

# How to Make a Few Extraordinarily Wealthy and Screw Everyone Else

Monday, April 16, 2012 Richard Lee Abrams



**THE HOLLYWOOD PLAN** - In its 1915 Transit Study, the City of Los Angeles warned itself about scam artists like Mayor Villa with his “elegant density” – a fine example of Brave New World’s Newspeak jargon and about Councilmember Jan Perry, Council President Herb Wesson, City Controller Wendy Greuel and ex-council president and mayor wannabe Eric Garcetti with his corrupt Hollywood Community Plan. The

1915 Study pinpointed one fraudulent practice which would enrich a very, very few while harming everyone else, i.e. artificial concentration of population in a few areas. Today we call them TOD’s (Transit Oriented Districts). The Hollywood Community Plan champions this corrupt connivance.

Speaking in the professional tones befitting a legitimate planning document, the 1915 Study wrote:

“No municipality is justified in adopting a policy which would tend to retard the removal of business centers to their natural geographical location. Such a policy would be nothing less than a **deliberate exploitation of civic resources for the benefit of the limited number of property owners enjoying abnormal incomes from rental privileges**; and at best, could only serve as a palliative, since the final location of the business center of any growing city is regulated entirely by its topography and is altogether beyond individual or corporate control.”

*Study of the Street Traffic Conditions of Los Angeles, 1915, p 38*

TOD's "retard the removal of business centers to their natural geographical location." – The warning was: "do not prevent businesses from following the population."

A few decades ago, a cabal of landowners and politicians violated this principle with CRA Bunker Hill project. The purpose of Bunker Hill was to retard the city's natural growth in order to vastly enrich the very few while creating over a century of problems for everyone else.

The Community Redevelopment Agency [CRA] sucked in somewhere between \$700 Million and \$1 Billion in incremental tax dollars just off Bunker Hill. That money was unavailable for schools, for roads, for police, for fire – The money was to be used solely to aggrandize the wealth of the most privileged.

The toll on Angelenos of Bunker Hill has been far greater than the ripping off of tax dollars. It brought traffic towards the core. When one looks at a map of Los Angeles, one sees that it is a huge circular city stopped only by the mountains to the north and the ocean to the west. It takes less than one second's reflection to see that concentrating business at the core is ludicrous. A 3rd grader could figure out that drawing people towards the core would create huge traffic congestion and terrible air pollution. It would significantly increase the travel times for people living far from the city core.

The only people who benefit are corrupt developers and their political allies as property values and rents at the core are artificially inflated and values elsewhere are correspondingly deflated. In other words, wealth is transferred from the many to the few.

As people are beginning to learn after 2008, the massive transfer of wealth from the 99% to the 1% has been occurring for decades. Bunker Hill is a prime example how the 1% vastly benefitted while everyone suffered.

How many millions of family hours did Dads (and now Moms) lose due to unnecessarily long commutes to the core? How much extra air pollution was caused and how many needless illnesses and death resulted?

How many people realize that the entire “Green” PR industry of complaining about urban sprawl causing terrible traffic is based upon the corrupt decision to concentrate businesses in certain places far away from where people live. The ills of “urban sprawl” do not derive from people living in R-1 homes, but in corrupt politicians financing highly dense business centers.

They never expect us to catch the illogic of their demands for TOD’s. They tell us that TOD’s are required so that people will live and work close together. If they believed that to be true, then they would not have built Bunker Hill or Century City which separate homes from business centers by tens of miles.

How many times does the lawyer on the 16th floor talk to the law firm on the 3rd floor of 73 story USB Building? Somewhere between zero and never. If they did talk, they would phone, or now they would email or twitter. There is no need for geographical proximity. The sole and only reason for highly dense skyscrapers is to maximize the profits of the landowner (and fill the campaign coffers of his political stooges).

No one can calculate the financial and social costs to Los Angeles by the decimation of livable communities such as Hollywood by the rampant demolition of R-1 homes after WW II. The corrupt city council always favored the financial profits of the very few landowners over the needs of the population. Sure, build a 45 unit 3 story apartment complex on a street of 4 and 5 bedroom 3,500 sq ft homes and watch the neighborhood disintegrate.

The HCP deliberately violates The 1915 principle not create TOD’s. A handful of businessmen buy up the land along a narrow corridor and then

get their buddies on the City Council to drastically up-zone those corridors so that they can construct immensely dense projects. TOD's are the main mechanism by which the HCP intends to continue to infuse riches into the very wealthy and destroy the quality of life for everyone else. The HCP would allow the Millennium Tower on Vine Street to be taller than the USB skyscraper downtown and become the tallest building west of the Mississippi.

The HCP proposes to concentrate density around its Metro System (*City Planning Commission February 2012 Findings*, passim). Let's look at just Policy 3.15.3 found on page F 5.

**Increase the density generally within one quarter mile of transit stations**, determining appropriate locations based on consideration of the surrounding land use characteristics to improve their viability as new transit routes and stations are funded in accordance with Policy 3.1.6. *Findings* p F5

Hollywood has had over a decade's experience with this approach, and it has been an unmitigated disaster, except for the 1% who made out like bandits. Every subway station is a horrendous economic and urban disaster.

- The Hollywood Highland Project has a \$454 Million deficit and the congestion is so atrocious, that it is an economic dead-zone for residents.
- The Hollywood-Vine station with its W Hotel is a nightmare as evidence by the W's inability to sell its condos. Just review the listings for its condos – there are more unsold W condos than all unsold R-1 properties north of Franklin.
- The Hollywood Western station has never been able to lease ½ of its retail space. That is a definition of a disaster.

Population around the five (5) Subway stations in Hollywood has significantly decreased since the subway's completion. The net loss has been 3,923 people. [Santa Monica Vermont (LACC) minus 802, Sunset Vermont (Kaiser) minus 1,678, Hollywood Western minus 1,684, Hollywood Vine plus 105, Hollywood-Highland minus 346 = minus 3,923] Density repels.

After ten years, we see that TOD's harm the overwhelming majority of residents, to the extent that the attempts to force people to live close them has resulted in a dramatic exodus from Hollywood. The developers themselves, however, do just fine as one way or another, the city council finds a way to divert tax dollars to the developers.

The newest scam which arose after the demise of the CRA's on February 1, 2012 is for a city to borrow money at its low rate and then loan it to friends of the councilmembers at a higher rate. The flaw is that the private developer was unable to borrow from a bank at the same rate, which means his project contains substantially more risk. Since the city has to pay its 3% to its lender and collects only 6% from the developers, the City is lending only at 3% on a project which the private market found risky at 6%.

When the project collapses in 5 years, the city will have to pay off the entire loan to its lender and will collect nothing more from its developer. Then, the city will have no borrowing capacity to finance roads, sewers or fire, police, etc. That's how we got into this disastrous nightmare – by funding TOD's, and Hollywood wants us to double down on this insanity.

As previously explained in Hollywood Becomes Fraudwood (CW March 1, 2012), the money is made in the construction of the wretched projects – leaving others to deal with the aftermath – just as Wall Street did to Main Street in 2008. <http://bit.ly/HPpnLp> We have seen the results of this type of over-density with Pruitt-Igoe in St Louis. <http://bit.ly/x7t3es>

The entire Hollywood Community Plan is a fraud. Community Plans are supposed to protect the Quality of Life of the Residents and not be scams to make a few billionaires even wealthier.

In order to justify its outlandish gifts to the high rise developers, the HCP lies about Hollywood's population – past, present and future. However, the frauds have been laid bare.

Substantial evidence does not support the false claims of a population increase, but to the contrary the only truthful projection is for a continued decrease in population. However, the developers and their political “ladies and gentlemen of the evening” are stuck with a vastly inflated real estate market (a Bubble), and they desperately need to keep the fraud going in hopes of duping foreign investors into thinking density will benefit Hollywood and buy out the developers.

There is another psychological factor operating – the gullibility of hubris. In their grandiose arrogant hubris, the city council believes that they have repealed the laws of economics. They believe that a population decline is an increase. They believe that crime rates are low if you lie about crime rates. They manufacture false data about fire response times and disregard the people who will die of heart attacks or burn to death.

The sole justification for these years of lies and deceit boils down to one thing – how to make the 1% wealthier while making everyone else poorer. If the density which the HCP wishes to bring to Hollywood should arrive, it will slash the quality of life for everyone.

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