

The Fight for Franklin Canyon

Mohamed Hadid (father of Bella and Gigi) has been trying to build an enormous compound on one of the most popular hiking spots in the Los Angeles area. What could possibly go wrong?

By Adam Popescu

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BEVERLY HILLS, Calif. — Even if he isn't the most famous member of his clan, the real estate developer Mohamed Anwar Hadid, father of five including the models Bella and Gigi, is no lightweight. He's long battled the building code, neighbors and common sense as he's barged through red tape in the loftiest heights across Los Angeles and nearby Bel Air.

But this time he may be overreaching.

Mr. Hadid has spent a decade trying to build a hotel-size compound that bisects a heavily trafficked trail in Franklin Canyon, a 600-acre park wedged between the cities of Beverly Hills and Los Angeles.

Brazen development is common to the sprawling area, but this plan is singular: a mega-mansion gated community, hundreds of thousands of square feet, on a crest so steep that equipment must be brought by helicopter. The vision, according to documents seen by The New York Times, included 11 lavish estates (with one home totaling 100,000 square feet), a horse stable, helipad and three guard towers with 24-hour living spaces, bathrooms and kitchens.

But despite a decade of work and a \$25 million loan, the Icarus-like dream remains a scarred hillside whose fate rests in court.

After defaulting on his loans — leaving contractors, law firms and tax collectors hanging in the balance — Mr. Hadid's holding companies claimed bankruptcy in January: five days before the property was due to be foreclosed by Ronald Richards, a bullish Beverly Hills lawyer who led a handful of debt purchasers last year, drives an electric car and swears he'll return these hills to their natural state if he wins.



Mohamed Hadiid with Gigi (left) and Bella at a Victoria's Secret party in Paris in 2016. Dimitrios Kambouris/Getty Images

"He can pay or lose his property," said Mr. Richards, 53, whose firm has closed over \$250 million in secured debt transactions. Not only must Mr. Hadid cover his debt, "he needs another \$30 million on top of that to develop the land. I don't see how he can do it."

If he doesn't, will this fast-talking lawyer really spend so much on land just to give it back? "It is a lot of money," Mr. Richards said, "but it's preserving land for hundreds of families' well-being. What's that worth?"

He added: "There's such few green spaces in L.A. One of my last acts as a lawyer will be to protect that hillside. If he doesn't pay, we own it, and we'll have the right to do whatever we want. And that's to let the grass grow. I didn't go to law school just to represent the rich."

Detractors say Mr. Hadid, who declined to speak for this article, is finally getting his comeuppance after years of skirting the rules with other development projects. In 2017 he was convicted of violating building codes on a Bel Air home that at 30,000 square feet was bigger and taller than city rules allowed, sentenced to community service and fined.

Two years later he was ordered to knock the home down but hasn't, saying he lacks the money to do so. That bankruptcy strategy is the same script being used in Franklin Canyon, Mr. Richards said.

But while the sum owed is considerable — now nearing \$30 million after interest and fees — Mr. Hadid, 72, who has a significant social media following and a large complement of female companions and vintage cars, has shown a knack for negotiating jams.

Here is a man of influence in a culture that worships it, an immigrant success, born in Nazareth, who came to America to study engineering as Michael and conquered real estate as Mohamed.

One can imagine the appeal of so many undeveloped acres above Franklin Canyon, each potential parcel of land with 360-degree views. It was a setting fit for the dozen gods of Olympus, with a little extra wiggle room.



Daniel Dorsa for The New York Times

‘Like a Fortress’

Mr. Hadid, who claims royal lineage and looks straight out of a Ralph Lauren ad, has asserted in court filings that his Franklin properties — 9650 Cedarbrook Drive and 9650 Royalton Drive — are worth \$131 million, an appraisal based on the land and value of building on six lots.

“If it was worth that,” Mr. Richards said, “someone would have given him the \$27.7 million to pay off the lender.”

In the filings Mr. Hadid seemed to contradict his own appraisal by saying he always planned three homes, which Mr. Richards said “buys him time to present a plan under bankruptcy code. If the court believes it, he could qualify for a residential exception.”

Will it, though? The city's building department said it has only approved a single-family dwelling, but Russell Linch, Mr. Hadid's longtime partner, said in an interview that he submitted piecemeal plans starting in 2011 to avoid scrutiny and pending laws that could derail construction.

"If it's the same owner for more than four lots, you have to do a tract map and an environmental impact review and hold public hearings," he said. "If you have five lots next to each other, the city says, 'whoa, whoa, it's one master project.'"

With a 2012 hillside ordinance looming, Mr. Linch, 34, the founder of RAL Design and Management, and Mr. Hadid's former construction manager and right-hand man on dozens of projects in the U.S. and abroad, said that plans were hurried and submitted to the city, using L.L.C.s, which obscure ownership and explain the discrepancies in how much land Mr. Hadid claims he owns in court filings, less than half what Mr. Linch outlines. "It's next to impossible to know it's him on a property," he said of Mr. Hadid, "until he posts on Instagram and his ego gets in the way." Mr. Linch said Mr. Mohamed owes him hundreds of thousands of dollars that he won't pay, and though the men are no longer close, they occasionally communicate by text.

Mr. Mohamed's strategy could help stave off legal trouble and paying off his debts — at least temporarily.

At the Bel Air location, on a street called Strada Vecchia, Mr. Hadid had employed a layering of shell companies to avoid liability after committing more than 90 zoning violations, as The New York Times reported in 2015. He leveled a hillside, excavated in an earthquake zone and built an IMAX theater.

In a hearing on Mr. Hadid's prior unapproved construction in Bel Air, the building department's former chief of inspections Larry Galstian listed a history of ignoring codes, even hiding construction workers. "We have no trust," he told the court.

The city's charges against Mr. Hadid included illegal use of land, building without a permit and failure to obey building department orders. Evidence that a building inspector received "items of value" was turned over to the F.B.I.

"A lot of people were covering for each other," Mr. Linch said, adding that he was interviewed repeatedly by the F.B.I. regarding his dealings with Mr. Hadid. "They knew there was corruption among a lot of council members."

(A City Hall investigation led to arrests of a councilman and former building department staff for bribery and fraud.)

The murky ownership of the Franklin properties meant securing loans was tough, but fast approval for single-family homes meant "we wouldn't be hurt with grading quantities and we'd work on designs and flush out details," Mr. Linch said — like driveways as future private roads, looping Cedarbrook and Royalton with Coldwater Canyon. To pad square footage and level the ridge, according to document plans, contractors filled depressions with a million cubic yards of soil.

Mr. Hadid's 2011 master plan — three-story estates with gardens, pools, libraries, juice bars, butler quarters and stables — seems at odds with his new legal strategy. The developer always envisioned a landmark rivaling the Beverly Park community, Mr. Linch said, but he would have "guard houses on the sides where residents could hike or take their horses down but outside hikers couldn't come in. Like a fortress. Mohamed was working with the fire department to dedicate a helipad," so displaced soil was shifted to make it work.

The chance to say you have a private helipad in Los Angeles, Mr. Linch said, would make the asking price "skyrocket."

At Cedarbrook, he said, Mr. Hadid falsified surveys, illegally uprooted oak and walnut trees, and after years of working together, withheld \$427,000 owed to him.

In a 2019 court declaration, Mr. Linch said he contacted the building department and that the reply from an employee was: "I don't want to know about it." Mr. Linch said he drove an employee to the ridge, "and I showed him all the issues there. He did nothing. They let the project go through. The only reason it stopped is because Mohamed couldn't keep up with the loan."

Jeff Napier, the chief inspector at the building department, said the employee Mr. Linch cited "has not been to that site," adding that while "9650 Royalton has not been issued a building permit," the Cedarbrook property is "in compliance with zoning, building and residential codes" for a single-family dwelling.

That's thanks to photocopying the same plan, Mr. Linch said. He believes Mr. Hadid can still cover the debt and push ahead. Here's how: "We would put together investment properties with no money down. He'd get someone to invest \$20 million even though he was buying it for 17. He's a genius when it comes to that — his rich friends trust him blindly. They'd wire money that day without checking the parcel number and he'd make \$3 million, calling it the 'easiest money I've ever made.' And I would think: He could be so much more successful if he played by the rules."

Mr. Linch quit again and again "when things got too hairy," but every time the boss begged and he returned, "he'd do the same stuff over."



Daniel Dorsa for The New York Times

‘An Absolute Eyesore’

While Mr. Hadid planned on a perch next to A-listers (Harry and Meghan Markle were among those to pass through), he seemingly ignored that the area is also prime real estate for wildfires, landslides and the threatened species in these Santa Monica Mountains.

“When I first saw the new temporary road that he built leading up there and all that equipment on the ridge, I thought, ‘This will turn out bad,” said Paul Edelman, the director of natural resources and planning at the Mountains Recreation and Conservation Authority (MRCA), which oversees Franklin Canyon with the National Park Service.

Across Coldwater Canyon as the crow flies, Jeff Hyland, the doyen of the real estate firm Hilton & Hyland, whose property overlooks the demolished hillside, calls it “an absolute eyesore.”

Aesthetics aside, construction traffic and trucks barreling down tight streets in the area have caused multiple car accidents in recent years.

“He had 18 cement trucks lined up at one point on that little street,” Mr. Edelman said. “It’s a matter of time before a big accident makes the city rethink this.”

In 2011, portions of the Hastain Trail were closed as loaders and drills began leveling the ridge, prompting hikers to drape John Muir quotes and “Selfish Few Block the View” signs over bulldozers. When that failed, lawsuits started, including one joined by the MRCA. Construction was halted until an appeals court overturned the ruling and chain link went up and security booted hikers again.

“It was bizarre,” Mr. Edelman said. “One judge really stuck his neck out in favor of Hadid and came up with some cockamamie rule about fire road law, the middle judge dissented, and the third went along and we lost.”

But no environmental review was done, according to Mr. Edelman, and where are the required hydrants every 500 hundred feet on the fire road? And all that displaced soil?

“How he gets the permits, how the city hasn’t closed him down is beyond me,” Mr. Hyland said. “Every project he’s ever done has been a problem.”

Mr. Edelman cited “a total failure of the city. Putting up a 65,000-square-foot house on a ridgeline above one of the most significant open space areas in the city, without an environmental review — that’s really wrong. It’s also mountain lion habitat. That was never reviewed.”

Some hikers blame Franklin Canyon, but the MRCA spent years trying to acquire this land, said Dash Stolarz, its public affairs director, adding that visitors are up 300 percent during the pandemic. “To be able to spend a few minutes on a trail these days, it’s a big deal,” she said. “Regarding the project, what we’re facing, the city is not a fine partner. Their objective isn’t to preserve open space or provide trail access for the public and that can be frustrating.”

In 2017, the Los Angeles City Council expanded zoning laws to regulate hillside construction, but because it was a pilot program, the Franklin project was exempt and permits were issued. Last year, the council passed a revision of that law yet to be implemented.

On a recent weekday morning, the trail leading to the site was open as hikers negotiated the steep in Lululemon and loud voices.

Before Instagram and pandemic boredom, Franklin Canyon was better known to production companies who used its lake and scattered redwoods as rugged stand-ins (“Twin Peaks,” “American Horror Story” and a “Friday the 13th” filmed here). Minutes north of Sunset Boulevard, it was a gem close enough to squeeze a hike between meetings, with coyotes, mule deer, rattlesnakes — a place where one might glimpse Paul McCartney or Barry Diller leading their dogs around the lake.

A century ago, the oil baron Edward Doheny built a two-story Spanish-revival here that now looks downright modest. It’s fair to say each generation builds on the shoulders of the next, so much so that amid the mini-mansions and gentrification, high-rises and condos, the soul of the native Chumash, or el Pueblo de Nuestra Señora la Reina de los Ángeles de Porciúncula for that matter, is long since extinct.

What happens in Franklin Canyon won’t change any of that, but in a time when respites mean so much — standing on a beloved trail, in a strand of old growth, around a duck pond with loved ones — what happens here is of consequence, not just to the very rich.

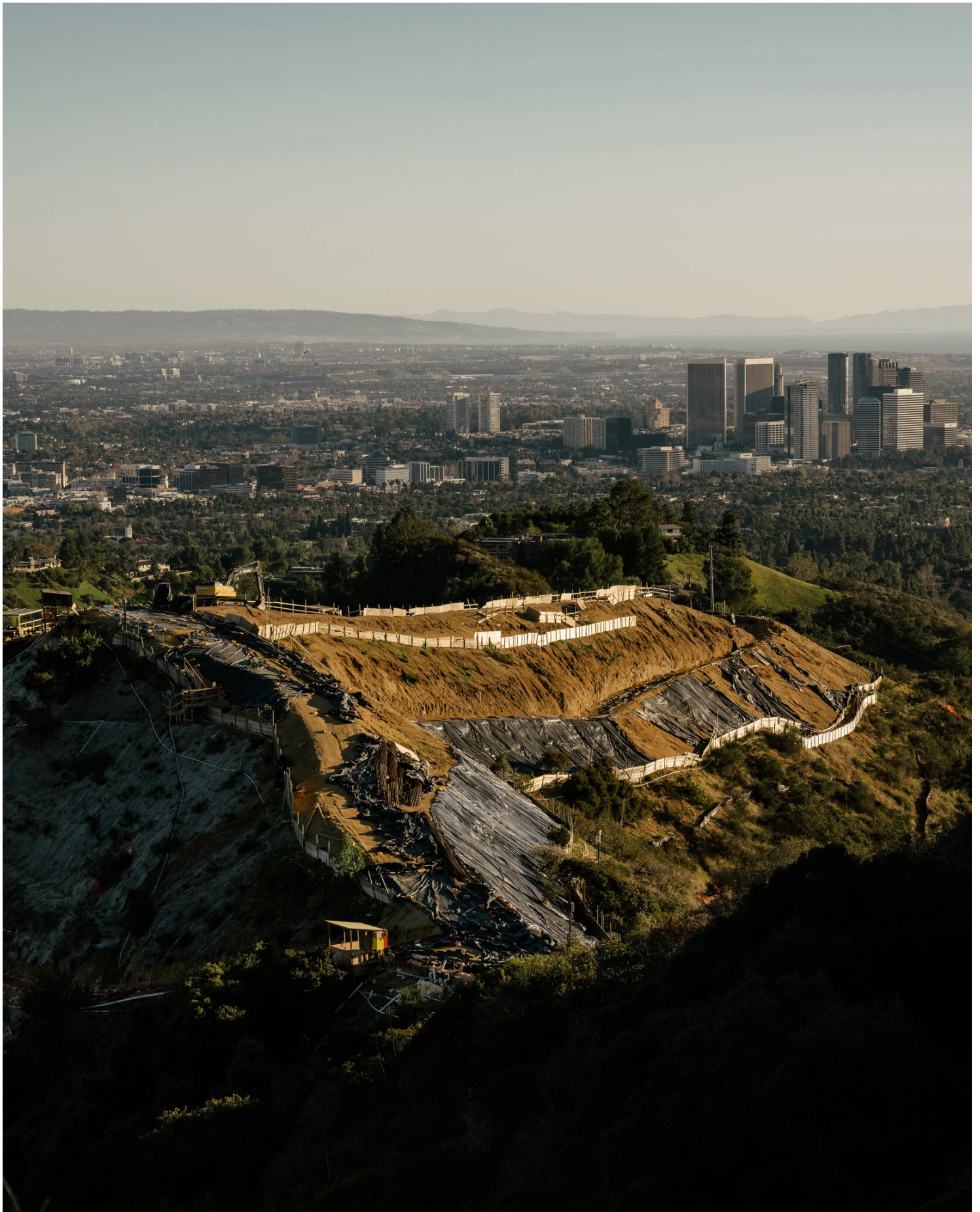
“The community is up in arms,” said Shawn Bayliss, an ex-city employee now at the Bel-Air Association. “If neighbors aren’t there with torches, you can moan all you want.”

As Covid hit and construction sputtered, neighbors flocked to Nextdoor, the community message board. Steven Weinberg, a lawyer who started a group called Hillsides Against Hadid, put up signs on trails and used drones to document violations, which he shared with the courts. “I have nothing against building a reasonable dwelling but he’s interfering with the environment, wildlife, public trail access,” he said. “You can’t put into words what he’s done to that hillside until you see it.”

Today, the plateau is a pockmarked foundation; Mr. Richards said Mr. Hadid owes millions in state and federal tax liens. He’s seeking an April summary judgment, but the last few weeks have been delay after delay, he said. “Hadid’s daughter had a baby, he was traveling, always some excuse,” Mr. Richards said. “He wrote me letters to delay foreclosure, and I asked for evidence of a lender. If they have a lender, it’ll be easy. If not, it just delays the inevitable. He’s never presented anything that makes sense.”

In court documents, Mr. Hadid said at least one lender offered to cover his debts, declining after finding Mr. Weinberg’s signs, which “deterred and undermined the debtors’ attempts to refinance the loan.”

What’s next? Aram Ordubegian, Mr. Hadid’s bankruptcy lawyer, said in an interview that it was impossible to say. “We’re not at the end of the story yet.”



Daniel Dorsa for The New York Times

In 2017, Mr. Hadid said his Bel Air home “will last forever.” The bankruptcy play failed and his mega-spec is now listed as an \$8.5 million tear-down that he has said he can’t afford to destroy. So there it sits over a year later, one of many shells owing millions.

Mr. Hadid has long raged against the city’s “deep state,” claiming Muslim discrimination, but the Strada ruling is a game changer, Mr. Hyland said, because “he can’t blame it on being Palestinian or everyone being against him.” And it sets a precedent.

Mr. Hadid’s method is to “ask for forgiveness rather than permission,” said Joe Horacek, an entertainment lawyer and Bel Air neighbor who, along with his wife, spent millions of dollars and many years in countersuits. “For a guy with no money, he sure spends a lot on legal fees.”