

South Central Farmers Revisited: Or, Ralph Horowitz is a Pig

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Some time ago, I posted on the issue—quite divisive in the libertarian blogosphere—of the South Central farmers in LA. Recently Arthur Silber emailed me the link to a good article on the subject: Leslie Radford and Juan Santos. “Race, Class and the Battle for South Central Farm.”

As you might suspect, the city’s plans to develop the Alameda corridor were part of a corporate welfare scheme organized by the local cockroach caucus:

The rebellion meant the loss of huge investment opportunities in the area for the rich, and the city set out to fix that problem for them. The plan aimed to make high risk investments profitable for the investor by sinking government money into their development schemes.

Although Horowitz has attempted to play the Jew-card by accusing the South Central farmers of anti-semitic slurs against him, Radford and Santos dismiss it as a fabrication:

Suddenly and mysteriously, copies of an Internet article calling Horowitz part of a Los Angeles “Jewish development mafia” started circulating through the corridors of City Hall. Enraged, Horowitz attributed it to the Farmers but, in fact, it was penned by a group with no affiliation with the Farmers.

On the subject of ethnic slurs, Horowitz himself isn’t the most attractive figure:

Ralph Horowitz, to put it bluntly, has Mexican problems. For years his letterhead has carried the clichéd, stereotypical and racist image of a Mexican in a sombrero, sleeping slouched against a large cactus, presumably pierced through by its sharp spines, presumably indifferent, in his lethargy, to the pain.

By 2000, developer Horowitz was negotiating to replace the South Central Farm with “textile-industry tenants”—specifically, a garment industry sweatshop for the popular women’s clothing line Forever 21.

The following year, the LA based Forever 21, worth a half billion dollars in sales annually, was hit with a boycott called by immigrant workers from six of its factories.

They were owed hundreds of thousands of dollars in back wages and overtime. A number of workers were fired for speaking out about unsafe and unsanitary conditions.

He's also not the best person in the world to be delivering sermons on entitlement...

When Horowitz explained why the Mexican Farmer's money wasn't good enough for him, the local NBC affiliate reports that he snarled, "Where does this kind of 'you owe me' mentality end? How good is that for America? What they should have said to the taxpayers of LA and to me is, 'This is a gracious country. Thank you for letting us have our garden here, but we realize our time is up. We've had our 14 years.'"

Horowitz has complained widely about the alleged abuse of his "property rights," and has become an object of right wing pity in response.

...considering he himself is reclaiming the land through an insider deal that stinks to high heaven, and that the land was arguably sold to him by an entity that did not have the right of disposal over it:

But despite his wounded posturing, the truth is that Horowitz doesn't own the Farmer's land. The title is still being contested in court, and the city's sale of the Farm's land to Horowitz was shady at best or even illegal. The fact is that the city didn't own the land it sold back to Horowitz the Harbor Department did. And the sale of property one doesn't own is normally called fraud.

In 1994, as part of a broader fundraising plan, the city sold the farmland it had purchased from Horowitz for \$4.7M, to the semi-autonomous Los Angeles Harbor Department for the price of \$13.3M. The City had turned a significant profit on the sale of the plot to the Harbor, roughly tripling the amount it had paid to Horowitz.

In 2000, the Harbor turned down the offer by Horowitz to use the land for the Forever 21 sweatshop. Horowitz had a ten-year option to repurchase the land, negotiated after the City took the land in 1986 for an incinerator project. Horowitz had approached the City in 1995, objecting to the sale to the Harbor, but the City Council had refused to hear him.

By 2001, Horowitz returned to the City Council; this time, the Council flat out refused to sell the land to him.

In 2003, the City Council abruptly reversed itself, and in closed session arranged to sell the plot back to Horowitz.

But the City, of course, no longer owned the land it was selling. It was the Harbor's Chief of Operations who signed over the title over to Horowitz, finalizing the sale.

The City had cut a deal with Horowitz and had pocketed the \$8.6M leftover from its sale to the Harbor — plus the \$5.3M it made in selling the land back to Horowitz.

The Harbor Department confirms that is out the \$13.3M, and that the City has not reimbursed it for the loss. The Harbor's budget is entirely separate from the City's. Its revenues come from Port activities, not from tax dollars.

In my original post on the issue, I raised the question of whether the land had even been developed at the time it was originally taken. If not, then the farmers were the first to mix their labor with it, and it was theirs even by conventional Lockean standards. This article seems to rule out that possibility, since it mentions that the Food Bank and the farmers “cleared the land of debris and ramshackle buildings.” If so, the farmers cannot claim original homesteading rights of vacant land.

Nevertheless, Horowitz’s claim to victim status in this saga is very shaky. Even if you consider eminent domain illegitimate in principle, as I do, the fact that he was compensated at assessed market value in the ‘80s greatly weakens his claim to first consideration in buying the land back at the expense of those who have been occupying it over a fourteen year period.

His cause is further undermined by the underhandedness of his renewed property claim: he bought the site back for a fraction of its new market value, from a party with no legal standing to sell it, in a deal negotiated through inside connections.

The Harbor’s loss was the City’s gain and a massive gain for Horowitz, as well. By 2006, Deputy Mayor Larry Frank announced the value of the property at \$25M. Horowitz received property now publicly stated by City officials to be worth nearly five times his cost. Twenty years of patience and two years of property taxes had netted him something over \$20M.

In the end, when Villaraigosa offered to “raise” money from charitable sources to buy back the Farm from Horowitz, he had at his disposal both the profit the City had made from the Harbor Department sale, and also the money it had made in the more recent back room sale to Horowitz. The Mayor didn’t have to beg money from anyone. He didn’t have to lose a moment. He only had to use the massive profits from the land to buy it back.

To do so of course, would be problematic; it could only emphasize a question the Farmers are asking this week in court “Why would the City sell land to Horowitz for \$5.3M when it was worth at least three times that amount”? Especially when the City had already sold it once before for triple that amount?

Using City funds to buy back property from Horowitz for \$16M -the same property that it had just sold to him for \$5.3M – could only raise questions the Mayor didn’t want asked. Like, “Where would the City’s money come from”? And, “How can the City sell land it doesn’t own”? And, “What happened in the closed session as the Council sold the land back to Horowitz?” These are questions the Mayor and the City don’t want asked or answered. The Council records of the transaction are sealed...

Finally, however, in 2003, City Council agreed in closed session to break the stalemate at the Farm, and turned the land over to Horowitz for \$5.05M.

The Harbor the actual owner – signed its land over to the developer, giving up its \$13.3M investment. Horowitz’ payment for the land went to the City.

A major influence behind the closed-door deal was City Council member Jan Perry, a notorious shill for city real estate developers and a close friend and adviser to Horowitz (Maxine Waters referred to them as business partners) in negotiating the deal.

Yet another shadow cast on Horowitz's cause: the great inflation of the site's value, after the original taking, was brought about by another action of the cockroach caucus. The government had selected Alameda Avenue as

the location for a new multi-billion dollar transportation corridor, with railway tentacles stretching from the San Pedro ports through the poorest towns and sections of the City to major rail lines across a 12-mile route.

Located between two train lines, the Farm land's industrial value outstripped its housing value by \$6M overnight.

This is the guy who whines about entitlement mentalities. If Ralph Horowitz is a victim, what do I have to do to get victimized like that?

P.S. Where does this "you owe me" mentality end? How good is that for America? What the real estate developers should have said to the local taxpayers of every city in America is "This is a gracious country. Thank you for paying taxes to make my property more valuable for the last umpteen years, but now my time on the government tit is up."

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