

Valley VOTE Report
May 15,2006 Meeting
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Newsletter Committee Chair

The clock said 7 p.m. but it seemed like mid-afternoon when Valley VOTE's first Daylight Saving Time meeting of 2006 commenced last week. Valley VOTE members and community leaders had come to hear City Council President Eric Garcetti talk about "clean money" campaign financing. But Garcetti was late. President Joe Vitti excused the delay by saying the young pol was coming from a meeting in Santa Monica. But the real truth emerged when Garcetti walked through the door redolent of chili. "It's the 60th anniversary of the original Tommy's burger and the wait is close to two and a half hours," he explained with a smile.

Prior to Garcetti's arrival, a series of reports were presented on topics ranging from mass transit to parkland acquisition. Inspired by the warm sunlight, Valley VOTE treasurer Vic Viereck employed a baseball metaphor to explain why government is striking out in its attempt to create or preserve low cost housing.

Housing Issues

It used to be that government would use tax policy to stimulate investment in apartments, but the 1986 (federal) Tax Reform Act changed that by stretching the depreciable life of apartments from 19 years to 27 1/2 years, he said. More recently, the depreciation written off over the years of ownership is required to be taxed at a 25% rate upon sale of the property. For most owners that represents a penalty of thousands of dollars, compared to the amount saved from the depreciation write-offs. What used to be a tax shelter now is the opposite. Strike One!

At the state level, the absence of reduced tax rates for capital gains creates another penalty from the recapture of depreciation. California also requires a 60-day notice for eviction of nuisance tenants [among others]. Strike Two!

After investing in improvement, an owner must wait six years to get back only 60% of his investment. This leaves an immediate loss of at least 40%. The process of getting back the 60% is supposed to take 45 days, but can easily require four months or more. And if the City Housing Department makes a questionable decision, it can take months (due to lack of staffing) to get a hearing.

In 2005, Los Angeles authorized an alternative to the capital improvement program called Primary Renovation. Alas, it, too, is a failure – Strike Three! - because program specifics make it impossible for owners to qualify for conventional loans to finance improvements.

"Elected officials in Los Angeles want taxpayers to subsidize housing," said Viereck. "They want to enhance the \$100 Million Affordable Housing Trust Fund with a billion dollar bond for affordable (subsidized) housing. Instead of generating more tax revenue by allowing investors to continue providing housing, they want the taxpayers to fund it."

Rim of the Valley

Mountains surround the San Fernando Valley. The Santa Monica, Santa Susanna, San Gabriel and Verdugo Mountains form a chain of open space that more or less extends to the Los Padres and San Bernardino National Forests. Creating a wildlife corridor that traverses the rim of the Valley and connects these areas seems a logical thing to do. Congress has commissioned a \$500,000 study to consider purchasing private property to create a Rim of the Valley trail. "The Santa Monica Mountains Conservancy has pledged \$100,000 to defray the cost of the study," said Land Use Committee Chair Pauline Tallent. "Some property owners worry that the government may exercise its power of eminent domain, but there is a prohibition against doing so. The National park Service can purchase private property from willing sellers only."

Good News from our Airports

Denny Schneider monitors air transport issues for Valley VOTE and he says LAX administrators should be congratulated for making it easier to enter and exit the airport in a reasonable amount of time.

"The new LAX Flyaway bus from Union Station to LAX is already carrying double the anticipated riders in its first month," Schneider says. "For those who are determined to drive their car to LAX, a new Valet service across from Terminal 4 has

been created. Valet service cost is \$38 per day or \$10/hour, but for all cars displaying zero or low-emission state-issued stickers the cost is reduced to standard Central terminal area parking fees of \$30 per day.”

After Adelphia

Finance Committee chairman Richard Bort was out of town but he did prepare a brief written report that was distributed to the attendees and presented by Joe Vitti. AB 2987, known as "The Digital Infrastructure and Video Competition Act of 2006" that would centralize the franchising of all video programming in California is being discussed in Sacramento. Under the present system, the state franchises telephone companies and allows municipalities to franchise cable operators. Satellite providers escape all franchising requirements. If the state assumes control of cable franchises, cities could lose the revenue they presently collect directly from cable companies. Currently, Los Angeles collects cable TV franchise fees of about \$22 million per year.

Telephone companies are prepared to invest millions of dollars in extending their broadband connections to homes and businesses, but they want to maximize their return on investment by wiring only communities with attractive demographics. Some people feel this would effectively "redline" markets to exclude the poor and those situated in rural areas. By contrast, cable operators always have been required by most of their franchises agreements to provide full service to all market segments, regardless of demographics or geography. Sacramento is far from deciding what it will do and AB 2987 will be amended many times before all the issues are satisfactorily resolved. Valley VOTE's position is to encourage competition but keep the playing field level for all providers.

Neighborhood Councils

Earlier this month, LA's new City Planning Director Gail Goldberg met with representatives from the Valley's Neighborhood Councils to discuss a planning vision for Los Angeles. Valley VOTE's Polly Ward was there and reports that people were divided into nine discussion groups after Gail's presentation. It was democracy at its best with neighborhood leaders debating zoning variances, specific development plans and conditional use permits. Sun Valley Neighborhood Council member Jerry Piro attended the meeting. "The biggest concern in my group was that zoning laws have too many loopholes," he noted. "What good is a quality of life zoning law when a developer easily can obtain variances, exemptions, exceptions, deviations, adjustments, conversions, redesignations and amendments?"

Orange Line Extension

After a brief report on membership from Executive Committee member Richard Leyner, Bart Reed, Executive Director of the Transit Coalition, briefly summarized his recent proposal to extend the Orange Line busway from the North Hollywood metro station to the Bob Hope Airport. "The airport needs to be better served by mass transit because the airport parking lots are full," he said. "Extending the busway for just a few miles further is a cost-efficient way to get commuters to the airport and nearby businesses."



The Quest for Clean Money

Elected in 2001 to Council District 13, Eric Garcetti represents an area that extends from Hollywood past downtown to beyond the Los Angeles River. A former Rhodes scholar who taught at Occidental College and USC before entering politics, Garcetti exudes earnest precision. Not even a trip to chili-soused Tommy's stains his shirt or tie.

Garcetti as the new President of the City Council is respected, if only because today he makes the vast majority of city

council meetings start on time. He also is a believer in bringing City Hall to the neighborhoods. Under his stewardship, the City Council meets once a month in Van Nuys and he hopes to extend the municipal road show to San Pedro.

"My main agenda is to provide basic neighborhood services," he says. "Improving traffic, housing and public safety are the three priorities and all are linked to accessible and accountable government."

But it is the subject of clean money on which Garcetti is most passionate. Earlier this month, he, Wendy Greuel and Bill Rosendahl organized a Clean Money teach-in at Colfax Elementary School in North Hollywood that was very well attended.

When Garcetti entered politics he learned the sad fact that running for office means scrambling for money. "My district is the third poorest in the city so I got very little institutional money," he explains. "I had to do fundraisers in New York and San Francisco, which took me away from what I should have been doing. Even when I was in Los Angeles I spent every morning raising money on the phone."

Garcetti once elected thought he'd find colleagues on the council similarly appalled by the way campaigns currently are financed. Not so. "I don't have a lot of colleagues that are enthusiastic about this (clean money reform)," he says. "There is a lot of defensiveness from elected officials. They think if you don't have a network of friends then perhaps you shouldn't be here. 'You say I'm taking dirty money?' they defensively ask."

Valley VOTE's resident clean money proponent, Robin Gilbert, confirmed Garcetti's claims, pointing to Maine and Arizona, which already have successfully adopted Clean money campaign finance reform. She urged citizens fed up with "pay to play" politics to write their representatives in Sacramento to support AB 583, a Clean Money bill that has been passed by the Assembly and is heading to the Senate floor. Joe Vitti added, "Clean Money is not perfect, but it is a great improvement over the system we have today."

Spending long hours begging fat cats for money means politicians spend less time with the people they are elected to serve. "I love to walk my district knocking on doors," smiles Garcetti. "After they realize I'm not selling anything or trying to convert them to a certain religion a real conversation often begins. At that moment something magical happens. After having a terrible week I can take these walks and rediscover what my city really is."

Garcetti will hold another Clean Money seminar at Venice High School on May 30 at 6:30 p.m. During this meeting he'll explain that under the proposed reform, candidates can qualify for clean money campaign funds once they obtain \$5 contributions from 500 people. Under a clean money system, independent expenditures still will be allowed. But there's little incentive for a union to contribute \$50,000 to one candidate if it knows the other candidate will receive a similar sum in matching funds.

Concludes Garcetti: "We need to take the money out of city hall. It's not that we have bad people, we just have a bad system."

Q&A

During the question period, Garcetti was asked about the problems described at the start of the meeting by Vic Viereck. He was more positive about landlord-tenant issues. Garcetti said "When folks buy a rent stabilized building they pay less for it than a post-1978 building. There's already a discount on it. And landlords can get up to market rate (in rent) when new tenants move in, which is often, since the overwhelming majority of apartments turn over every three years."

When directly asked about the logic of deporting convicted felons here illegally who crowd California jails, Garcetti responds by saying crime would skyrocket if law enforcement officers tried to enforce federal immigration laws.

When confronted with the problem of illegal Hispanic prison gangs, that fought black inmates for close to a week at the Peter Pitchess Detention Center in March, Garcetti says ethnic segregation is unfortunately needed at times for inmate safety. Garcetti's take on illegal immigration: "the federal government should take care of the borders."

The next Valley VOTE meeting will be the evening of Monday, June 19, 2006. Council member Wendy Greuel will be the featured speaker.

Valley VOTE Mission Statement

Valley VOTE, a diverse coalition of San Fernando Valley business people, educators, community activists, and organizations, is committed to exploring and implementing programs that empower the people of the San Fernando Valley and the city of Los Angeles including opportunities to improve local governance, education and public participation on policy matters.

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