

In the second Gilded Age, the mansions get bigger, and the homeless get closer

The capital of America's second Gilded Age is Los Angeles, where homes worth tens of millions of dollars look out over a city in which the middle class struggles to afford shelter and the number of homeless increases daily.

USA Today, by Rick Hampson, May 17, 2018

LOS ANGELES – When she became president of the Beverly Hills/Greater Los Angeles Realtors Association, Robin Greenberg wanted to do something for people who couldn't afford any home, much less one like hers in the golden hills of Bel Air.

So every month for eight years, she and colleagues went to Skid Row or elsewhere downtown to feed the homeless.

Then, last December, she learned the homeless had come to her.

Before dawn on Dec. 6 a wildfire raced out of a parched ravine in Bel Air, scorching 422 acres, destroying or damaging 18 homes and forcing the evacuation of about 700 others — including Robin Greenberg's.

Even more shocking than the fire's damage was its cause: a portable stove at a homeless encampment right there in Bel Air.

A brush fire in the exclusive area of Pacific Palisades brought to light that the homeless problem in Southern California is not exclusive to downtown's Skid Row. USA TODAY

The wildfire is an instructive tale of America's second Gilded Age, a time when the kinds of excesses and extremes that once seemed to have been consigned to U.S. history have come roaring back.

In this Gilded Age, like the one at the end of the 19th Century, the gap between rich and poor is widening; monopolies have more power over business, business has more power over politics and politics are close-fought and hyper-partisan. The pace of change — technological, cultural, social — is dizzying.

In his presidential campaign, Donald Trump simultaneously evoked two Gilded Age types, the plutocrat and the populist. "Trump is the perfect figure for the new Gilded Age. He's like something out of Mark Twain" (who coined the term "Gilded Age" in 1873), says David Nasaw, a biographer of Gilded Age industrialist Andrew Carnegie. "Exaggeration is his essence."

The most striking feature shared by the two Gilded Ages is growing economic inequality. In the 19th Century, the juxtaposition of squalor and splendor shocked a rural nation that was moving to the city; today, it haunts a nation that can remember the relative equality of the Depression, World War II and the long post-war period.

Nowhere is this inequality more apparent than Los Angeles, where hundreds of encampments have sprung up on beaches, in riverbeds and in canyons as the homeless population has exploded and expanded beyond its old boundaries.

The homeless camp where the December wildfire started was only a mile from a new hilltop mansion twice the size of the White House that's for sale for \$500 million. It destroyed the \$5.5 million house of former NBA star Andrei Kirilenko, singed some vines at Rupert

Murdoch's Moraga winery and forced celebrities such as Paris Hilton and Chelsea Handler to flee.

A sign of the apocalypse? Or just bad karma?

"I'm not a fire-and-brimstone, end-of-the-world kind of guy," says Bert Muto, a formerly homeless man who saw a fire at another homeless camp threaten multimillion-dollar houses. "But the Biblical stuff is a reminder of what it feels like today. Where's it gonna stop?"

Build no small mansions

Chapter 1

The Gilded Age began about a decade after the end of the Civil War and ended around 1901, when President William McKinley was assassinated and reformer Teddy Roosevelt took office.

It was an era of robber barons such as Rockefeller, Carnegie and Vanderbilt; of state legislatures (which at the time elected U.S. senators) controlled by railroads and other special interests; of giant industrial monopolies known as "trusts;" of financial crises, including the panics of 1873, 1893 and 1907; and of a populist reaction against all of the above.

Tycoons built 70-room marble oceanfront "cottages" that they occupied for only four to eight weeks a year. A New York couple spent \$400,000 — more than \$9 million today — to throw a costume ball at the Waldorf Hotel. Sociologist Thorstein Veblen termed the phenomenon "conspicuous consumption."

The city that epitomized the first Gilded Age was New York, site of the greatest houses, most glittering social events and the mightiest banks. It was home to the social elite — the so-called Four Hundred (the number that could fit into Mrs. Astor's ballroom). Its slums, with names like Bandit's Roost and Misery Row, were the subject of Jacob Riis' book *How the Other Half Lives*.

But the capital of America's second Gilded Age is Los Angeles, where hilltop homes worth tens of millions of dollars look out over a city in which even the middle class struggles to afford shelter and the number of homeless increases daily. The city's famed sprawl cannot isolate Angelinos from disorienting contrasts many Americans assumed had disappeared after reforms of the Progressive Era, the New Deal and the Great Society.

The heart of Gilded Age Los Angeles is Bel Air, a community of curving lanes and hillside mansions where a Hollywood legend lurks behind every hedge and gate.

One may purchase "gigamansions" with names such as The One, (\$500 million); Chartwell, the setting for *The Beverly Hillbillies* TV show (\$295 million); Billionaire, with an ornamental helicopter on the roof (\$188 million, down from \$250 million); and The Manor, once home of producer Aaron Spelling (\$200 million).

(These prices are more aspirational than rational; the \$110 million for which Hard Rock Cafe co-founder Peter Morton's Malibu home sold last month broke the L.A. record of \$100 million set two years ago by the Playboy Mansion and another house.)

In Bel Air, a house is really considered a mansion only if it's 30,000 square feet — 12 times as large as the average American single family house.

As a result, many of Bel Air's steep, narrow lanes are construction zones. "There's a saying here," says Jeff Hyland, head of the city's leading high-end real estate agency. "If the

house is 10 years old, it's a candidate for a remodel. If it's 20 years old, it's a candidate for a tear down."

Ready to party

Chapter 2

Once, the rich built their own dream houses. In the second Gilded Age, however, developers such as Nile Niami, a former B-movie producer, will do it for them.

Niami is the builder of The One, the USS Enterprise of the new class of spec houses. It sits on a 4-acre hilltop lot with 360-degree views, including the downtown skyline and the Pacific.

The One has 20 bedrooms, seven pools (including a moat) and five elevators. It has a nightclub, casino, flower room, spa, gym, beauty salon, 45-seat theater, four-lane bowling alley and a four-oven commercial kitchen. There is a lounge whose walls are glass tanks filled with iridescent jellyfish. There is parking for 30 vehicles.

The master bedroom suite — 5,500 square feet, more than twice the average house — has its own office, kitchen and pool.

If The One were to sell for even a third of its asking price after it's finished next year, it still would set a U.S. record by about \$30 million.

No one needs such houses, so buyers must be made to want them by creating what Niami's architect, Paul McClean, calls "an emotional connection." Hence, amenities: swings suspended from the ceiling, or a jellyfish room.

Nile Niami's "The One" is a 105,000 square foot house being built in the exclusive Bel Air section of Los Angeles. USA TODAY's Rick Hampson examines if it is a sign of a second "Gilded Age." USA TODAY

And buyers who want such a place want it now, not in the three to four years it takes to build one. So many are sold in move-in condition — completely furnished, decorated and supplied, down to the champagne.

"All the decisions have been made for you. The lifestyle is there for you," McClean says. "All you have to do is move in." As Niami puts it, "The day they buy it, they're ready to have a party."

The market is global. The world has more than 1,500 billionaires, only a third of whom are Americans. Hyland, an expert on Bel Air's history as well as its real estate, says The Four Hundred of the first Gilded Age is now The Four Thousand.

None of Niami's potential buyers seeks a primary or full-time residence. Most already have five or six homes. So The One, like other giga-mansions, will be a *pied-à-terre* or a place to entertain and impress.

In a metro area with 58,000 homeless, The One will be empty much of the time.

Its isolated hillside perch and skyline views provide an escape from such vertiginous contradictions. McClean, the architect, talks about how his houses separate their occupants from the "day-to-day life of the city."

They also break down the distinction between indoors and outdoors. Trading on the benign climate, McClean skillfully uses glass walls and doors to create a sense of being outside when you're inside. The ironic result is housing for the rich that seems to disappear even as, for the poor, it actually is disappearing.

Los Angeles Police Officer Rusty Redican looks over a homeless encampment in the hills of Pacific Palisades that was cleared out following a brush fire.

Lifestyles of the poor and famous

Chapter 3

The homelessness issue has achieved a special distinction in Los Angeles. Having increased 50% during the past five years, “it’s supplanted traffic as the topic everyone talks about,” says Tom Waldman, spokesman for the Los Angeles Homeless Services Authority.

The homeless are as visible as the Hollywood sign. More than two years after Mayor Eric Garcetti declared a “state of emergency,” about 41,000 are “unsheltered” — sleeping in cars, outside City Hall, under freeway overpasses. The *Los Angeles Times* calls it “a human tragedy of extraordinary proportions.”

The homeless are blamed for everything from declining ridership on the Metro mass transit system — nearly three in 10 riders said they stopped riding because they felt unsafe — to last year’s hepatitis A outbreak. Of 36 cases, 16 were among homeless people.

The city gets about 1,900 requests a month to clean up or remove homeless encampments, nearly three times more than two years ago.

Increasingly desperate officials have designated lots where people who live in their cars can legally park for the night and made 1,400 bins available to the homeless to store their belongings. There are plans to lodge people in trailers on city property.

The ranks of the homeless have been swelled by military veterans, young people emerging from foster homes, refugees from domestic abuse and inmates released under an initiative that made it easier to parole non-violent offenders. About three in 10 homeless people are mentally ill, and two in 10 are addicts.

Housing is too expensive. In California, eight in 10 homes for sale are not affordable on a public school teacher’s salary.

Seeds of change

Chapter 4

Almost six months after the Bel Air wildfire, in the neighborhood that was evacuated, there’s talk of helping the homeless, and of keeping them out.

Robin Greenberg says the homeless won’t resettle in the canyons and instead will stay closer to services. She plans to keep going to Skid Row to help: “I like interacting with them. I like it when people say, ‘Thank you.’ I’ve brought my grandchildren.”

But another longtime resident, Nickie Miner, says that in an arid landscape subject to high winds, homeless camps are a threat to public safety. And she says some of the homeless don’t want help: “They want be survivalists, and they want to do it in our hills.” Residents have been going on a social networking site to report homeless sightings. A man was seen walking in the street near traffic, apparently “off his meds.” One resident has raised the possibility of deploying a drone to spy on potential camp sites.

The extremes of the Gilded Age were moderated in the Progressive Era that followed. But the seeds of reform — the income tax, antitrust laws, limits on working hours and child labor — were planted in the Gilded Age.

Such seeds may be there today, if we look for them.

Consider the experience of Bel Air's similarly affluent neighbor to the west, Pacific Palisades.

In November 2015, a man in a homeless encampment, using a lit paper bag as a flashlight, started a fire that endangered several homes. Police ejected all the homeless, including Victor Jimenez, who'd lost his home after losing his job as a videographer at a law firm.

But a Pacific Palisades residents' committee privately raised \$125,000 to hire two social workers to connect the homeless — defined by the committee as Palisades "residents" if they'd been in town for six months — with housing and services.

One worker helped Jimenez, 49, get a job and an apartment downtown. He's grateful but under no illusions about what prompted it: "After the fire, the money was there."

Which may be what it takes.

Homelessness has been a sort of conflagration for greater Los Angeles, which also happens to be where the national taxpayer revolt began four decades ago, with Howard Jarvis and Proposition 13.

And yet in 2016 voters approved a \$1.2 billion city bond to build supported housing for the homeless. And last year they passed a county sales tax to fund homeless services.

On the scorched hillsides of Bel Air, the flowers known as "fire followers" are beginning to bloom.