

## **Does Money Buy Political Influence?**

The Santa Monica Transparency Group tracks developer contributions to elect councilmembers to keep city government actions open and accountable to citizens.

### **Big Decisions This Week**

This Tuesday our City Council will vote on whether to allow significantly greater heights and densities for the Downtown and Bergamot areas.

1) Change the FAR (floor area ratio) calculations in the Bergamot area to allow developers to include "new streets" such as the extension of Nebraska and Pennsylvania, resulting in denser projects. For the upcoming Hines project, this would allow Hines an extra 200,000 SF more than current zoning allows.

2) Determine what downtown heights and densities should be studied for environmental review. Developers of 3 projects on Ocean Avenue are proposing hotel/condo towers of 195 to 320 feet.

### **Follow the Money**

Consider the role of money in politics. In local elections there are two types of campaign contributions: 1) to candidates with a cap of \$325 per donor; and 2) to PACS, independent expenditure committees, with no dollar caps. It's an easy bet on which raised the most money.

### **Developer PACS**

Our last three elections spawned developer funded PACS with artfully deceptive names aimed at electing and influencing councilmembers who would vote for their projects.

In 2012, **Santa Monicans for a Responsible Future (SMURF)**, spent **\$406,000** to elect Gleam Davis, Shari Davis, Terry O'Day and Ted Winterer, and three of the four won a seat.

In 2010, **Santa Monicans for Quality Government (SMQG)**, spent **\$445,000** on deceptive mailers masquerading as ones from well-respected groups in support of Gleam Davis, Bob Holbrook, Terry O'Day, and Pam O'Connor, all of whom were victorious.

In 2008, **Save Our City - No on Measure T (SOC)** spent **\$752,000**, raised by a developer funded PAC to narrowly defeat Prop T, a 2008 residents' initiative to limit commercial growth in Santa Monica or require voter approval for huge projects like we're seeing now. Virtually every developer who contributed is now lining up with projects that egregiously violate existing zoning standards.

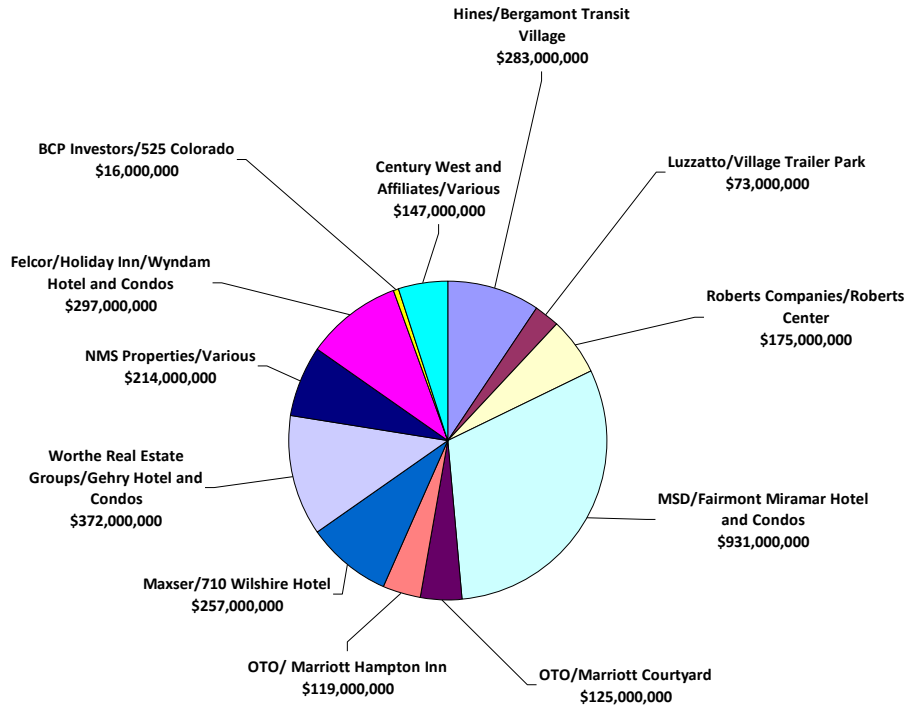
### **What's at Stake?**

Developers will reap profits of hundreds of millions of dollars from additional hotel rooms, condo sales, apartment rents, and commercial leases if their buildings are allowed additional height and density over current limits. Santa Monica's character will greatly change, moving the focus to tall buildings, not the beach and open sky views that make this place unique.

Here is a sampling of the value of projects proposed for downtown and Bergamot paired with political contributions.

**Projected Value of Key Developers' Projects in Downtown Santa Monica and Bergamot Area -- Estimated Value of Over \$3 Billion**

10 Year Pro Forma Cash Flows<sup>1</sup>



**Bergamot Area**

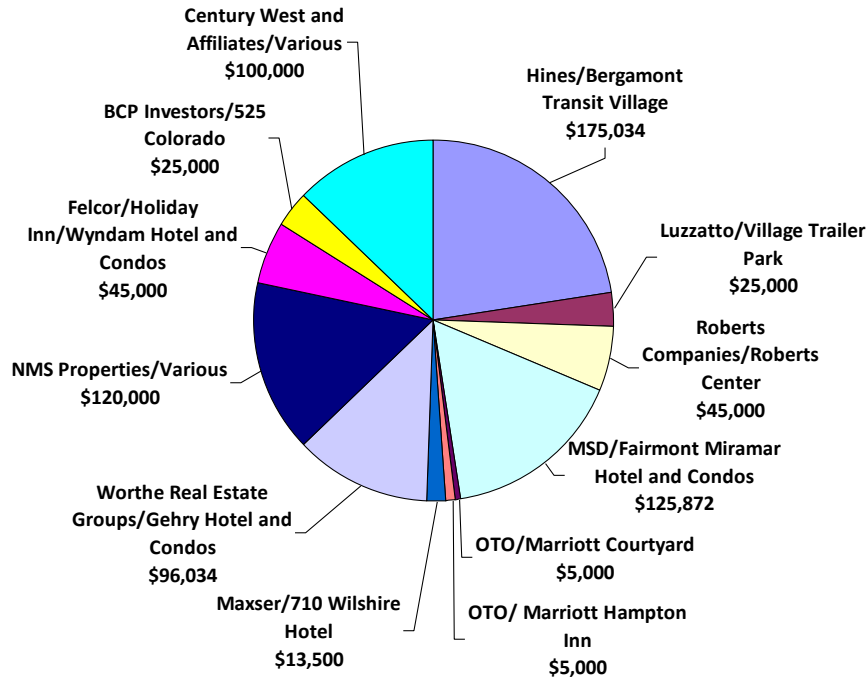
- Hines**, a Texas developer of the huge **Bergamot Transit Village** project on the former Papermate site, will gross revenues of **\$283 million** over 10 years if its project for 498 apartments, 400,000 SF of office and 30,000 SF of retail is approved. Hines contributed **\$130,000** to **SMURF** and **SMQG** and **\$45,000** to **Save our City** in 2008. **Hines executives also collectively retired Councilmember O'Connor's 2006 campaign debt following her re-election.**

- **Roberts Companies** would gross **\$175 million** in revenue over 10 years if its project for 170 apartments and 300,000SF of commercial space is approved. Roberts contributed **\$25,000** in the 2012 elections and **\$20,000** to **Save Our City** in 2008.

### **Downtown Area**

- NMS, the biggest apartment developer in town, has 854 units in 10 projects with gross revenues of **\$214 million** over 10 years if approved. **NMS contributed \$120,000 to SMQG and SMURF.**
- Michael Dell's **Miramar Hotel** plans a 21-story project to redevelop 182 rooms and add 120 condos, conference, spa and retail amenities. If approved, Dell would gross revenues of approximately **\$931 million** over 10 years. Dell contributed **\$100,000 to SMURF** and **\$25,872 to Save Our City.**
- Worthe Real Estate Group, owner of 101 Ocean Avenue, plans a new **22-story hotel/condos** tower designed by **Frank Gehry**. Gross 10-year revenues from are estimated at **\$372 Million**. Worthe contributed **\$100,500 to Save Our City.**

**Key Developers' Election Contributions (2008, 2010 and 2012)**  
**\$780,044 in Total**



We disclose these large developer campaign contributions because they dwarf individual contributions and enable access and influence of our City Council on decisions involving their projects. Key developers with current projects account for almost 50% of total PAC spending on Santa Monica elections. The other half consists of developers and those who work with them in Santa Monica real estate.

As residents, armed with this information we can insist that these decisions be based on what's best for Santa Monica, not what's most profitable for developers.

Note: The consultant reports submitted by PFK were used as a basis for the Gehry and Miramar projects room rates of \$700/night at 80% occupancy and condo sales of \$4M. All apartment and commercial rents

are pro forma numbers based on research. The average 1 bedroom apartment rent of \$1500, is taken from the 2013 - 2031 Santa Monica Draft Housing Element. The downtown and Bergamot commercial space rents from the web site [www.cityfeet/santamonica/commercial-rents](http://www.cityfeet/santamonica/commercial-rents). The campaign disclosure information is taken from the filings on the city's website.