
Leland T. Saito
Associate Professor

3620 S. Vermont Ave, KAP 352
Los Angeles, CA 90089

University of Southern California
Sociology Department and American Studies & Ethnicity Department

Funding for this study was provided by the USC Lusk Center for Real Estate and the John Randolph and Dora Haynes Foundation.
ABSTRACT

In Los Angeles, and the United States in general, the defining trend of economic redevelopment projects has been the displacement of low-income communities. Considering this history, the 2001 Community Benefits Program - an agreement between a developer and a coalition of community groups and unions - involving the $2.5 billion L.A. Live Project next to the downtown Staples Center, represents a fundamental change in the relationship among developers, city officials, and community organizations and residents. The developer agreed to living wage jobs, local hiring, affordable housing, housing for displaced families, and park space.

The Community Benefits Program raises significant issues and questions:

Research on communities measuring opposition to development have found that immigrants with lower income and educational levels, and racial minorities, tend to offer less resistance. Given this research, how did immigrants become an effective group in the successful effort to establish the Benefits Program?

Unions are losing membership nationwide, have a history of excluding racial minorities, and union leaders have long believed that immigrants could not be organized. Given this history, why are unions now organizing immigrants and minorities in Los Angeles? How have unions become a political force in shaping the city’s economic redevelopment policies and community benefit agreements?

Three key factors contributed to the Community Benefits Program. First, a fundamental change in union strategy involving the increased recruitment of immigrants and unionization of service occupations. Second, the rise of strong networks and organizations among immigrants, labor unions, and community organizations. These organizations, which had often operated independently from one another, formed a coalition that linked their resources and translated into research, policy advocacy, and organizing that resulted in a strong political force in the Los Angeles region. Third, many of the major elements of the L.A. Live Community Benefits Program – such as local hiring, union jobs, and living wages – had already been implemented in other development projects. Therefore, the groundbreaking work had already been accomplished. What made the Benefits Program unique was its scale and comprehensiveness.
INTRODUCTION

Developer Anschutz Entertainment Group (AEG – earlier named the Los Angeles Arena Land Company) began construction in 2005 on the $2.5 billion “L.A. Live” project, a sports and entertainment district next to the downtown Staples Center, also owned by AEG. L.A. Live will include a luxury convention center hotel, condominiums, office space, restaurants, and entertainment venues such as a live theater and cinemas. (endnote 1) The developer characterizes the project as the “Times Square” of Los Angeles and the “largest and most important development in the history of Downtown Los Angeles” (Mandell 2004:8; Roth 2005:1; Roth 2007).

Earlier, in May 2001, representatives of AEG, in exchange for support for L.A. Live, signed a precedent-setting “Community Benefits Program” (2002) agreement with a coalition of thirty community and labor organizations. The Benefits Program included provisions for living wage jobs, local hiring, affordable housing, and housing for displaced families. The Los Angeles Times (Romney 2001:A1) characterized the agreement as “the first of its kind nationwide to take such a broad array of community concerns into account,” and the plan received media attention across the nation (Lunsford 2001; Murray 2001).

Considering the massive size of L.A. Live, why would AEG add to the enormous cost and complexity of the project by agreeing to the Community Benefits Program? Does the Community Benefits Program represent a fundamental change in city redevelopment projects and a broader distribution of benefits? I address these questions by examining the economic and political context surrounding the project and focus on the following areas:
1) The living wage ordinance passed by the city council in 1997 demonstrated political support for a Community Benefits Program.

2) The Hollywood and Highland project approved in 1998 included the city’s first Community Benefits Program.

3) Factors contributing to the political mobilization and increasing power of immigrants in Los Angeles.

4) Factors contributing to the increasing power of unions in Los Angeles and the role of Latin American immigrants in this process.

5) History of the negotiations in the 1990s between AEG and city council members regarding the construction of the Staples Center. Conflicts that arose during this process between city council members and AEG officials demonstrated the ways in which projects could experience time-consuming and costly delays in the city approval process and limits to public subsidies.

In terms of other implications of this research, in Los Angeles, and the United States in general, the defining trend of urban renewal in the post-World War II era, and economic redevelopment in contemporary times, has been the displacement of low-income and working-class communities, especially those inhabited by people of color (Anderson 1964). Critics of economic redevelopment contend that these projects, which are subsidized by public funds under the rationale that these projects create benefits for all residents, tend to create benefits for middle- and upper-income residents. In contrast,
lower-income residents receive few, if any, benefits while disproportionately experiencing the negative effects - such as displacement - of these projects.

Research on communities measuring opposition to development have found that immigrants with lower income and educational levels, and racial minorities, tend to offer less resistance (Logan et al. 1999). Considering the demographics of the residents involved in the negotiations over the L.A. Live project, this case represents a new level of community activism and a reconsideration of neighborhood organizing for working class, immigrant, and racial minority communities. While successful grassroots organizing has a long history among urban residents, the Benefits Program represents a major leap in scale in terms of the size of the redevelopment project and the number of organizations involved in the neighborhood coalition (Anner 1996).

Los Angeles, as with urban centers across the country, experienced decline in the post-World War II era as suburbanization accelerated and residents, businesses, and manufacturers increasingly favored suburbia over the aging downtowns. Government funding for the construction of the interstate highway system and federal mortgage insurance facilitated the rise of suburbia. Federal mortgage guidelines favored the suburbs over the urban core, supporting residential investment in the suburbs and disinvestment in the urban core (Jackson 1985; Massey and Denton 1993).

Since World War II, city officials have increasingly utilized public-private efforts to rebuild their urban cores. With the movement of residents, commercial, and manufacturing enterprises from city centers to the suburbs, city officials have worked to use public money to stimulate private investment and rebuild downtowns. The activities the Los Angeles parallel the national trend of restructuring downtown areas from
declining manufacturing and shopping districts into corporate centers of offices, upscale commercial establishments and residences, hotels, and entertainment and tourism-convention facilities (Cuff 2000; Hill 1983; Loukaitou-Sideris and Banerjee 1998). In general, this has meant the displacement of low-income and working-class communities, especially those inhabited by people of color. Inadequate compensation for the loss of homes, businesses, and costs for finding new housing was the experience of the displaced residents (Anderson 1964; Diaz 2005).

In Los Angeles, the destruction of minority communities by public and private development has a long history and some examples of projects that have displaced residents include the construction of Union Station in the 1930s and the demolition of the city’s original Chinatown; the clearing of Chavez Ravine in the 1950s and the removal of its Mexican American residents; the construction of the police headquarters, Parker Center, in the 1950s and the destruction of a large portion of Little Tokyo; the rise of office buildings and cultural centers on Bunker Hill in the 1960s and the removal of its working class residents; and the development of the Staples Center and displacement of low-income residents in the late 1990s.

Economic development strategies directed at transforming downtowns into corporate centers based on advanced services and entertainment proceed, not simply through free market forces, but with major support from local and federal government policies (Dreier et al. 2001; Mollenkopf 1983, 1992). Harvey Molotch (1976) developed his theory of the “growth machine” strategy of urban economic redevelopment controlled by local political and economic elites and aimed at generating profit for major developers, business interests, property owners, and tax revenue for local governments
Promoting new development and luring tourists, conventioneers, and suburban shoppers back to downtown is the primary goal in the development of “theme parks” or “tourist bubbles” that are geared toward spending and consumption (Gottdiener 1997; Judd 1999). Considering the economic and political power of business interests who guide this development, a critical issue is if the interests of low-income and working-class residents are addressed by city-subsidized development.

PART ONE: LIVING WAGE ORDINANCES, HOLLYWOOD AND HIGHLAND, UNIONS AND IMMIGRANTS, LOS ANGELES ORGANIZATIONS

LIVING WAGE ORDINANCES

Concern over the rise in low-paid service sector jobs that paid below poverty wages, and growing inequality in society, prompted a living wage movement across the country in the mid-1990s. In general, living wage ordinances “apply to private sector firms that have particular financial relationships to government, either as contractors, recipients of subsidies or tax breaks, concessionaires, or tenants on publicly-owned property” (Zabin and Martin 1999:3). In comparison, federal and state minimum wage regulations apply to all workers in the covered geographic region. While efforts to substantially increase the minimum wage at the state and federal levels have failed, living wage campaigns have had much greater success. A living wage is generally set higher than an area’s minimum wage and is calculated to financially sustain a family, or, provide
an income for a family of four at or above the federal poverty standard (Fairris 2005; Neumark 2002).

Baltimore’s city council passed the nation’s first living wage ordinance in 1994, prompted by the members of labor unions and churches who had noted that increasingly, people with full-time employment were using the city’s homeless services. In the following decade, 123 cities, counties, school boards and other governing bodies have passed living wage ordinances (Luce 2005). Proponents of the living wage believe that fully employed workers should not receive poverty wages (Gertner 2006). Proponents note that since contractors usually did not include benefits in their pay packages, cities reducing costs by contracting out to private companies, end up paying for health care and other public services used by low paid workers.

The living wage effort is part of a larger issue facing government officials on the fiscal impact of business activity on public spending. For example, concern about Wal-Mart Supercenters is part of this issue. Supporters of Wal-Mart cite the creation of jobs, capital investment in communities, shopping opportunities provided to underserved areas, and savings to consumers. Concerns about Wal-Mart include the downward push on wages and benefits for workers at Wal-Mart and the employees of their suppliers and competitors. As a study from Arindrajit Dube and Ken Jacobs (2004:1) reports, because of the low-wages and high cost of benefits provided by Wal-Mart, data from 2001 and 2002 indicate that Wal-Mart workers used $86 million in public assistance each year in California. Dube and Ken Jacobs (2004:1) estimate that “families of Wal-Mart employees in California utilize an estimated 40 percent more in taxpayer-funded health care than the average for families of all large retail employees.”
Opponents believe that living wage ordinances would have a negative impact on a city’s business climate and would discourage private investment, new businesses locating in the city, and encourage businesses already in the area to leave in search of lower costs. As Paul Peterson (1981) explained, in an era of highly mobile capital, investment may be negatively affected by policies that increase the cost of doing business in a city as investors seek locations with fewer costs and regulations. Jack Kyser is the chief economist for the Los Angeles County Economic Development Corporation and he opposes the living wage ordinance. Discussing the living wage, Kyser explained that business owners were concerned about the economic impact of a range of approved and proposed ordinances, stating that, “It’s just another...black mark...Los Angeles is a difficult place in which to do business....businesses taxes....inclusionary zoning, this living wage, and I think they’re afraid that sooner or later, there will be an effort to expand that” (Life & Times 2005).

Richard Riordan, a Republican businessman elected mayor of Los Angeles in 1993, contracted out some city services to private firms. As a result, labor organizations, including Los Angeles Alliance for a New Economy (LAANE); community groups, including the Metro Alliance and Action for Grassroots Empowerment and Neighborhood Development Alternatives (AGENDA); and religious organizations, formed a coalition to enact a living wage ordinance in the city (Gottlieb et al. 2005). As Peter Dreier and Manuel Pastor (1996:M6) asked in an opinion piece in the Los Angeles Times during the effort, “Should the municipal government subsidize firms that pay poverty level wages?” Sponsored by city council member Jackie Goldberg, the
ordinance overcame a veto by Mayor Riordan by a 11-1 vote on April 1, 1997 and became the tenth living wage ordinance in the nation (Fairris 2005).

The Los Angeles living wage ordinance coalition originally suggested a wage of $7.50 per hours, plus two dollars for health benefits or increased pay. The compromise adopted by the city, had a wage of $7.25 per hour, plus $1.25 for heath benefits or added pay (Fairris et al. 1997:7). Companies with contracts of more than $25,000, or companies receiving $100,000 or more in assistance annually, or companies receiving $1 million or more in assistance on one occasion, are covered by the ordinance (Krikorian 1997:B1).

In 2005, four researchers from UCLA, UC Riverside, and LAANE (the organization that helped lead the effort to establish the Los Angeles living wage ordinance) published what they claimed was the “most definitive analysis of a living wage law’s impact on workers and employers” (Fairris et al. 2005:1). The researchers conducted three surveys to generate original data, with surveys of workers and firms affected by the living wage ordinance, and a survey of firms not affected by the living wage ordinance for use as a control group.

The study (Fairris et al. 2005:2-3) found that the ordinance increased the pay of about 8,000 jobs with added voluntary increases in pay for about 2,000 other jobs, with about sixty-four percent of these jobs at the Los Angeles International and Ontario airports. Opponents warned of job cuts if the ordinance was implemented, but employers have only cut about 112 jobs, or one percent of the covered jobs. Given that the jobs are tied to a particular location and industry - such as the Los Angeles and Ontario airports - it makes it difficult for businesses to simply leave one location in search for a city with
fewer regulations (Martin 2001). Considering that the living wage ordinance directly and indirectly affected about 10,000 jobs, this is just a tiny fraction of the overall employment sector in Los Angeles and demonstrates the limits of living wage ordinances on improving conditions for workers in general.

Employers have adjusted to the higher wages by reducing overtime, “passing on costs to the city or to the public,” and through lower employee turnover and absentee rates (Fairris et al. 2005:2-3). While opponents of the ordinance believed that many of the affected employees would be young people living with their parents, the study found that the average worker had been working for nineteen years and only four percent were teenagers. The study also found that the ordinance failed to encourage firms to start health plans. For employers who had provided benefits before the ordinance went into affect, however, benefits had increased or coverage extended to previously uncovered positions for about 2,200 jobs. Despite the increase in wages, thirty percent of the workers used a minimum of one government anti-poverty program (other than the Earned Income Tax Credit) for themselves or family members.

City councilmember Eric Garcetti, elected in 2001 and a strong supporter of the living wage, commented on the study. Garcetti (2005) stated that “The myth that higher wages will destroy our business climate is a marginal idea with unfortunate persistence. It’s a myth that’s used to perpetuate the appalling gap between rich and poor, which continues to grow at an alarming rate.”
City council member Jackie Goldberg worked to bring new investment and construction to her Hollywood district, leading to a new shopping center at the intersection of Hollywood Boulevard and Highland Avenue. The project included a Community Benefits Agreement, the first in the city (Meyerson 2006).

Jackie Goldberg was elected to the Los Angeles City Council in 1993. Before her election, she participated in the Free Speech Movement while an undergraduate at UC Berkeley, earned a Masters degree in education and history from the University of Chicago, worked as a teacher in the Los Angeles, and served on the Los Angeles School Board. After terms limits ended her time on the council, she was elected to the state Assembly. In addition to being the key person in city hall to lead the passage of the living wage ordinance, she also helped establish the city’s first Community Benefits Agreement with the project built by developer Trizec-Hahn at the corner of Hollywood Boulevard and Highland Avenue, next to the iconic Chinese Theatre and its foot and hand prints of entertainment luminaries (Meyerson 2006).

As Goldberg began her time in the city council, Los Angeles and her district in Hollywood were feeling the effects of the 1992 civil unrest and recession as major cutbacks in federal defense spending translated into the loss of aerospace jobs in Southern California. This was in addition to the movement of people and businesses leaving the neighborhood due to its deteriorating infrastructure and crime rate. Adding to the problems, the January 1994 Northridge earthquake severely damaged some of the historic buildings in Hollywood (Kenyon 1998).

Goldberg believed that there were three critical components of Hollywood: housing, entertainment, and employment related to the film industry. Before addressing
the needs of Hollywood Boulevard, she focused on housing and used her city powers to get slum lords to sell their buildings so that others could improve them. As Goldberg explained, “We realized that if we didn’t do something about the housing, we would never fix the rest of it” (Fine 2005).

Goldberg understood that business had to be a partner to improve the local economy and generate new jobs that paid a living wage. As Goldberg explained, “I learned early on that a lot of the goals I was pursuing – living wage, better health benefits…- all derive from having good quality jobs….That’s the reason why I started paying attention to economic development and the businesses in my district. You don’t kill the goose that lays the golden egg” (Fine 2005).

As a first step, Mayor Richard Riordan and Goldberg worked with property owners and established a business improvement district (BID) in December 1996 with forty-one members to help clean up the area and address crime (Kenyon 1988). “That was the key, convincing people to invest in their own property….Then others began to look at investing in Hollywood” Goldberg explained (Fine 2005). Leron Gubler, head of the Hollywood Chamber of Commerce, noted about Goldberg’s efforts, “Before she came on board, Hollywood was known for two things: crime and grime….None of the great things that have happened in recent years would have happened if perceptions weren’t change(d) in the mid-1990s” (Fine 2005).

Around the country, shopping mall developments in the suburbs had slowed as land became more expensive and large, vacant parcels harder to find; the earlier construction of numerous suburban malls had created intense competition among retailers; and the trend of city officials luring developers with generous subsidies was
shifting, with cities requiring greater contributions from developers for creating the necessary infrastructure for the shopping centers (Frieden and Sagalyn 1989).

A major shopping mall developer in the U.S., Edward DeBartolo, stated in 1973 that “I wouldn’t put a penny downtown” (Frieden and Sagalyn 1989:5). In contrast, the redevelopment of Faneuil Hall in Boston in the mid 1970s; Ghirardelli Square and the Cannery in San Francisco; Pike Place Market in Seattle; and Horton Plaza opening in San Diego in 1985 demonstrated that other developers were willing to work with city officials on downtown projects (Frieden and Sagalyn 1989:5).

While these earlier projects involved historic structures, Goldberg wanted to lure a developer to build a new project and take advantage of Hollywood’s worldwide fame and tourism. As Goldberg explained, “So the first task we faced when we came into office was to get people to remember that they were sitting on, as owners, the best-known piece of real estate in the world” (Profitt 1997:M3). As Kerry Morrison, the executive director of the Hollywood BID, explained about increasing interest in Hollywood, “what seems to be a national wave back to Main Street USA” seemed to be occurring, rather than the “suburbanization of the retail experience in the ‘80s” (Kenyon 1998). Three planned subway stops in Hollywood would help bring tourists and residents to the center and neighborhood.

Goldberg worked to get a major developer interested in the area to build a project that would act as a catalyst for other investment. Goldberg sought out David Malmuth, who as an executive of the Disney corporation, had participated in the revitalization of New York City’s Times Square. Working with TrizecHahn, Malmuth proposed a project
for the property at the corner of Hollywood Boulevard and Highland Avenue. Malmuth compared Times Square with Hollywood and proclaimed that

Times Square is what inspired me to see the potential on Hollywood Boulevard….I saw this extraordinary rebirth taking place, and I was convinced we could do something similar…What they do share is a street with an extraordinary history, and a great name. When someone comes to the city, whether it be New York City or Los Angeles, one of the places they have to see is either 42nd Street and Times Square or Hollywood (Kenyon 1998).

In the mid-1990s, the Chinese Theater served as the main tourist destination, with little else to convince tourists to spend time and money in the area. As Goldberg explained, “We now get about 9.5 million tourists a year, but they only stay 15 minutes….I met with some travel agents a few years ago…and what they said was we had to make Hollywood a destination” (Orlov 1998). The TrizereHahn project would include a theatre and the Academy of Motion Picture Arts and Sciences agreed to have the Academy Awards – which had not taken place in Hollywood since 1960 - at the theatre (Kenyon 1998). Goldberg also negotiated to have $90 million in city subsidies to help the project. Before Goldberg began her time on the city council, the Community Redevelopment Agency (CRA) of Los Angeles had heavily subsidized the construction of the New Otani Hotel in Little Tokyo, which had destroyed a large portion of the historic neighborhood, displacing small businesses and residents. Labor organizations have accused the hotel management of violating worker rights and Goldberg want to ensure that this would not be repeated at the TrizecHahn project. Goldberg explained that the
CRA had put a fortune into the New Otani Hotel downtown, which has had continuously terrible relations with its employees. I was determined that if we were going to put money into Hollywood-Highland, the employees would be treated well (Meyerson 2006). I wanted Hollywood to thrive, but I wanted the money spread around a little. I provided developers with access to some things to get the job done and I promised not to abandon them when the going got rough. But in turn, they had to guarantee to me that all boats would rise; they had to use union workers and local source hiring (Fine 2005).

The city council voted for final approval of the project in October 1998 and as Goldberg described the contribution of the developer, TrizecHahn, “I believe we have … asked the developers to go way beyond what was required and they have stepped up to the plate (O’Donoghue 1998). Goldberg worked to put together a Community Benefits Agreement (CBA) with TrizecHahn, using city subsidies as leverage. The city contributed $30 million to help build the theater and $67 million to construct a parking structure at the $615 million center (Fine 2002). Among the important CBA provisions, workers at the project’s hotel would be covered by the same conditions as the union hotel workers in Los Angeles; the city’s living wage ordinance would cover TrizecHahn’s service employees; TrizecHahn would attempt to bring in retail tenants who would pay their employees a living wage; and the center would attempt to hire local workers (Meyerson 2006).

While the negotiation for a CBA was a success, the actual project turned out to be a major financial failure for TrizecHahn and the builder sold the center at a loss in 2004. Opening at the end of 2001, and geared toward affluent tourists, the slump in tourism
following the September 11, 2001 attack on the World Trade Center hurt the center. With tourists gone, the center had to attract local residents, but faired poorly in competition with other larger and better established shopping malls in the region that also offered free or much cheaper parking (Kotkin 2002).

The center’s design may have also contributed to its problems. Malmuth stated during the planning stages that “The worst thing you could do is create a place that has the appearance of something authentic and special and then populate it with stores that you can find anywhere….They have to be utterly unique and special to Hollywood. That’s the only way to make it work” (Kenyon 1998). As Malmuth explained about the importance of the neighborhood, “What we want is to capture the magic of the name of Hollywood and return it to the glamour for which it was known…Hollywood is a name that is know worldwide, and we want to market it” (Orlov 1998).

A blog examining architectural and planning issues in Los Angeles, “Curbed LA,” held a contest to select the “worst of Los Angeles design and architecture” and claimed to include the architecture writer of the Los Angeles Times as one of the judges (Williams and Smith 2007:M7). In a close contest, the Hollywood and Highland project “won” the prize and the blog’s editors described it as “the much-maligned tourist trap at one of L.A.’s busiest intersections” (Williams and Smith 2007:M7). Describing some of the center’s problems, the editors note “the tacky reliefs, the obnoxious advertisements, the dark, scary corners. And there are the white elephants: a humorous but unintended reminder of how the mall has struggled financially since opening in 2001” (Williams and Smith 2007:M7). Commenting on the design of the center at its impact on the neighborhood, the editors write that “perhaps Hollywood & Highland’s most egregious
sin is that the mall turns its back on the street, creating a pedestrian dead zone along Highland Avenue, a disjointed landscape were neighboring buildings and occupants fail to interact” (Williams and Smith 2007:M7). While a financial problem for TrizecHahn, the center helped Hollywood by generating further private investment, and today, the area is experiencing a boom in hotel and residential construction.

UNIONS AND IMMIGRANTS

The successful negotiation of the L.A. Live Community Benefits Program also represented the convergence in the Los Angeles region of growing immigrant and labor political power. Although Los Angeles was a strongly anti-union city in the early 20th century, the Los Angeles region has emerged as a major center of contemporary union activity. While the national highpoint of union density - “unionized proportion of the workforce” - was in 1955 and has been in a steady decline since that time with less than thirteen percent of workers currently union members, Los Angeles has gained union density in recent years (Milkman 2006:2). The Service Employees International Union (SEIU), the largest union in California with 16.5 percent of union members, owes part of its growth to a strong effort to organize occupations that had not been part of the union, especially service occupations that were difficult for employers to shift to other regions to escape union efforts (Milkman 2005). As the largest union that split off from the AFL-CIO in 2005 due to disagreement over organizational goals, SEIU exemplifies the new Change to Win Federation’s emphasis on recruiting and organizing new workers (Milkman 2006). As part of this effort, SEIU has targeted immigrants, a group traditionally ignored by unions.
In contemporary Los Angeles, because of successful organizing efforts by unions and immigrant groups, immigrants, especially from Latin America, make up a large percentage of union membership and dominate some occupations (Milkman 2005). The growing Latino union membership provided clear evidence of the fallacy of the taken-for-granted assumption by traditional union leadership that immigrants, particularly the undocumented, could not be organized (Delgado 1993).

The national SEIU developed a countrywide campaign in the 1980s to organize building service workers, named Justice for Janitors, and the Los Angeles effort began in 1988. Funded and directed by the national organization, Justice for Janitors was a “top-down” effort in Los Angeles where the majority of the janitors were immigrants from Latin America (Milkman 2006). Utilizing the media and demonstrations, union officials targeted the office buildings in Century City and during a 1990 march from Beverly Hills to Century City, the police aggressively attacked the demonstrators. Police violence resulted in numerous injuries to the marchers, including children and pregnant women among the injured, and the resulting news footage generated strong public and political support for the workers and a contract was negotiated that year (Waldinger et al. 1998).

The SEIU also successfully organized homecare health workers in the Los Angeles area in 1999 (Milkman 2000). With about 74,000 workers in the county at that time, it was the largest successful unionization effort in the nation since the United Auto Workers gained “112,000 General Motors workers” in 1937 (Greenhouse 1999:A1).

While the SEIU has been an important factor in the increase of unionization among immigrant, immigrant workers have also organized on their own. Mexican immigrant drywall construction workers led one of the key organizing efforts. The
workers went on strike in Southern California and gained union recognition in 1992, an
effort guided by the workers without the significant involvement of unions (Milkman and
Wong 2000). Remarkably, a substantial number of the workers in the janitors and
drywall workers campaigns were undocumented immigrants.

The success of efforts to publicize the substandard working conditions and wages
of the janitors and gain public support is illustrated by the change from 1990, when
demonstrators “were met by police wielding clubs,” to efforts a decade later. In 2000,
demonstrators “were joined by the Reverend Jesse Jackson, Senator Edward Kennedy,
Cardinal Roger Mahoney, Los Angeles Mayor Richard Riordan, Vice President Al Gore,
numerous Los Angeles City and county officials, and members of the state legislature”
(Hamilton and Chinchilla 2001:91).

Two unions played central roles in the organization of immigrants, UNITE-HERE
and Los Angeles County Federation of Labor. Maria Elena Durazo became the president
of UNITE-HERE, Local 11 in 1989 and worked to improve the wages of the union’s
hotel and restaurant workers and boost union membership. Previously, HERE, with its
white leadership, was “losing its members at the rate of 1,000 a year and reeling from
strife” between the leaders and Latino workers (Sipchen 1997:E1).

As a result of the transformation of the Los Angeles County Federation of Labor
in 1994 into a grassroots political force, and with the change in leadership with the late
Miguel Contreras taking over in 1996, the Los Angeles County Federation of Labor
became a major influence in regional and statewide elections (Milkman 2005). Before,
unions would support new construction projects because they offered union jobs. The
well-paying jobs, however, were temporary and the service workers employed in the new
buildings earned poverty wages. As a result, this led to long and often unsuccessful struggles to gain living-wages for service workers. Recognizing the importance of improving wages for service workers, and the potential leverage that comes when developers seek city subsidies for their projects, Contreras explained the change in tactics, “We’re going to the new developers and saying, ‘If you’re going to ask for subsidies…then you have to guarantee a ‘living wage’ and guarantee that workers have the right to organize’” (Rohrlich 1998:B1).

The 1997 passage of a living wage ordinance by Los Angeles City Council, overriding then-Mayor Richard Riordan’s veto, demonstrated the support of labor by the council. Surveying the city’s politics, Raphael J. Sonenshein, former executive director of the Los Angeles Charter Reform Commission and author of two books on the city’s politics, suggests organized labor is now the major political power, displacing the business elite that once ruled the city. Sonenshein (2006:M1) writes that “Labor is now a central force in L.A. politics….Labor is particularly effective in district-level campaigns – City council and School board – where grass-roots efforts and endorsements carry the most weight.” Harold Meyerson (2006:22), a noted analyst on Los Angeles politics, concurs, stating that,

For the past decade, for instance, the shock troops of L.A.’s most effective political operation, the County Federation of Labor, have come from those local unions that consist preponderantly of immigrants who can’t themselves vote – the janitors and hotel workers in particular. In a sense, the most civically engaged among us have actually lacked legal status, but have made up for that with a level
of electoral involvement that has changed the composition of the City Council, the state Legislature and California’s congressional delegation in Washington.

Mike Woo- former Los Angeles City Council Member, candidate for mayor in 1993, and current member of the city planning commission – offers a more cautious estimate of the power of labor in city politics. Woo (2007) explains that labor can be effective in electoral politics, but their efforts are geared more toward union members rather than making broad changes in society.

I think that organized labor has a lot of influence in the electoral process in terms of campaigns, endorsements and things like that. But I think that they are very selective in terms of what they ask for. I think they are very narrowly focused on things that will directly benefit their members, as opposed to say being a general party of the working class.

In response to a question about the political power of unions as compared to developers, Woo (2007) stated that “I think you have to be careful to not overstate what the influence of organized labor is. I don’t think that the influence of business or real estate developers is really diminished. So, I’m not sure whether you could say that labor has more power now than before.”

Regarding the L.A. Live and Grand Avenue projects – the two major construction projects in downtown Los Angeles - Woo (2007) explained that the projects demonstrate the continued political influence of developers.

...these are not grass-roots agendas, these are both developer driven. These are both ideas that were hatched by developers. The elected officials have been able to extract some concessions or to get something called a community benefits
That is both LA Live and the Grand Avenue Project really sprang out of developers wanting to do them and then coming to the city and saying we want to do it. And then the city responds saying “you gotta give us this, this and this.” It’s not a grass roots or labor agenda.

As Woo makes clear, unions are a powerful political force, but other groups, especially developers, remain key shapers of the city’s political and economic agenda. L.A. Live and the Grand Avenue projects demonstrate the continuing centrality of growth policies in city politics and major roles played by developers in the formation of public policy (Jonas and Wilson 1999; Logan et al. 1999; Reichl 1999).

IMMIGRANTS AND GRASSROOTS MOBILIZATION

500,000 demonstrators took to the streets of downtown Los Angeles on Saturday March 25, 2006 in support of immigrant rights, a testament to the strength of organizing activities in the immigrant communities which often operate apart from “mainstream” institutions and out of the public eye. Four DJs on Spanish-language radio stations played crucial roles in generating publicity and support for the demonstrations which Harold Meyerson (2006:22) wrote “came as a complete surprise” to the English-language media. One of the DJs, Eddie Sotelo, was himself an undocumented immigrant who “crossed the border in the trunk of a car in 1986 and gained legal status a decade later” and pledged to use his position as a DJ “to help my people” (Watanabe and Becerra 2006:A1). The massive turnout, however, did not surprise those closely connected to the Latin American immigrant community. Those familiar with the community knew about the strong networks and commitment to social and political issues that existed among
immigrants in Southern California and how these networks and dedication to social justice could generate the large number of marchers.

This active involvement in social issues translated to union activity as well. As a union organizer explained, “At heart and soul, there has to be a mobilized workforce….The reason that L.A. is the shining star of the union is that we’ve had the highest percentage of workers’ participation, have the highest worker turnout, and the highest percentage of workers going to jail and getting arrested” (Milkman 2006:158-159).

Many of the immigrants from Central America had been involved in labor or political activities in their countries of origin, which meant they had organizing experience and skills. Some had been “imprisoned and tortured” or “narrowly escaped death” (Hamilton and Chinchilla 2001:74). This led some to avoid labor organizing in the U.S., but others did become involved, noting that the “worst thing that can happen is you lose your job” (Hamilton and Chinchilla 2001:75). Or, as Roger Waldinger et al. (1998:117) explained, “With the Salvadorans, you find different attitudes. Sometimes you found people who fought there. And there, you were in a union they killed you. Here, you [were in a union] (brackets in original) you lost a job at $4.25.”

Immigrants from Mexico and Central America have formed strong hometown associations in Southern California that serve social, political, and economic functions (Hamilton and Chinchilla 2001; Rivera-Salgado 1999). Among Mexican immigrants, many of the existing hometown associations had been established in the mid-1980s, and by 1995, about 150 hometown associations had registered with the Mexican consulate in Los Angeles (Fitzgerald 2000:32-33). Fox and Rivera-Salgado (2005:3, 4) explain that
some hometown associations focus on gathering resources to help with projects such as roads, schools, and churches in their communities of origin while others also include “coalition-building projects” that involve cooperative efforts with other groups to address issues in the United States. The dense networks that lead to concentrations of workers from the same communities in the same occupations and work sites, and strong associations established in Los Angeles by these workers, greatly aids the organizing efforts of immigrants and unions, as demonstrated by the drywall workers who led the effort to unionize.

LOS ANGELES ORGANIZATIONS:

Pantoja, Ramirez, and Segura (2001:729) suggest that Propositions 187 (passed in 1994 but never implemented and aimed at ending public services to undocumented immigrants) and 209 (passed in 1996 and eliminated affirmative action in government institutions) heightened an awareness of politics and immigrants who naturalized under those conditions were more active politically. As Pantoja, Ramirez, and Segura (2001:730, 147) explain,

we argue that immigrants naturalizing in a politically charged environment represent a self-selected subsample of all immigrants. This self-selection process identifies individuals who feel strongly about the political issues at hand and who seek enfranchisement to further their political self-interest….Citizens naturalized in this politically charged environment appear to participate in politics at rates substantially higher than those naturalized in other environments and those born in the United States.
While I agree with the thesis that anti-immigrant activity generates political activity, I suggest that what is not given adequate attention in this discussion is the importance of organizations that can mobilize immigrants and turn their political awareness in electoral activity, or, in the case of the Community Benefits Program, grassroots mobilization. Groups such as the National Association of Latino Elected Officials (NALEO), Southwest Voter Registration Education Project (SVREP), Mexican American Legal Defense and Educational Fund (MALDEF), and the Los Angeles County Federation of Labor transformed passion into electoral activity through programs involving naturalization, voter registration, get-out-the-vote drives, and leadership training. The activities of these groups, I argue, is what chiefly accounts for the rise in the number of naturalized citizens and increased political activity.

Similarly, the coalition of labor and community groups that led to the successful negotiation of the Community Benefits Program, benefited from the range and strength of organizations in the Los Angeles area that could contribute research, political organizing, and resources to the effort. Organized labor often aided in the development of community organizations such as LAANE, SAJE and FCCEJ.

The Los Angeles Alliance for a New Economy (LAANE) played a major leadership role in some of the city’s key labor struggles. The Hotel Employees and Restaurant Union (HERE) Local 11 started LAANE in 1993 as part of a larger effort to improve the pay, benefits and working conditions of workers in the tourism industry (Zabin and Martin 1999). Harold Meyerson (1998:16) described the effectiveness of LAANE, “Combining a keen instinct for political organizing with groundbreaking approaches to land-use and economic-development law, LAANE has become one of the
most important forces – and surely the most innovate one – for social justice in L.A.” As stated in LAANE’s (2006) website, the organization works by “Combining vision of social justice with a practical approach to social change, LAANE has helped set in motion a broad movement based on the principle that hard work deserves fair pay, good benefits and decent working conditions.”

LAANE engages in research, working with universities such as UCLA; organizes workers; and promotes legislation. In one of its first major policy actions, LAANE spearheaded the successful effort to pass a living wage ordinance by the city of Los Angeles in 1997. Laying the groundwork for the 2001 L.A. Live Community Benefits Program, LAANE (2006) helped establish the benefits agreement with Trizec-Hahn and the Hollywood and Highland project. LAANE also jointly produced a number of important studies and publications on development and benefits, including “Community Benefits Agreements: Making Development Projects Accountable” (2002 Gross, LeRoy and Janis-Aparicio). LAANE maintains ties with universities in the region, especially UCLA, and research conducted by faculty provides valuable analysis and data on the issues (Zabin and Martin 1999).

The UCLA Center for Labor Research and Education conducts research and produces publications on unions and workers in the region, including studies on garment workers, immigrant rights, and workplace health and safety issues. The UCLA Center has worked with unions, LAANE, SAJE, and FCCEJ on research and community education projects.

Strategic Actions for a Just Economy (SAJE) is one of the key community organizations involved in the Community Benefits Program and Gilda Haas and Kent
Wong led the effort to establish the SAJE. Haas was a lecturer in the UCLA Urban Planning Department and had established the Community Scholars Program in 1992 which brought together graduate students with labor and community activists on projects examining economic development in the Los Angeles region (UCLA 2003; NCRP 2003). Wong was the director of the UCLA Center for Labor Research and Education. In 1994, Haas and Wong initiated a number of meetings with community and labor groups to discuss the possibility of creating links to connect their various efforts. As Haas (2004) explained the objective, “The compelling idea was to start a popular education center that would be a safe space for grassroots people to shape their own agendas and see them through into genuine social change.” From these talks, Strategic Actions for a Just Economy (SAJE) emerged, with Haas as the executive director, and was established in 1996 in a house near the University of Southern California (USC) in Los Angeles, several miles south of the downtown core where the Staples Center would later emerge.

In 1998, food and service workers at USC were involved in a three-year struggle to negotiate a union contract (Wilton and Cranford 2002). Workers were concerned about job security, the subcontracting of their jobs, and potential loss of benefits (Chan 1998:1). Working with “residents, religious institutions, workers, community organizations, and labor unions” in 1998, SAJE helped establish the “Coalition for a Responsible USC” (Haas 2002:91) and became involved in the issue. Ultimately, the coalition effort paid off and a contract was signed.

The Coalition became increasingly concerned about the plans of the city, developers, and USC to transform the “forty-block strip” along Figueroa Street from the Staples Center in the north to USC and the Los Angeles Coliseum - which was home to
the 1932 and 1984 Summer Olympics - in the south into a “Sports and Entertainment Corridor” (Haas 2002:92). From the perspective of the Coalition for a Responsible USC, Haas noted (2002:92) that there was “virtually no consideration” for the impact of the prospective development on the “200,000 working-class people who lived in the surrounding neighborhoods.” The Coalition for a Responsible USC broadened its scope from USC to the Figueroa Corridor and changed its name to the Figueroa Corridor Coalition for Economic Justice (FCCEJ). FCCEJ was one of the key organizations involved in the negotiations leading to the L.A. Live Community Benefits Program, and as an umbrella group of community residents and organizations, currently serves as the official organization monitoring the compliance of developers with the L.A. Live Benefits Program.

PART TWO: STAPLES CENTER, L.A. LIVE, AND ANSCHUTZ ENTERTAINMENT GROUP (AEG)

STAPLES CENTER

In 1996, discussions began between the development corporation Anschutz Entertainment Group (AEG) and Los Angeles City to build a sports arena in the downtown area. The sports arena would compete with, and ultimately replace as the site of Los Angeles’ professional sports teams, an aging arena in Inglewood City which served as the home of two major professional sports franchises, the Lakers, a basketball team, and the Kings, a hockey team. As the Los Angeles Times (Simers 1996) reported, members of the Los Angeles City Council and business community were developing a
vision for the area south of downtown. Then-Los Angeles City Council Member Mark
“Ridley-Thomas, along with several long-range planners for the city, now envision a
‘Figueroa Corridor’ that connects a new sports arena at the Convention Center and a new
football stadium utilizing the shell of the Coliseum’” (Simers 1996:A1). Ridley-Thomas
supported bringing back a professional football team to the Los Angeles area to replace
the Raiders, who left the Coliseum in the mid-1990s to return to Oakland, and the Rams,
who left Anaheim at the same time for St. Louis. After a failed attempt to bring a
football team to the city in the late 1990s, the latest effort went nowhere at the close of
2006 (Farmer 2006; Regardie 2006).

In January 1997, the Los Angeles City Council voted 13-2 to support the
development of the downtown arena. Later that year in August, council member Joel
Wachs, who had voted against the arena in January, declared that he would launch a voter
initiative “requiring an election before any professional sports facility could receive a
public subsidy,” (Rohrlich 1997:A1) and soon after, Wachs filed the initiative with the
city clerk (Dillman and Riccardi 1997:A1). Wachs explained that although he supported
having an arena, he was against public funding and wanted fuller disclosure about the
financial dealings of the project.

I love professional sports. But they’re big business, with billionaire team owners
and megamillionaire players. I don’t believe that taxpayers’ money should be
used to subsidize them, at least without giving the voters a right to approve it.
…It reflects the equally grave concern that people have over the countless unkept
promises that teams have repeatedly make in an effort to obtain taxpayer
subsidies, despite the fact that virtually every prominent economist who has
studied the issue has concluded that with few exceptions, stadiums and arenas have little measurable effect on a city’s economy (Wachs 1991:B9).

Although Wachs was a fiscal conservative and was known as “City Hall’s most tenacious fiscal watchdog,” his critics argued that he was posturing to prepare for his candidacy in the next mayoral election (Martin 1997:B1).

City officials wanted the enormous capital investment in downtown represented by the Staples project. AEG needed city help in the form of the power of eminent domain to assemble the huge parcel of land required by the Staples Center and the future L.A. Live project; city subsidies for the project; and support through the long and complicated approval process for the project. The threatened voter initiative by Wachs, however, demonstrated that some members of the city council would drive a hard bargain to win concessions from the developer in exchange for city support and subsidies. In recent years, city officials around the country have worked to create more comprehensive agreements to ensure that in exchange for subsidies, corporations fulfill their obligations regarding the creation of jobs, tax revenues, and other promised benefits (Gross, LeRoy, and Janis-Aparicio 2002; LeRoy et al. 2002; Weber and Santacroce 2007).

In October, two months after Wachs filed his initiative with the city clerk, the city and developer agreed on a new deal for the arena. Wachs declared that the revised agreement would save the city over a $100 million, while the spokesperson for the arena said that the deal would cost the developer additional “tens of millions” (Shuster 1997:A1).

The Los Angeles Community Redevelopment Agency used its power of eminent domain and assembled a parcel of land for the development of the arena (Haas 2002).
The arena would be called the Staples Center when Staples Inc agreed in 1997 to a $116-million 20-year deal to have its name on the arena, up to that time, the most ever paid for the naming-rights for a sports arena (Wharton 1999; White and Dillman 1997).

In terms of the impact on the neighborhood, according to the city project manager, the development would result in “the relocation of families occupying approximately 184 units of housing…28 businesses” and the Los Angeles Unified School District Child Care Facility (Newlander & Newlander 1997:6). Community and labor organizations engaged in negotiations with the Staples Center developer and agreements were reached on issues such as wages, relocation funds, and union contracts. The organizations negotiated with the developer independently, unlike the future negotiations for the Sports and Entertainment District when a coalition would be formed.

L.A. LIVE AND THE COMMUNITY BENEFITS PROGRAM

The land acquired for the Staples Center included the blocks surrounding the arena and this land was cleared and used for parking lots while AEG prepared the next phase of the project which was announced in May 2000. Proposed as the “Times Square” of Los Angeles, AEG outlined their plans for a major convention center hotel, luxury residential units, retail space, and entertainment venues as part of a Sports and Entertainment District Project that would cover about thirty acres and cost over $1 billion (Simers and Wharton 1999; Newton 2000). With rapidly raising construction costs, the current estimate of L.A. Live is $2.5 billion (Roth 2007).

Tim Leiweke, President of Staples Center, noted that the hotel would require a public subsidy, stating that “These large hotels for convention centers don’t get built
without one” (Newton 2000:A1). As the Los Angeles Times (Newton 2000) pointed out, Staples Center officials carefully prepared for the new plan by establishing relations with unions and council members. Unlike the earlier effort to build the Staples Center when “arena proponents tried to bulldoze their way through the City Council and then resisted attempts to make their proposed contract with the city public,” “Staples officials have laid the groundwork for this fight better…,” “stressed Staples friendly relationship with organized labor…and paid personal calls on nearly all the City Council members…” As Leiwke stated, “We’re smart enough—or beaten up enough—to do it this way” (Newton 2000:A1).

With the Staples Center project, unions and community groups negotiated separately with AEG. In contrast, with the L.A. Live project, a coalition was formed with FCCEJ playing a prominent role that included five unions, 300 local residents who were primarily Latin American immigrants, and twenty-nine organizations. To begin negotiations between the coalition and AEG, Rita Walters, then the councilmember for the area, arranged a meeting with Tim Lieweke, President of AEG. When Lieweke did not show up for the meeting, “organizers placed his name placard on an empty chair, addressing him angrily in his absence” (Romney 2001: A1). The early meetings were “attended by hundreds of residents,” according to Gilda Haas, the executive director of SAJE, a key community organization in the negotiations (2002:93). Eventually, negotiations started between AEG and the community coalition and over a number of months, the Community Benefits Program emerged.

In Haas’ (2002) analysis of the process, the extremely long and complicated review and public hearing process that could take two years for such a large project was
one of the major factors motivating AEG to negotiate with the coalition. Due to term limits, then-mayor Richard Riordan and several members on the city council who were strong supporters of the project, would be replaced in the upcoming years and it would be to the advantage of AEG if the approval process was completed as quickly as possible. Ted Tanner, senior vice president of the Staples Center and one of the key negotiators for AEG, spoke about the necessity for gaining community support and avoiding drawn-out conflicts (Romney 2001), noting that such talks are “a sign of the times with all of these broad community coalitions forming” (Lunsford 2001:B7).

From the rocky beginning when Leiweke failed to show up for a meeting with the community group, the coalition and Leiweke spent about 100 hours negotiating a benefits program that both supported (Romney 2001: A1). As Haas declared, “There is enormous community support for the project” (Daunt 2001:B1). Leiweke explained, reflecting on the history of the Staples Center and current negotiations, that “We have done this with the community. We learned from our last experience how things should get done” (Daunt 2001:B1).

With the establishment of the Hollywood and Highland project Community Benefits Agreement in the late 1990s, a precedent was set for these types of agreements. The coalition that formed to negotiate with AEG on the L.A. Live project, included organizations – such as LAANE – that participated in the Hollywood and Highland discussions. Thus, the coalition had the knowledge and experience of the previous effort, the successful Hollywood and Highland CBA effort had established the groundbreaking work to gain political support and legitimacy for CBAs, and the Hollywood and Highland CBA served as a model for a benefits agreement.
AEG was clearly aware of the factors that supported a CBA, including the growing power of organized labor, both as a grassroots political force and in a city council willing to support the concerns of workers, (such as the living wage ordinance), and the changing climate affecting city subsidies for large development projects, (as AEG officials experienced with the Staples Center). In exchange for the benefits agreement, community groups supported AEG, rather than protesting and holding up approval for key issues, as demonstrated in AEG’s effort to gain subsidies for the project hotel.

By a vote of 14 to 0 on February 11, 2005, the city council agreed to “provide up to $177 million in subsidies to developers” for the construction of the convention center hotel. The hotel would keep the hotel bed taxes generated during the first 20 years of operation, an amount estimated to be between $110 to $140 million; and “$22 million in city loans, $10 million in public improvements and be exempt from $5 million in building fees” (McGreevy 2005:B1). This was later modified to a minimum of $246 million in bed taxes during the initial 25 years (Vincent 2007:C1). At an earlier December 12, 2004 Ad Hoc City Council Committee on the Convention Center Hotel to discuss possible subsidies for the hotel, Gilda Hass spoke to support AEG. Hass stated in her “experience with AEG,” that the developer has been “our partners, professional and rigorous in meeting the terms of the agreement [CBA].” Haas noted this experience has “flipped the script” and whereas community groups in the past generally argued against development projects and subsidies for developers, in this case, SAJE is “speaking in favor of the economic development project” (Saito 2004).

The groundbreaking for the $900 million hotel took place June 1, 2007, with Governor Arnold Schwarzenegger and mayor Antonio Villaraigosa present. Tim
Leiweke proclaimed that “This is the most important thing we have ever done as a company,” and explaining the impact of the hotel on the region, stated that “it will change the economy of not just downtown but of Los Angeles” (Vincent 2007:C1). (endnote 2)

ANSCHUTZ ENTERTAINMENT GROUP

AEG “develops major sports and concert venues in the U.S. and Europe and is the nation’s second-largest promoter of live entertainment” (Bunting 2006:A1). In addition to the Staples Center, it also built and owns the $150 million Home Depot Center in the city of Carson with facilities for a range of sports, including soccer, cycling, basketball, tennis, and track and field; owns the Kings hockey team, a part of the Lakers basketball team, and a number of professional Major League Soccer teams in the United States; is “the nation’s second largest concert promotion and touring company; in charge of promoting and running the “28-acre Millennium Dome” in London, which was built for a cost of about $1 billion by the government of Great Britain to house an exhibit of British “style, design and architecture” that closed in 2000; worked with the British team on their successful bid - beating the New York bid – to bring the 2012 Summer Olympics to London, which will include events in the Millennium Dome; and will develop a new entertainment arena “on a 50-acre site in…Berlin” (Abrahamson 2005; Bunting 2005:C1; Roth 2005).

AEG is owned by The Anschutz Corporation and Philip Anschutz, who was born and raised in Kansas and now lives in Denver, Colorado (Bunting 2006). Anschutz was listed as number six in a 2006 Los Angeles Times’ West magazine article on the 100
“most powerful people in Southern California.” Describing Anschutz, the article stated that,

Southern California has more than its share of absentee landlords. Few, however, have had as much impact as Anschutz….Staples has been an anchor in the revitalization of downtown Los Angeles, and Anschutz's entertainment company AEG…plans to…to inject even more life into the area. Anschutz is also a mover in Hollywood, with a controlling interest in movie theater chain Regal Entertainment and an eye for producing films geared toward children and families (West 2006:16).

As the Los Angeles Times reported in 2006, Anschutz had “amassed a global empire of more than 100 companies….In addition to oil and gas, real estate, movies and sports, his enterprises are active in railroads, telecommunications, agriculture, live entertainment, art and newspapers” (Bunting 2006:A1). On the 2006 Forbes magazine list of the “400 Richest Americans,” Anschutz ranked thirty-first, with a net worth of $7.8 billion (Forbes.com 2006).

COMMUNITY BENEFITS AGREEMENT UPDATE

The FCCEJ progress report (SAJE 2006a) lists a number of programs established soon after the signing of 2001 Community Benefits Program, although construction on the first set of projects in the Sports and Entertainment District did not begin until September 2005. AEG funded a “Preferential Parking District” around the Staples Center, including permits for five years for local residents to replace the parking loss due to the construction of the Staples Center. $650,000 in no-interest loans have been given
to two affordable housing developers. Los Angeles in general, and the downtown area in particular, lack park space. $500,000 will be used for a recreation center and $415,000 for a park. The president of Los Angeles Trade Technical College, which is located in the Figueroa Corridor, contacted FCCEJ immediately after the Benefits Program was publicly announced and offered the help of the college. Along with some funding provided by the Benefits Program, and participation of the UCLA Labor Center, Garment Worker Center, Downtown Women’s Action Center, and Korean Immigrant Workers Alliance, classes involving computers, ESL, and economic survival are offered and participation has been high. The programs have resulted in thirty people employed in living-wage union positions (SAJE 2006b). With the convention center hotel construction soon to begin, FCCEJ, AEG, and the city are working on the local hiring provision of the Community Benefits Program.

LOS ANGELES INTERNATIONAL AIRPORT AND SAN DIEGO CBAS

CBAs have been negotiated in a range of other projects in the region and around the country and two important ones include projects in Los Angeles and San Diego. Los Angeles is renovating and expanding the Los Angeles International Airport and the airport is surrounded by densely populated neighborhoods. Environmental, labor, and community groups concerned about the project formed the LAX Coalition. In 2004, the Board of Airport Commissioners and the Los Angeles City Council, approved a CBA that included provisions for local hiring, job training, soundproofing homes, health and environmental studies, and involvement of local small businesses. The Los Angeles World Airports, which runs LAX, declared that “At over $500 million, the Community
Benefits Agreement (CBA) represents the largest and most comprehensive CBA ever negotiated” (LAWA 2004).

JMI Realty and Lennar Urban proposed a major high rise development called the Ballpark Village Project southeast of San Diego’s downtown ballpark with retail, office, and residential space. The Center on Policy Initiatives (CPI) is a labor-backed organization in San Diego “established in 1997 to promote higher standards of living for poor and moderate-income families through research, policy development, public education and effective policy” and has close links with LAANE in Los Angeles (Baru et al. 2001:back cover). In 2005, CPI “convened a coalition of 27 housing, labor, community, environmental, and religious groups” and the coalition negotiated with the developer and agreed on a CBA that included provisions on wages, local hiring, job training, affordable housing, and youth and culture services (CPI 2007). (endnote 3)

CONCLUSION

A key factor in the success of the negotiations leading to the L.A. Live Community Benefits Programs was the coalition of immigrant, community, and labor organizations that brought together an impressive array of resources involving research, organizing, policy advocacy, and political influence. Considering the vast and varied constituencies represented by the various organizations in the coalition, the formation of the coalition was not inevitable or uncomplicated and the groups involved had the difficult task of negotiating a common set of interests among its members while putting aside potentially divisive differences. While organized labor, for example, focused on union jobs, wages, and benefits local residents were worried about displacement,
affordable housing, and parking issues. The varied groups, with their disparate interests, maintained solidarity throughout the negotiating process and agreed that none would sign an agreement until all the groups approved the final CBA (Haas 2002).

It was not political power alone, however, that led to the CBA. The foundation for the L.A. Live CBA had been built in the preceding years by the city council’s passage of a living wage ordinance and the Hollywood and Highland project CBA. As a result, the difficult task of establishing the political and economic legitimacy of CBAs had already been accomplished, giving the community coalition a working model to follow.

When development projects such as L.A. Live receive millions of dollars of city subsidies, aid in the approval process, and help assembling land through the city’s power of eminent domain, developers recognize that CBAs are a tradeoff for receiving help and one of the costs of doing business in Los Angeles. As Ted Tanner of AEG noted, getting community backing for projects is “a sign of the times” (Lunsford 2001:B7) and in a strong real estate market, with good returns on investment, developers can absorb the extra costs of CBAs.

Discussing conditions which favor the enactment of CBAs, the director of the Community Redevelopment Agency of Los Angeles, Cecilia Estolano, explains that such agreements “work best when there is substantial agency money invested, when they’re big projects, and when they’re in hot markets or emerging markets” (Meyerson 2006b). As Meyerson (2006b) points out, these conditions exist in only selected areas of Los Angeles and can easily change, and community organizations are compelled to “go project by project, creating an archipelago of decent living standards in a sea of working-class stagnation.”
For community residents and organizations, CBAs have become an important tool in the struggle to counter the displacement of low-income and working class residents by development and gentrification, and address concerns about affordable housing and living wage jobs. For these organizations, the ideal scenario would be for local, state, and federal government agencies to enact policies that would address these issues, rather than community groups struggling, project by project, to negotiate CBAs. As Gilda Haas (2007) explains in her discussion of the L.A. Live CBA, “So here’s the good news…: The developer, AEG, has acted with integrity, has lived up to the terms of the agreement, and, in 2005, joined forces with the Coalition to take on another developer who tried to evade the pact.” Since the L.A. Live project CBA, FCCEJ has negotiated other positive agreements with the City of Los Angeles, but as Haas (2007) explains, “while piecemeal agreements are important to our community, they remain insufficient responses to such a large-scale problem.”

Haas (2007) points out that even though CBAs produce important benefits, the development projects contribute to “market conditions” of upscale housing and commercial activity that drive out community residents. Harold Meyerson (2006b) reaches a similar conclusion on CBAs: “This is, of course, justice by increments, but in the absence of a federal government interested in raising the minimum wage, providing health coverage for all, or enabling workers to join unions, incremental justice is as good as it gets.”
ENDNOTES

1) L.A. Live will cover 27 acres, or six city blocks, with 4 to 5.6 million square feet of development. Included will be the Nokia Theatre, a “230,000 square foot, 7,100-seat venue” for live performances; Club Nokia for live performances with a 2,400 person capacity; “110,000 square foot showcase studio and regional headquarters is planned for ESPN”; restaurants, nightclubs, bowling, multi-screen movie theater; Grammy Museum; office space; 40,000 square-foot Nokia Plaza; convention center hotels and condominiums; 5,300 parking spaces (L.A. Live n.d.; Roth 2007).

2) The 54-story convention center hotel designed by the Gensler architecture company will include JW Marriot and Ritz-Carlton hotels with a combined total of 1,001 rooms. 224 condominiums will be in the Ritz-Carlton Residences from the 27th to the 54th floors (Roth 2007).

3) General information on the LAX and San Diego Ballpark Village Project negotiations for the Community Benefit Agreements (CBA) obtained from a dissertation in progress by Murtaza Baxamusa (USC, Planning School) on these two CBAs. See Sarah Grady with Greg Leroy (2006) for a description of six CBAs, four in California, one in Milwaukee and one in Denver. The Grady and Leroy (2006) report is published by Good Jobs First, “a national clearinghouse tracking best practices in economic development” (Purinton et al. 2003:1). The site (www.goodjobsfirst.org) lists a number of reports on economic redevelopment and linkages between city subsidies and developer requirements dealing with wages, worker health care, and other issues.
REFERENCES


L.A. Live. n.d. 7-page information packet passed out at the June 1, 2007 hotel groundbreaking ceremony.


Saito, Leland. 2004. Fieldnotes from the December 12, 2004 Ad Hoc Committee on the Convention Center Hotel meeting. Los Angeles City Hall.


Workers and Communities, The New World Foundation.