

HOW TO MAKE A FEW MILLIONS WITHOUT REALLY TRYING

At a time when the greater part of downtown Los Angeles was owned by foreign corporations, a few bold landowners declined to sell out. The May 25, 1982 issue of the Los Angeles Times, related how present Los Angeles Mayor Richard Riordan held on to his few acres 16 years ago. The Times reported :

"Attorney Richard J. Riordan says it cost him \$8 a square foot to buy his first stake in downtown Los Angeles—five run-down properties in 1969.

"Eleven years later, the cost of buying the same block near Figueroa and 9th streets had risen to \$100-plus per square foot. Even at that, Riordan figured the investment would pay.

"It did. Little more than a year later, he sold the block—except for the landmark Original Pantry Cafe, which he kept—for \$225 a square foot and up. Industry insiders say he made about \$14 million on the deal.

" 'I lucked out,' demurs Riordan, who declines to discuss the numbers.

"Not surprising, say real estate leaders familiar with downtown.

"Los Angeles' transformation from a sprawl of aging low-rise buildings to a hub of glistening skyscrapers may be spawning a host of social and environmental problems, but economically it is making nothing but money. ● ● ● ●

"Downtown land south of 7th Street that sold for \$20 a square foot two years ago goes for \$200 and up today. Offices that rented for \$5 a square foot annually in the mid-1970's fetch \$25 a square foot now. Parking spaces that went for \$65 or less monthly now command \$100.

"Six years ago, a Times computer analysis of downtown property ownership and values placed the total retail value of 4,600-plus parcels between the Santa Monica, Harbor and Hollywood freeways and Alameda Street at \$1.6 billion.

"Today, real estate experts say, an investor would have to fork over almost half that amount just to buy twin-tower Arco Plaza.

"Even the worst business decision hasn't resulted in anyone losing a lot because of the inflation in land value, says F. Michael Francis, who coordinates the Community Redevelopment Agency's efforts in the downtown core.

"So sure seem the winnings in the downtown sweepstakes that even recent high-interest rates and prices have not deterred investors."

Downtown property values have increased enormously since that May, 1982, article. One reason is that the whole of downtown Los Angeles lies inside a community redevelopment agency. ● ● ● ● ● ● ● ● ● ●

That means that all the increases in land values remain within the district and are expended to further increase downtown property values. The city, county and school district are barred from participating in the windfalls in unearned increment. As for the Original Pantry, it is a one story ancient shack sitting on invaluable land.

That is why Los Angeles Henry George advocates have not attempted to sell their Mayor on land value taxation. Although my wife and I were living in Los Angeles when Riordan was elected Mayor, we did not support his opponent at the polls. Who was that? Tom Hayden; who led rioters at the 1968 Democratic Convention, who stated that his purpose was to delegitimize the Democratic Party, who urged his supporters to use violence against the Chicago police. He obtained campaign funds from a series of rich wives. The last one, Jane Fonda, with whom Hayden split community property 50-50, is the ninny photographed in North Korea at the barrel of an anti-aircraft gun, as if ready to shoot down American Aircraft. She is now the wife of Ted Turner, owner of over two million acres of U.S. land. ■