



# DHS Hyundai Hotel: Nuisance Property Receivership





## BACKGROUND

Richardson “Red” Griswold was appointed by the Riverside County Superior Court as receiver over the Hyundai Resort & Spa, a substandard nuisance motel in the City of Desert Hot Springs pursuant to the California Health & Safety Code.



## THE ISSUE

The hotel had fallen into substantial disrepair and posed serious safety risks to the occupants. The violations included structural defects in the third and fourth floors, walkways, balconies, and handrails. In addition, the City discovered a nonoperational kitchen and restaurant area containing dead animals, broken equipment, and obstructed access.

Further, the motel became a hotbed for criminal activity. From November 2007 to February 2021, there had been approximately 800 incidents requiring police assistance. Between February 2020 and February 2021, the City of Desert Hot Springs Police Department responded to the motel a staggering 400 times.

Crimes occurring at the motel included battery, assaults, stolen vehicles, illegal possession of firearms, shootings in and around the motel, numerous drug sales, explosions from drug use and pipe bombs, gang warfare, domestic violence, robberies, attempted murder, trespassing, and unlawful distribution of hotel key cards.





## THE INSPECTION

In August 2021, the City re-inspected the motel. And despite the City's orders, the motel remained in full operation, and had even accepted new residents. The City inspectors, including the Building Official, conducted a walkthrough inspection. The City discovered that the motel had severe structural defects, including to the flooring and flooring supports. The damage left the flooring buckling and unable to carry imposed loads safely. The basement area had severe water damage that likely damaged the structural components of the foundation. There was exposed electrical wiring throughout the basement, including illegal modifications to electrical panels.

Inside the rooms, the City observed mold, water damage, lack of proper ventilation, bed bug infestations, and broken windows and doors. Several rooms did not have bedframes, only mattresses. The rooms also lacked carbon monoxide detectors and smoke detectors.

Based on the August 2021 inspection, the City "red-tagged" the entire motel, deeming it unsafe for human habitation. In particular, the City noted that the extensive structural defects, including to the foundation, floor supports, and ceiling supports, meant the motel faced potential collapse.

In October 2021, the motel caught fire early in the morning. The City's Fire Department managed to suppress the fire before it could spread or injure the occupants.

The City was forced to take emergency action to protect the occupants. This included the evacuation of the motel, distribution of financial aid for the displaced occupants, contracting with a security company, and installing a security fence.





## APPROACH

Following Mr. Griswold's appointment, his team swiftly inspected and confirmed that the motel was properly secured. Mr. Griswold took control of the security team to ensure that the motel remained vacant. Additionally, the receivership performed the exterior clean-out, as well as removal of the trash and debris left behind by former occupants in various rooms of the motel.

Upon inspection of the motel and consultation with contractors and engineers, Mr. Griswold determined that the necessary scope of rehabilitation efforts to get the property back into a safe condition would cost a minimum of \$5M. Alternatively, it would cost approximately \$900K to safely demolish the motel structure.

With the expansive scope of necessary rehabilitation and the high cost of demolition, Mr. Griswold recommended the Court authorize him to sell the motel in its as-is condition to a qualified buyer who would be required to privately develop and resuscitate the motel property to a safe and productive asset for the community and visiting tourists.

Upon obtaining Court approval, Mr. Griswold hired an area broker and listed the motel for sale. After many reputable investors and developers made offers and were interviewed, Mr. Griswold entered escrow with a qualified buyer and the sale was approved by the Court. The buyer was required to enter into a compliance agreement with the City of Desert Hot Springs.

Mr. Griswold's team is now overseeing the new motel owner to ensure that they comply with the City's compliance agreement and maintain security at the property.





## RESULTS

As of August 2024, the new buyers have made significant progress on the property under the supervision of the Receiver and City officials, and Griswold Law has continued to carry out its court-appointed role as receiver by monitoring progress.

Over 55,000 square feet of flooring has been removed, in addition to all room doors, bathtubs, and sinks.

More than 30,000 square feet of rock soffits that previously enveloped the different areas of the interior and exterior were demolished, revealing more open spaces to accommodate the buyer's design plan.

Walls, rock soffits, and other structures have been removed from the first-floor restaurant.

Vertical structures, rock soffits, and a waterfall were removed from the property's central courtyard.

The spa, lobby office, 2nd-floor hallway, restaurant, patio, and parking lot were cleared of unusable and dilapidated structural materials.

Debris, junk, and trash were removed from the interior and exterior property grounds, and vegetation was cleared to mitigate fire risk.

The new buyers continue to make progress and report regular updates to the Receiver.

For more information about California Receivership Services, please [contact the team at Griswold Law](#).

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