

Century Corridor

Turning the Gateway to Los Angeles
into a Gateway to Prosperity



Prepared by the Los Angeles Alliance for a New Economy

for the

Coalition for a New Century

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newcenturycoalition.org

Century Corridor—A Missed Opportunity

As the gateway to Los Angeles, Century Boulevard should be a place that reflects the best the city has to offer. Instead it is home to low-wage jobs, strip clubs, high crime rates and adjacent communities mired in poverty.

Century Boulevard is also an area with enormous potential. Its hotels have among the highest occupancy rates and the largest concentration of rooms in Los Angeles County. Yet the city's inattention to the area and poor working conditions in the hotels combine to create a vicious cycle of low wages, poverty and disinvestment. These conditions neglect the needs of tens of thousands of Angelenos, deprive the city of millions of dollars in potential tax revenue and send the wrong message to visitors about Los Angeles.

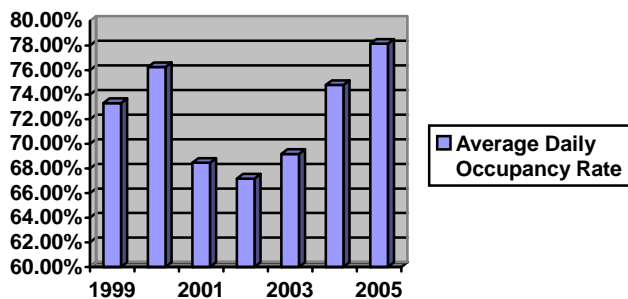
The Coalition for a New Century is an alliance of religious organizations and clergy, community-based groups, educators, workers and residents who believe that the long-neglected Century Corridor has tremendous potential. The coalition is calling on industry and city leaders to support a plan to invest in the tourism industry, its workforce and the surrounding communities.

L.A.'s Tourism Industry—Unrealized Potential

Hospitality is a key industry in Los Angeles, accounting for 180,000 jobs and \$21 billion in economic output (ERT 2006). Los Angeles is also the fourth-largest visitor destination in the U.S., with 23 million domestic and international visitors annually.

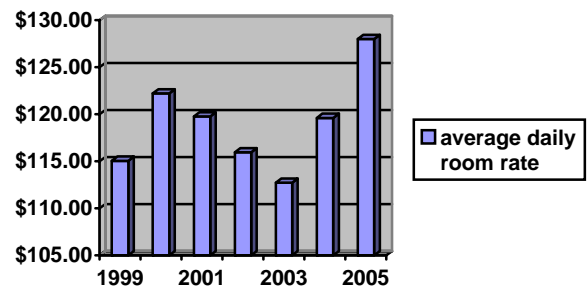
The tourism industry has rebounded in recent years following the post-September 11 economic downturn. As shown in Figure 1, hotel occupancy rates have been rising since 2002 in Los Angeles. Room rates are on the rise as well (see Figure 2). Indeed, the industry's growth rate regularly exceeds that of the region as a whole.

**Figure 1: Average Daily Occupancy Rate Los Angeles Area Average
2001 – 2005**



Source: PKF Consulting
Note: 2005 data does not include December

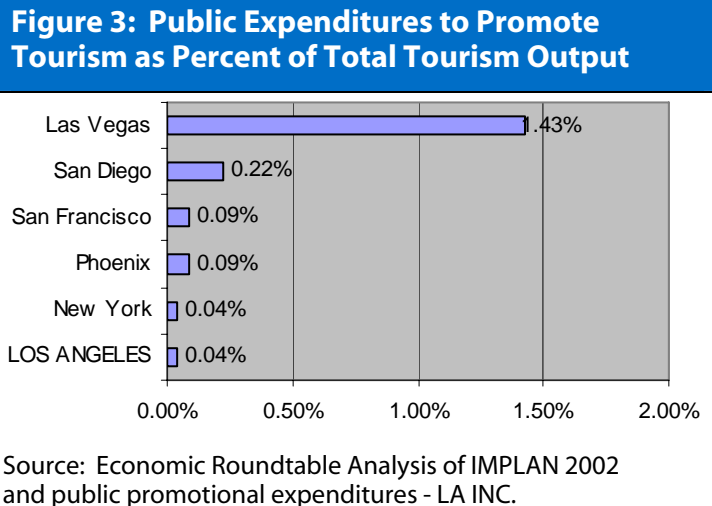
**Figure 2: Average Daily Room Rate Los Angeles Area Average
2001 – 2005**



Source: PKF Consulting
Note: 2005 data does not include December

Yet a recent Economic Roundtable study found that Los Angeles' tourism industry is not living up to its full potential. Hotel wages are lower than in most regions with which Los Angeles competes, and the city receives the smallest share of its total indirect business taxes from the hotel industry of any of the comparison regions studied.

A major reason that L.A.'s hotel industry lags behind that of other regions is lack of investment. Los Angeles spends less to promote tourism as a percent of economic output than the cities it competes with (see Figure 3). Clearly, the city and industry can do more to improve wages and boost revenue in the industry.



Century Boulevard Hotels Experiencing Growth

One of the most important hubs of the Los Angeles tourism industry is LAX, which is among the busiest airports in the world. Century Boulevard's 13 hotels serve airport travelers and generate hundreds of millions of dollars in annual revenue. Indeed, with 7,200 rooms and about 3,500 workers, Century Boulevard's hotels make up a Las Vegas-style strip for L.A.'s tourism industry.

Like the rest of the industry, Century Boulevard's hotels have benefited from the economic rebound. During the last two years, occupancy at Century Boulevard hotels rose almost 16 percent, and last year occupancy rates averaged 83 percent – one of the highest rates in L.A. County. Hotel property values are also on the rise due to the resurgence of the industry. Four properties—representing over 2,600 rooms—have either traded hands or have been listed for sale in recent months (LABJ 2005).

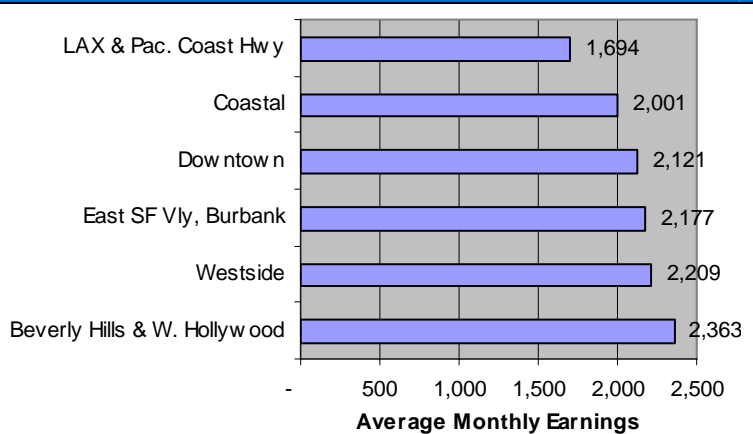
Despite the recent growth, Century Boulevard's hotels could do better. They are negatively affected by the poverty and blight in the surrounding community, where much of their workforce resides, and the area has seen little city investment. Century Boulevard hotels have the largest inventory of rooms in the county and among the highest occupancy rates. But room rates are among the lowest of any sub-market.

Century Boulevard Workers Struggling to Get By

Century Boulevard hotels generate thousands of low-wage jobs, contributing to the problem of working poverty in the region. Indeed, Century Boulevard has the lowest wages of any sub-market in a region noted for low earnings, according to 2002 data (see Figure 4). Workers also have the shortest work year of any of the regions studied by the Economic Roundtable, further suppressing income.

Low wages are not the only challenge faced by Century Corridor hotel workers. Health insurance premiums can cost several hundred dollars per month, more than many workers can afford. Yet at comparable unionized hotels in other parts of the city, workers enjoy higher wages, full family health insurance and better working conditions. Table 1 compares hotel wages and benefits at the Westin LAX with wages and benefits at the Sheraton Universal Hotel.

Figure 4: Average Monthly Earnings (\$) in Lodging Establishments in Select LA Markets



Source: Economic Roundtable analysis of Los Angeles County ES-202 data 2002

Table 1: Wage and Benefit Comparison of Century Corridor Hotel with Comparable Union Hotel

| | Sheraton Universal (Union) | Westin LAX (Non-Union) |
|------------------------------------|-----------------------------------|---|
| Health and Dental Insurance | Free Family Coverage | Family Coverage: \$206 to \$290 a month |
| Housekeeper Hourly Wage | \$11.42 (starting) | \$7.25 to \$10.15 (approximate range) |

Source: Worker interviews & pay stubs, Hotel Employees and Restaurant Employees Local 11 Contract (2005-2006).

Increased investment in the workforce, and the resulting improvements to nearby communities, could enhance the area's ability to command higher room rates. Better pay and benefits for workers could result in other tangible gains for hotels as well. Studies have shown that higher wages for low-wage service workers can yield significant reductions in turnover and improved quality of service (Reich 2003; Fairris 2005; Howes 2005).

Enedina's Story



Enedina Alvarez, a 54-year-old single parent, says she must be both mother and father to her teenage children. Yet, with two jobs, she has barely enough money to house, feed and clothe them—and precious little time to spend with them.

By day, Alvarez is a room attendant at the Westin Los Angeles Airport hotel, a full time job that pays her about \$1,200 a month after taxes and deductions. In the evenings, she cleans office buildings, earning an additional \$45 a night.

Alvarez chokes back tears when she thinks of the toll her schedule takes on her family. She spends only about one hour a night with her 17-year-old daughter and 14-year-old son, enough time to check to see if they are doing homework and to bring them some fast food. "The kids tell me, 'All the mothers stay with their kids,'" she says. "I want to spend more time with them. But if I leave my evening job, I can't afford to pay the rent." Alvarez pays \$800 a month for her family's one-bedroom Hawthorne apartment.

Although Alvarez receives health insurance through her job, she cannot afford to insure her children. "I pray to God that my kids do not get sick because I cannot pay the medical bills," Alvarez says.

Alvarez would like a more "just salary," affordable health insurance and a safe work environment. The Westin's so-called "Heavenly Bed" of five plush pillows, a comforter, a duvet, a down blanket, three sheets and a custom-designed pillow-top mattress is intended to lure weary travelers to the hotel, but it is hard on the backs and arms of the women who make them.

She said many room attendants continue to work with injuries, and supervisors show little concern for employees. "They treat the workers without respect," she says.

High Poverty, High Crime, Low Incomes

The poverty that affects the hotels' employees also affects the surrounding communities where many of the workers live. In 2004, the Center for Regional Employment Strategies (CRES) undertook a study of three communities surrounding LAX—Hawthorne, Lennox and Inglewood. Hotel workers in those cities earned, on average, \$16,000 per year in 2000 – almost 20 percent less than hotel workers in L.A. County as a whole. Low-paid hotel workers have little money to spend in their cash-starved communities. Many must take second jobs to support their families, affecting their ability to supervise their children. The study also found:

- One in four residents of the study area lives below the federal poverty line, a measure of extreme poverty.
- Half of the families living in poverty have at least one family member employed full-time.
- More than 40 percent of children come from poor households.
- Median household income is 25 percent lower than in L.A. County as a whole.

High poverty and low incomes have translated into severe social problems for those who live in these communities.

- In Lennox, the murder rate is seven times higher than that of L.A. County as a whole.
- The violent crime rate for the study area is five times higher than for the county as a whole.
- In all three communities, the percentage of overcrowded homes is higher than in L.A. County, and in Lennox it is eight times higher.

The problem is not primarily a lack of jobs. Employment rates for residents of these communities are virtually identical to that of L.A. County as a whole. But their wages are significantly lower, partly due to the prevalence of low-paying tourism jobs. One in ten workers in the area is employed in the tourism industry. In total, 13,500 tourism industry workers live in these three communities. The hotels also suffer from the area's poverty and blight since they are neighbors to their low-paid workers.

A Community in Need



Mary Agnes Erlandson first became aware of the challenges facing low-wage tourism workers in her community when, as a Loyola Marymount college student, she went to work at an LAX restaurant.

The daughter of a professor, Erlandson witnessed her co-workers' daily struggles to make ends meet. The English major threw her energy into trying to help her community, and hasn't looked back. For nearly two decades, she has been the director of St. Margaret's Center in Lennox.

The center provides a food pantry, rent and utility assistance, counseling and other social services to 8,000 nearby residents annually. About 10 percent of those served are homeless, and the remainder are families with roofs over their heads but little else. The majority of them work. "There's a perception that the people who are here are unemployed. Most of the families are working full-time," says Erlandson.

But as rents in the area increase, families are squeezed, and she has seen an increasing number of evictions in recent months. "It's a pretty lethal combination of low wages and high rent. We see families paying up to 90 percent of their income in rent," says Erlandson.

Many are also uninsured, and cannot spend the time or the money to look after their health. "They know it's a full day's wait at the county hospital." Families put off getting medical attention for a child's ear infection only to end up at the county hospital as a mild health problem becomes serious.

Undocumented workers who have the ability to gain legal status cannot afford applications fees, and so are limited in their ability to gain financial security, according to Erlandson.

Erlandson, who lives in Inglewood with her 12-year-old son, is proud of the services the center provides. "It's about as meaningful as work can get." But, she says, a long-term solution is needed. "It's something that, as a community, we all have to work on."

Plan for a New Century – Creating the Gateway to Prosperity

A coalition of workers, clergy and community members have come together to ask city and industry leaders to invest in the Century Corridor and its workforce. The result will benefit workers, communities, hotels and the entire city. The city will more than make up for its investment through increased tourism and tax dollars and decreased public expenditures to deal with poverty and crime. The industry will reap the benefits of economic growth in the Century Corridor, while improved working conditions will enhance the quality of life for long-neglected communities.

A petition, now in circulation, calls on the City of Los Angeles and businesses in the area to support a “Plan for a New Century.” The plan calls for:

- **Improved local tourism jobs.** Local hotels must remain neutral and respectful of workers’ decision to form a union in order for the 3,500 hotel workers to improve their wages and health insurance. Better hotel jobs will alleviate poverty in the surrounding neighborhoods, where many of the workers live.
- **A conference center and other business improvements and job opportunities.** The city has spent billions upgrading tourism infrastructure, from the airport to downtown to Hollywood and Century City. Now it’s time to invest in the gateway to Los Angeles.
- **A community voice in future development on Century Boulevard.** Local residents, who already suffer the noise and pollution impacts of nearby LAX, should have a say in the future of their neighborhood.



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