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How a Law Gets Written by Lobbyists

Everyone knows the stereotypical lobbyist: a pot full of money for campaign contributions, quick reflexes for picking up a lawmaker's dinner bill, tickets to send officeholders on free "educational" trips to Europe or Asia.

But if you think that's all there is to this much-maligned business, don't try to play the game. You'll get beat. The goodies must be dispensed as tickets of admission to the legislative arena, of course, but the game's more complicated than that.

Lobbyists win some of their biggest battles in obscure committees that nobody, except for a few insiders, ever heard about. There, you might be amazed to learn, the lobbyists actually write the laws.

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That is what's happening in Los Angeles City Hall as council members shape one of the year's most significant pieces of legislation—a requirement that developers in L.A. pay a substantial fee to subsidize housing for the poor.

The proposed ordinance is important because it has the most potential of any city plan to narrow the widening gap between poor and affluent in a city short of low- and moderate-rent apartments.

The key player in this game is George Mhlsten, an attorney with the law firm of Latham & Watkins. The firm has long been one of the most influential voices of the real estate and construction business in City Hall.

Mhlsten, a 1980 graduate of USC's law school, is a friendly man who works in a relatively small office on one of the several floors that Latham & Watkins occupies high in the Bank of America Building on Flower Street. He has a sandy beard, flecked with gray.

Although he is relaxed in conversation, Mhlsten fights for his legislation with great intensity, calling council members over to the rope that separates them from the audience for conferences during meetings and giving them occasional hand signals during the actual vote.

The housing fee was proposed early this year by a task force appointed by Mayor Tom Bradley to look into the housing crisis. Noting that other cities had such fees, the task force proposed one for Los Angeles. It was a modest \$2.50 a square foot.

Mhlsten is a moderate on the issue. He supported the \$2.50. But in May, the City Council, pushed by anti-development council members Gloria Molina and Marvin Braude, tentatively pushed the fee up to \$7.50. Mhlsten said no. It would cost his clients too much money.

Molina's stand was especially important to him. She heads the housing committee, which was to vote on the proposal. Another member of the committee, Councilman Zev Yaroslavsky, is also a development industry foe, having been the author, with Braude, of the city's growth restriction law. The third committee member, Richard Alatorre, generally supports developers.

Rather than declare flat-out opposition, Mhlsten chose to deal with Molina. But he did so in a circuitous way.

The lobbyist persuaded top Bradley Administration officials to appoint him to a special advisory committee named to work out a compromise. His presence made sense from the Administration's point of view. Bradley's top aide, Deputy Mayor Mike Gage, felt the \$7.50 was too high.

Another member of the committee was Lucinda Starrett, one of Mhlsten's law firm colleagues. Thus Latham & Watkins had two members on the committee, which, for the most part, was composed of city housing bureaucrats and council aides.

The committee moved at a pace so slow that it continually frustrated Mhlsten. Debates dragged on. Studies seemed endless.

Last week, Mhlsten and another outside committee member, Michael Bodaken of Legal Aid, took things into their own hands. Ideologically, Bodaken is Mhlsten's opposite. Legal Aid has been a major force in pushing the mayor and the council to do something about the housing shortage. But the two men wanted quick action.

Mhlsten knew the council would insist on a fee higher than \$2.50 a square foot. Bodaken knew that the \$7.50 tentatively approved by the council was too high.

Last week, they agreed on \$5 and persuaded the other committee members to go along.

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It worked. On Monday, Molina's committee voted for the compromise written by Mhlsten and Bodaken. Molina chewed over the compromise for a couple of hours. Yaroslavsky had some objections, but they went along.

In one sense, it's the best of worlds. Mhlsten is saving his developer clients millions of dollars. Bodaken is getting money for housing for the poor. But it's also a bit frightening. In the end, the legislation was not shaped by the council members, but by two smart attorneys who knew how to write a law.