases.

Becky Dennison of the Los Angeles Community Action Network, which organized tenants at the Huntington Hotel, one of the Landmark properties, said the city attorney's action, "coordinating with tenants and their attorneys directly, was a huge step forward."

Many details in the injunction, Dennison said, are "based on tenant input."

Delgadillo said the appointment of retired judge Alan Haber, who will be paid up to \$450 an hour by Landmark as part of the order, was unusual and "better than we thought."

Haber can order and attend inspections of the properties, impose fines up to \$500 a day for failure to act in good faith and recommend holding Landmark officials in contempt of court if they do not comply with orders issued by city agencies.

With all of those powers, Delgadillo said, the arrangement was like "a consent decree."

In June, the city attorney's office filed civil charges against Landmark; its president, Darren Stern; and affiliated companies. The suit alleged a much larger pattern leading to owners trying to sell the buildings at high prices because of elevated rents. The judge's order Friday is a preliminary injunction that could remain in effect until the case, set to go to trial in May, is resolved.

Rents in Los Angeles have steadily risen in recent years, and they have zoomed up in swiftly gentrifying areas where many of the buildings in the Landmark case are located.

But under city law, landlords of many older multi-residential units can increase rents 5% or less each year and evict tenants only under stringent circumstances.

Tenant advocates say that has led to a situation in many buildings in which landlords are doing everything possible to get low-paying tenants out — sometimes breaking the law in the process.

"A lot of gentrification is being done without observing any of the niceties of the law," said UCLA law professor Gary Blasi. "Anything that makes speculators and slumlords obey the law is going to slow the process."

Blasi is on the boards of the Inner City Law Center and the Los Angeles Legal Aid Foundation, both involved in the suit, but said he is not involved in this case.

Larry Gross, executive director of the Coalition for Economic Survival, which organized tenants in many of the Landmark-owned buildings, called the decision "some type of reward for all the tenants that have suffered under the hand of this ruthless slumlord and have had to endure some of the worst conditions in the city of L.A."

But not everyone was thrilled.

Dan Faller, founder and president of the Apartment Owners Assn. of Southern California, said he did not know the owners of the Landmark buildings and could not comment on that specific situation.

But in general, he said, the city's rent control laws are unfair.

"If you didn't have the bad law, you wouldn't have these bad actions," he said. "My barber charges me a fair price for a haircut, but the city doesn't tell him what to charge. How do these pompous people on the City Council, how can they sit and tell housing providers how much to charge? It is contrary to our American economic system of free enterprise."

jessica.garrison@latimes.com

cara.dimassa@latimes.com

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