

City.

R3.2 Create a relocation assistance fund.

Create a fund to provide relocation assistance for tenants who must vacate slum properties. For example, when the owner is required by law to pay relocation assistance and doesn't, the City would pay the relocation assistance and then get a lien on property for the amount paid plus a penalty.

R3.2.1 Research programs in other cities, such as Sacramento, that have relocation assistance funds for slum properties that are being vacated.

R3.3 Prevent homelessness when slum properties are vacated.

In an effort to prevent homelessness when slum properties are vacated, enlist City and County departments responsible for building closures to develop procedures for timely notification of closures to tenants and to government and nonprofit agencies that provide housing and social services to displaced tenants (LAHD, Los Angeles Fire Department, Department of Building and Safety, Los Angeles City Attorney Nuisance and Slum Abatement Programs, County Department of Health Services and others as appropriate).

R3.3.1 Create a rapid response team for building closures.

Designate a rapid response team to notify tenants of impending building closures, counsel them on their rights under the law, and screen them for needs related to finding new housing. Investigate the possibility of obtaining emergency, temporary rental assistance vouchers (90 days) to assist tenants in relocating.

R3.4 Create a City relocation loan program.

Create a relocation loan program to assist owners with relocation assistance when evicting tenants to rehabilitate properties. In exchange for the loan, property owners would have to agree to sign a regulatory agreement making a portion of the units in the building permanently affordable to low-income tenants without overcrowding.

R3.5 Develop a source of funding for the loan and relocation assistance program.

The possible sources of funding for the loan and relocation program include a linkage fee on commercial development, the City general reserve fund, the code enforcement penalty set-aside among others.

R 3.5.1 Track and actively support the development of state legislation to create relocation assistance fund available to tenants displaced from buildings being vacated due to severe, life-threatening code violations.

REQUIRE AFFORDABLE REPLACEMENT HOUSING FOR DEMOLISHED AFFORDABLE HOUSING

Require replacement of affordable housing when such housing is demolished for civic and civic-approved projects, such as new schools, commercial and entertainment centers, monuments, etc. Additionally, when affordable and rent stabilized housing is demolished to build market rate housing, require the developer to set aside a percentage of new units for low-income tenants or pay in-lieu fees to develop affordable housing (See Funding 2.1).

R4.1 Propose legislation to reduce the time that substandard properties remain delinquent tax rolls before they can be offered for sale.

The County should authorize the sale of tax defaulted properties at less than the amount of the tax lien to buyers willing to sign long-term affordability covenants.

R4.3 Provide tax relief to new owners of tax delinquent properties who agree to make units affordable.

Propose state legislation to allow back tax relief for new owners (nonprofit and for profit) who purchase slum properties with large tax liens. This relief would be conditioned on regulatory agreement requiring rents to be affordable to the poorest tenants without overcrowding.

R4.4 Require bank receivers of slum property to notify the court of serious habitability violations that cannot be addressed without the investment of

additional funds.

Propose state legislation to require bank receivers of slum property to notify the court serious habitability violations that cannot be addressed without the investment of additional funds. Require the court to take appropriate action (i.e., the bank or owner would be required to lend money to address conditions or terminate or place a time li on the receivership).

R4.5 Develop a replacement policy for demolition of affordable rental housing.

Research current City policies on replacement housing and develop a policy to ensure one-to-one replacement of affordable rental housing when housing is demolished due civic projects, such as building schools, commercial and entertainment centers, etc. T policy should include a requirement that replacement housing meet the needs of the families that are being displaced.

R4.5.1 Use inclusionary zoning to ensure replacement of demolished affordable units in market rate residential construction.

When affordable and rent stabilized housing is demolished to build market rate housin require the developer to set aside a percentage of the new units for low-income tenant or pay in-lieu fees to develop affordable housing.

R4.6 Monitor development of new schools and civic projects to minimize demolition of affordable housing and require replacement housing for civic projects.

Create a new position or committee within the LAHD to track and ensure that civic projects do not result in affordable housing loss. The Rental Housing Subcommittee is particularly concerned about the Los Angeles School District's (LAUSD) plans to creat 150 new schools in residential districts and about the proposed City of Angels project i downtown Los Angeles. Both plans include sites with rent stabilized housing. LAHD should encourage consideration of sites that minimize the loss of affordable housing. I housing is demolished, there must be a corresponding replacement of affordable housing.

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R5. REVIEW SYSTEMATIC HOUSING CODE ENFORCEMENT AND COMPLAINT DRIVEN PROGRAMS

R5.1 Prepare a status report on the Systematic Code Enforcement Program.

By July 2000, instruct LAHD to prepare a status report on both the Systematic Code Enforcement Program (SCEP) since its inception, and the complaint driven program since its transfer to LAHD from the Department of Building and Safety. The status rep should include a discussion of coordination between the two programs.

R5.2 Create incentives to retain code enforcement inspectors.

Research and develop incentives to attract and retain inspectors who are leaving LAH to take less demanding positions with equal pay with the Department of Building and Safety. Include a review of inspector safety concerns that may be causing some inspectors to leave.

R5.3 Identify funds to continue the Systematic Code Enforcement Program.

Identify a source of funding for the continuation of the Systematic Code Enforcement Program (SCEP) if the City appeal of the Court decision in the lawsuit by the Apartme Association of Greater Los Angeles (AAGLA) is ultimately unsuccessful. The Court rul that the fee charged by SCEP is subject to a public vote under the provisions of Proposition 218. The appeal has been accepted for review by the California Supreme Court.

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R6. INCREASE INCENTIVES FOR OWNER INVESTMENT IN AFFORDABLE HOUSING

Increase the incentives for owner investment in the development and rehabilitation of affordable housing and make finance more available including. The types of available finance should include low and no interest loans, City bond financing, tenant subsidies tax credits, property tax exemptions, and waivers of construction permit fees. **R6.1 Encourage private sector lending to rehabilitate slum properties.**

Encourage the Mayor to work with the banks participating in the Lender's Summit to provide loans, particularly much needed micro-loans, to help rehabilitate slum property and to purchase smaller multifamily properties in problem areas.

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R7. EXPLORE THE CREATION OF A MANDATORY CERTIFICATION PROGRAM FOR RESIDENT MANAGERS

State law currently requires that rental properties with 16 or more units must have a resident manager on site, but there is no requirement that resident managers be certified in rental and fair housing laws. Many violations of law occur due to a resident manager's lack of knowledge of these laws and of the requirements for legal notice. This lack of knowledge is detrimental to both tenants and apartment owners. Certification program should be available at low cost (possibly through community colleges and adult school) to develop a qualified pool of employees.

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R8. INCORPORATE THE CREATION AND PRESERVATION OF ACCESSIBLE RENTAL HOUSING FOR THE DISABLED INTO THE CITY HOUSING PLAN

R8.1 Provide funds or loans to property owners who are willing to make 25 percent of their units accessible for people with disabilities and to make half of the accessible units affordable to disabled individuals on SSI.

Provide funds or loans for owners of existing decent and affordable multifamily units who are willing to make 25 percent of the units accessible and/or adaptable for people with physical disabilities and at least 50 percent of those at rents affordable to disabled individuals on SSI (Supplemental Security Income) which is about \$8,000 per year. Such rents would need to be \$200 or less per month for an individual.

R8.2 Create a joint effort between the Department on Disability and the Housing Department to provide information on accessible housing in general and in particular, accessible housing affordable to individuals on SSI (Supplemental Security Income).

R8.2.1 Create a current list of accessible and adaptable units.

Survey and create a current list of accessible and adaptable units in the City. This list will be used to help people with disabilities find accessible dwellings. Consider working with the County to develop a City-County database.

R8.2.2 Include group homes for disabled persons in new programs and in research studies undertaken to prevent loss of units. Ensure that newly constructed housing is programmatically and architecturally accessible for people with disabilities.

R8.2.3 Include relevant legal and nonprofit agencies in joint efforts affecting housing for people with disabilities.

R8.3 Ensure review of accessibility compliance during plan check and new construction building inspections.

Direct the Department of Building and Safety to check new housing developments for compliance with accessibility requirements. Create incentives, such as fee reductions, encourage landlords of multifamily units to make a certain percentage of units accessible to disabled persons when properties are renovated. Make a greater effort to educate developers and apartment owners about the City's existing Affordable Housing Incentives Program which offers a 25 percent density bonus option requiring fewer units than the state law if the units are accessible to and affordable for disabled individuals and families dependent on SSI (rents about \$200 per month).

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R9. ENHANCE EXPANSION OF THE STATE LOW INCOME HOUSING TAX CREDIT AND LIMIT TO PRODUCE PROVIDED AFFORDABILITY TO MULTIFAMILY UNITS

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Any available portion of the federal expansion will be used to provide additional affordable multifamily units.

When the Housing Authority's waiting list was finally opened in 1998, 153,000 families, 10 percent of all the City's households, signed up. The waiting list is now 10 years long. It is critically important that the federal government expand the City's allocation of Section 8 subsidies to ensure that the City's residents can afford decent housing.

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BR1.1. CREATE A CITY ATTORNEY POSITION DESIGNATED TO WORK FULL TIME WITH THE HOUSING DEPARTMENT TO PURSUE CIVIL REMEDIES TO ENFORCE THE CITY'S RENT STABILIZATION ORDINANCE AND OTHER RELATED ORDINANCES

LAHD's work raises so many legal issues that have to be addressed by a City Attorney that a city attorney should be permanently assigned to the department. This will ensure that all civil matters arising out of rent stabilization and other housing department operations will be addressed in a timely manner by an attorney who is expert in housing law.

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BASIC RESEARCH SUBCOMMITTEE

Summary of Recommendations

- BR1 COMPLETE AND ADOPT THE CITYWIDE HOUSING POLICY
- BR2 CREATE A RESEARCH UNIT
 - BR2.1 Create an LAHD "Rapid Response" data analysis system.
 - BR2.2 Conduct research for the Rent Stabilization Division.
- BR3 RESEARCH ZONING BARRIERS TO THE DEVELOPMENT OF AFFORDABLE HOUSING
- BR4 EVALUATE POLICY ALTERNATIVES TO ENSURE ADOPTION OF EFFECTIVE POLICIES AND PROGRAMS
- BR5 EVALUATE LAHD DESIGN GUIDELINES FOR CONSUMER SATISFACTION AND COST EFFECTIVENESS
 - BR5.1 Conduct a consumer satisfaction survey.
 - BR5.2 Conduct a cost-benefit analysis of design mandates such as garden-style apartments.
 - BR5.3 Review LAHD's written guidelines and revise based on findings of surveys and literature review.
 - BR5.4 Assess compliance with and effectiveness of the accessibility and adaptability guidelines
- BR6 NOTIFY AFFORDABLE HOUSING DEVELOPERS WHEN PUBLICLY OWNED SITES ARE MADE AVAILABLE FOR PURCHASE
- BR7 MONITOR IMPLEMENTATION OF COST EFFECTIVE ENVIRONMENTAL PROGRAMS FOR HEALTH HOMES AND SUSTAINABLE BUILDING THAT COULD BE ADOPTED IN LOS ANGELES
- BR8 EVALUATE THE PERFORMANCE OF ALL CITY-FUNDED HOUSING PROGRAMS

RECOMMENDATIONS OF THE BASIC RESEARCH SUBCOMMITTEE

The Los Angeles Housing Department (LAHD) oversees the annual expenditure of about \$45 million in housing production funds. In 1998, LAHD financed 20 percent of all new units constructed in the City and half of all multifamily construction. This makes LAHD a major player in the City's housing market. Many of the actions that might be taken to alleviate the City's crisis of housing affordability rely upon LAHD for implementation. The department's ability to act swiftly and decisively in this crisis depends a great deal upon the quality of information at its disposal, and on the extent to which its actions are guided by a comprehensive housing policy.

When designing new programs, the Housing Department needs current information on housing market conditions, income, and other factors affecting the City's residents. It is

not enough to rely on decennial Census data to monitor housing conditions in the City. This data is out of date almost as soon as it is released and as time goes on projections from this data become more and more inaccurate. Furthermore, current data on the City's housing market are absolutely critical to the Rent Stabilization Division's ability to administer the Rent Stabilization Ordinance and to the City's ability to adopt policy initiatives needed to ensure an adequate supply of affordable rental and owner housing. Therefore, LAHD needs to collect data on an ongoing basis and enter it into an integrated database that can analyze a wide range of housing and demographic variables.

Policy and program planning and implementation rely upon accurate data about the City's housing stock, about social and economic conditions in the City and the performance of the City's housing programs. LAHD often has to react quickly to policy initiatives at the state or federal level that affect the City's housing conditions. Cooperation from those City agencies that also provide housing (Community Redevelopment Agency, Housing Authority of the City of Los Angeles and the Los Angeles Homeless Services Authority) is essential.

As a major financier of affordable housing, the City is able to impose guidelines for unit and building design and materials cost and quality. Even when these are based on well-accepted principles, the department must survey the tenants who live in these buildings to discover how they are affected by the design and materials and survey developers and contractors on the costs in time and money of adhering to the guidelines. Without this essential feedback, the City cannot know whether its housing programs produce projects that are efficiently built to meet the needs of the residents.

It is clear that LAHD needs to maintain a fully-staffed Policy and Planning Unit and reestablish an active Research Division to respond to the many challenges facing the City and its residents.

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BR1. COMPLETE AND ADOPT THE CITYWIDE HOUSING POLICY

The development of a citywide housing policy is one of the principal responsibilities of the Affordable Housing Commission. This policy is in draft form and should be completed and adopted.

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BR2. CREATE A RESEARCH UNIT

BR2.1 Create an LAHD "Rapid Response" data analysis system.

Create a template/format for data analysis where new information can be assessed automatically to provide immediate analysis. Hire staff dedicated to this purpose. The template will require the design of a system for collecting and analyzing housing data that allows LAHD to track housing conditions and make program recommendations to meet changing conditions. The following data sources should be considered for incorporation into the system:

- Census data
- American Housing Survey
- Citywide affordable housing units with the subsidy program expiration dates
- City data (HOPWA study, code enforcement data, LAHSA, CRA, HACLA)
- Homeless count (source: Shelter Partnership)
- Code Enforcement databases
- LAHD program performance

BR2.2 Conduct research for the Rent Stabilization Division.

Conduct ongoing research for the Rent Stabilization Division by designing a system that gathers and analyzes data on rent stabilized units. This will enable LAHD to monitor the effectiveness of the rent stabilization program. Make the data available on the City's website.

Examples:

- Rent stabilized rent surveys - to monitor how much tenants are actually paying rent in Los Angeles
- Asked-for rent surveys - which provide information on market-rate rents
- Analysis on household income of rent stabilized units.
- Vacancy rates across the city (provided by DWP and available on LAHD's web site)
- New construction data citywide (provided by Building and Safety and available the Planning Department's web site)
- Yearly changes in the Consumer Price Index
- Demolition data on residential units (provided by Building and Safety)

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BR3. RESEARCH ZONING BARRIERS TO THE DEVELOPMENT OF AFFORDABLE HOUSING

LAHD should conduct ongoing research on barriers in the zoning code to the development of affordable housing and identify changes acceptable to the community that would remove barriers to housing development or rehabilitation.

The Planning Department has identified underutilized commercially zoned strips as areas where affordable multi-family housing could be developed. Immediate research is needed on the adaptive reuse of vacant and underutilized commercially zoned property outside downtown to remove barriers to residential conversion. Downtown's loft conversions should be used as a model in developing standards to the extent applicable. In adaptive reuse programs, the grandfathering in of existing nonconforming uses is essential to ensure that projects are not made infeasible by the application of current parking requirements and other requirements to an existing building.

The city should explore the sale of air rights in residential areas using the model of Downtown's sale of air rights to increase density for specific buildings without increasing overall city or neighborhood density. For example, a single family home owner on a lot zoned for multiple dwellings could sell air rights to a nearby affordable housing building.

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BR4. EVALUATE POLICY ALTERNATIVES TO CURB THE EFFECTS OF EFFECTIVE POLICIES AND PROGRAMS

The City redesigns existing programs and develops new initiatives in response to changes in the economy and local, state and federal policies. For example, in the case of distressed properties, the challenge for local government is how to best assist developers of affordable housing to secure and restore these properties. The possible options for solutions include receivership programs and auctions of tax delinquent properties. How can local government best assist developers of affordable housing to secure and restore these properties?

Another example of the need for evaluation of program alternatives can be found in the issue of barriers to housing rehabilitation. LAHD current funding policy prioritizes purchase and rehabilitation rather than new construction. But there are many barriers to successful rehabilitation of older housing that must be addressed and mitigated. These include: (1) overcrowding, (2) relocation costs, (3) unit reconfiguration (for the population that will live in the building), (4) environmental hazards (lead and asbestos), (5) seismic reinforcement, and (6) existing substandard building code notices.

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BR5. EVALUATE LAHD DESIGN GUIDELINES FOR CLARITY, FEASIBILITY, AND COST EFFECTIVENESS

BR5.1 Conduct a consumer satisfaction survey.

LAHD's design guidelines were developed to enhance neighborhoods by creating well designed, quality homes, but no formal "satisfaction survey" has been conducted of residents in these buildings. Tenants and managers of housing developed with LAHD funds should be surveyed about the quality and utility of unit design and common space.

features such as the community room, open spaces, placement of laundry rooms and other features.

BR5.2 Conduct a cost-benefit analysis of design mandates such as garden-style apartments.

LAHD guidelines promote garden style apartments and impose many other requirements on contractors and developers. However, these designs may not be the most cost effective given funding constraints, land availability and densities of development. A cost study should be conducted that includes a survey of developers and contractors and review of the department's project records. This information should be compared with consumer satisfaction studies to determine both the cost and the benefit of guidelines.

BR5.3 Review LAHD's written guidelines and revise based on findings of survey and literature review.

Review current published design guidelines and best practices manuals and revise LAHD's design guidelines based on the consumer survey, cost effectiveness study and literature review. The documents reviewed should include: Architectural Design Guidelines, Crime Prevention Through Environmental Design-Design Guidelines: "Design Out Crime," Good Neighbors, Housing That Supports Stable Communities, Fit Home Guidelines for Building LA's Small Sites and the City's current policies and NOF requirements.

BR5.4 Assess compliance with and effectiveness of the accessibility and adaptability guidelines.

It is crucial to understand whether accessibility and adaptability guidelines are being followed and whether they work for disabled occupants.

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BR6. A CITY AFFORDABLE HOUSING DEVELOPER - JOINT PUBLIC AND PRIVATE OWNERSHIP MODEL AVAILABLE FOR PURCHASE

Establish a standardized mechanism to notify affordable housing developers when sites suitable for residential development that are owned by the City of Los Angeles and other public entities, such as the Los Angeles Unified School District, the Department of Water and Power and others become available for purchase.

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BR7. MONITOR IMPLEMENTATION OF COST EFFECTIVE ENVIRONMENTAL PROGRAMS FOR HEALTHY HOMES AND SUSTAINABLE BUILDING THAT COULD BE ADOPTED IN LOS ANGELES

LAHD should monitor pilot programs and experiments for more cost effective environmental programs. For example, Esperanza Community Housing Corporation a Strategic Actions for a Just Economy (SAJE), are conducting a pilot program of the Healthy Homes concept and its incorporation of Section 3 local hiring jobs within the local community. Examples of Healthy Homes programs include: education on the health effects of molds in damp living quarters, childhood asthma and its relation to vermin infestations, and chipping and peeling paint and the effects of elevated blood lead levels in early childhood development. There are also a number of sustainable building practices that should be evaluated for adoption by affordable housing programs in Los Angeles.

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BR8. EVALUATE THE PERFORMANCE OF ALL CITY FUNDED HOUSING PROGRAMS

Regular evaluation ensures that City housing programs deliver prompt and effective services to meet the City's housing goals. The programs that should be evaluated include, new construction and rehabilitation programs, homeownership programs, the Handyworker program, Neighborhood Preservation and Recovery programs and the Targeted Neighborhood Initiative. Consult developers, contractors and others on the timeliness and accuracy of loan commitments, closing and processing including the payment of construction draws and consulting contracts. The timely completion of regulatory agreements should also be evaluated.

Include among other items reviewed, the total number of units funded, affordability to

residents, rate of payback on loans and the long-term benefits of the use of LAHD fun
MATRIX

The attached matrix lists the various data resources cited in the recommendations.

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ECONOMIC DEVELOPMENT SUBCOMMITTEE

Summary of Recommendations

- ED1 HELP THE WORKING POOR INCREASE THEIR INCOME
 - ED1.1 Assess current public job training programs to determine effectiveness and adequacy to serve more people.
 - ED1.2 Conduct an outreach program to prospective employers and employees.
- ED2 EDUCATE THE CITY'S WORKERS
 - ED2.1 The City must ensure that literacy and English as a Second Language programs are available for all workers who need them.
 - ED2.2 The City must seek all federal programs available to help immigrants acquire employable skills.
 - ED2.3 Vastly improve the city's primary and secondary education system.
- ED3 LAUNCH A CITYWIDE INFORMATION AND EDUCATION PROGRAM
 - ED3.1 Educate the City's residents on the need for affordable housing.

RECOMMENDATIONS OF THE ECONOMIC DEVELOPMENT SUBCOMMITTEE

The City's crisis in housing affordability arises largely out of the widening gap between wages and housing prices. During the last 20 years, Los Angeles' economy has been restructured from a manufacturing economy rich in industrial and aerospace jobs to a service economy with well paid professionals on one side of the wage scale and low wage data entry clerks, janitors, cooks, and teacher aides on the other side. With a booming economy, the problem for workers isn't unemployment, it is earning enough to afford the City's rental housing without paying half or more of income in rent. Manufacturing jobs haven't disappeared, but they have changed their nature, from high wage unionized jobs in auto and tire factories to \$10 per hour jobs in furniture, computer and other assembly plants. In the construction industry, unionized workers earn high wages and good benefits but most residential construction in the City is non-union with painters, roofers and laborers earning about \$10 per hour without benefits. Child care workers only earn seven or eight dollars an hour. Beginning teachers earn about \$12 hour.

Housing costs have risen much more rapidly than wages. This year in Los Angeles, the "fair market rent" recognized by the U.S. Department of Housing and Urban Development is \$766 per month for a two-bedroom apartment. In order to keep housing costs within 30 percent of income, a national standard for affordability, a worker must earn \$14.90 per hour, or \$31,000 per year. A minimum wage worker only earns \$13,500 per year and even the beginning teacher only earns \$25,000 per year. High housing costs restrict the family's capacity to purchase other essential goods and services. The 1990 Census found that 92 percent of all low-income renter households were paying 5 percent or more of their incomes for rent. These 162,000 households made up 15 percent of all City households in 1990.

The use of public subsidies to make housing more affordable helps both renters and owners. All home buyers take advantage of the income tax deduction for mortgage interest. Only a portion of all renters are both eligible for and able to receive a rental subsidy. So the solution to high housing costs for renters is two-fold. These households need greater access to affordable housing but they also need help to increase their earnings. In a survey of employers about the skills of entry-level employees, basic English was identified by 41 percent of employers as a skill lacking at the entry level.

Low wage workers also need to increase their technical skills. As computers are more and more integrated into our daily lives, auto mechanics, sales clerks and teacher aid

all need to understand this technology. Nearly all office jobs require competence in computer operation. Even assembly jobs may require the use of a computer to read shop drawings or manuals. Good English skills and well designed technical education programs are the keys to enhancing worker incomes.

Affordable housing is a crucial factor in the City's expanding economy. Without affordable housing for its workers and programs to enhance worker skills, the City's economic growth may falter.

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ED1. HELP THE WORKING POOR INCREASE THEIR INCOME.

Higher paying jobs increase the ability of Los Angeles residents to pay higher rents and also stimulate the production of new housing units. But better-paying jobs require skill and well-trained workers. The majority of workers who now comprise the City's working poor lack the skills and education to get high-paying jobs.

ED1.1 Assess current public job training programs to determine effectiveness and adequacy to serve more people.

The current employment and job training programs of the City may need to be expanded to fill the needs of a growing workforce. Quantitative need for such programs must be identified to develop more far-reaching programs equal to the needs of the City's residents.

ED1.2 Conduct an outreach program to prospective employers and employees.

Statistics show that there is a lack of awareness and overall acceptance of the services of the Employment Development Department (EDD) and the One-Stop Centers. The services are provided for free, the labor pool is broad, and training can be used to enhance skills to match employer needs. Through an educational outreach program, both EDD and One-Stop Centers must implement an ongoing and focused marketing effort to become recognized resource centers for employer recruiting and training needs.

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ED2. EDUCATE THE CITY'S IMMIGRANTS

Between 1990 and 1998, 900,000 immigrants from all over the world moved to Los Angeles County, an average of 113,000 people per year. More than 84 different languages are now spoken in the City and County. For those immigrants who join the workforce, mastery of spoken and written English is a critical skill and should be included in all worker training programs serving immigrant workers. Low wage workers also need opportunities to learn a wide variety of technical skills to improve their earning capacity. In order to enhance its resources, the City should seek funds from all possible sources to educate its workers.

ED2.1 The City must ensure that literacy and English as a Second Language programs are available for all workers who need them.

ED2.2 The City must seek all federal programs available to help immigrants acquire employable skills.

ED2.3 Vastly improve the city's primary and secondary education system.

The public school system has the responsibility for providing basic educational skills, including reading and basic mathematics, and should use more of its resources on these objectives.

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ED3. LAUNCH A CITY-WIDE INFORMATION AND EDUCATION PROGRAM

There is good reason to believe that the majority of the general public is unaware of the extent to which both middle and low-income households are affected by the shortages of affordable housing. Solving the shortage of affordable housing will be very difficult without public support.

ED3.1 Educate the City's residents on the need for affordable housing.

The City must launch a program to educate its residents on the need for affordable housing for both low and middle income households and demonstrate that this housing can enhance, rather than detract from neighborhood quality and stability. The education program must be ongoing to be effective (See also 8.1, 8.2 and 8.3 in the Land Use and Planning Subcommittee Recommendations).

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The Other Los Angeles

EXECUTIVE SUMMARY

Los Angeles for many people evokes scenes of Hollywood glamour and a luxurious life by the beach. But millions of residents know the other L.A., where work does not even guarantee decent pay and good health care, let alone SUVs and swimming pools.

Indeed, one in four workers in Los Angeles County is poor, defined in this report as qualifying for government assistance. Over one million Angelenos were among the working poor in the late 1990s (an average of 1997 and 1999 survey data): janitors, maids, teachers, health practitioners, sewing machine operators, actors, parks and recreation workers, parking lot attendants. While overall employment in Los Angeles increased by only 2 percent during the 1990s, the number of working poor, as defined in this report, increased by 34 percent. (In this report, "Los Angeles" refers to the County unless otherwise indicated.)

In spite of these trends—or perhaps because of them—Los Angeles has generated some of the most innovative responses to the problem of low-wage work and working poverty. Community-based organizations are exposing illegal working conditions at restaurants in Koreatown; a revived labor movement organized 90,000 new members in 1999 alone; a local coalition of community groups, clergy and labor unions worked to pass a living wage law for the City of Los Angeles and Los Angeles County. If Los Angeles epitomizes the problem of working poverty more than any other metropolitan area in the United States, it also points us towards solutions for the 21st century.

Defining Poverty for This Report: A More Realistic Assessment of Need

The official Federal Poverty Level has been widely criticized for substantially understating the needs of families, thus resulting in underestimates of the extent of poverty. By this federal measure, a family of four would be considered poor only if they had an income of less than \$16,700 in 1998.

In this report, we have set a more realistic, "needs-based" poverty threshold, based on two criteria: the income levels at which families are still eligible for government anti-poverty programs, and the actual cost of living in Los Angeles. We have determined this threshold to be 200 percent of the Federal Poverty Level.

Accordingly, the working poor are defined here as individuals with a total family income below 200 percent of the Federal Poverty Level. (For a family of four, this was \$33,300 in 1998.) A working poor family must have at least one member who reported income from work in the last year.

Poverty and Economic Inequality Are on the Rise in Los Angeles

In spite of the economic recovery, poverty in Los Angeles is worse than it was in 1990. Since the mid-1990s, Los Angeles has added 384,000 jobs and cut the unemployment rate from a high of 9.8 percent in 1993 to a low of under 6 percent in 2000. Nevertheless, over the 1990s, poor families rose from 36 percent to 43 percent of the population in Los Angeles, and now account for some 4.1 million residents, according to our needs-based poverty threshold. In the next recession, half of the residents of Los Angeles could be considered poor by our poverty threshold, which means they would be eligible for government anti-poverty programs.

The official Federal Poverty rate, a more dire assessment of need, also rose over the 1990s in Los Angeles, from 16 percent in 1990 to 24 percent in 1995, falling to just under 20 percent by the late 1990s. Poverty as defined by both measures is significantly higher—and increased more during the 1990s—in Los Angeles than in California as a whole. Meanwhile, the Federal Poverty rate in the United States declined slightly over the past decade.

The stereotypical view that people are poor because they do not work is discredited by the evidence in this study. In the late 1990s, 64 percent of all Los Angeles' poor adults and children, as defined by this study's poverty threshold, lived in a household in which at least one member worked *full-time*. This proportion is greater than it was in 1990 (60 percent), and is greater than the current percentage for California as a whole (58 percent). Almost half of adults below our poverty threshold worked. A greater share of poor adults in Los Angeles work today than did in 1990, and a greater percentage of poor adults work in Los Angeles than do in California as a whole.

Inequality is worsening as most of the increased income and wealth from the new economy is accruing to a small group at the top. During the 1990s, inequality between the top 20 percent and the middle 20 percent of earners in Los Angeles grew significantly. In the late 1990s, the richest 20 percent of Angelenos earned almost four times what the middle 20 percent earned, an increase of 17 percent from 1990. Our analysis looks solely at income from work and does not measure wealth inequality, which is also growing at a rapid pace nationwide. Nationally, the net worth of the top 1 percent swelled by 17 percent (when adjusted for inflation), while the bottom 40 percent lost an astounding 80 percent of their net worth. In 1997, the top one percent of US households owned 40 percent of the nation's wealth. This polarization of rich and poor is starkly evident in Los Angeles.

Who Are the Working Poor in Los Angeles?

The working poor in Los Angeles are increasingly middle-aged. During the 1990s, the number of working poor in Los Angeles ages 36 to 50 rose over three times as fast as the total number of workers in this age group. This trend is particularly dramatic considering these are the years when many workers reach their full earnings potential.

The vast majority of the working poor work full time. Seventy-seven percent of the working poor in Los Angeles work full time, only slightly less than the 83 percent of all employed persons who work full time.

People living in two-adult households with children are the most likely to be members of working poor families in Los Angeles. About 45 percent of people in such households were members of working poor families, compared to 33 percent in California. Members of this

group in Los Angeles totaled 2.4 million in the late 1990s, 80 percent of the three million people in working poor households.

Though the working poor in Los Angeles come from many backgrounds, Latinos are over-represented. While Latinos make up 40 percent of the Los Angeles workforce, they account for 73 percent of the working poor. In every industry and occupation, Latinos constitute a far greater proportion of poor workers than their proportion of the general workforce. The number of working poor Latinos rose twice as fast as the number of Latinos in the labor force in Los Angeles in the 1990s.

Foreign-born non-citizens are more likely to be among the working poor. Sixty-three percent of the 1.1 million working poor in Los Angeles are foreign-born non-citizens, although they represent only 31 percent of the workforce.

Working poverty in Los Angeles is striking those with less education harder. Nearly seven out of ten people in Los Angeles with no high school education were working poor in the late 1990s. The chances of being working poor increased substantially during the 1990s for all groups with a high school degree or less.

The Changing Economy Is Generating More Working Poor in Los Angeles

The rise in working poverty is linked to changes in the Los Angeles economy over the past two decades, including the increase in service sector jobs and the decline in durable manufacturing jobs.

Employment in the service sector (e.g., motion pictures, business services, health care, hotels) has increased by almost 50 percent over the past 15 years, creating both well-paying and poor-paying jobs. While manufacturing employment as a whole has declined—and has suffered particularly from large losses in such high-paying industries as aerospace—Los Angeles remains the largest manufacturing center in the country. Lower-paying, non-durable manufacturing industries, such as garment and food processing, have experienced moderate growth since the 1980s. Finally, the relentless expansion of the retail and restaurant industries led to the largest increase in working poor jobs of any sector.

Workers employed in manufacturing and service jobs are more likely to be poor in Los Angeles than in the U.S. One-third of Angelenos who work in manufacturing are poor, as opposed to 16 percent nationally. Similarly, 51 percent of workers employed in the personal service sector in Los Angeles are among the working poor, as opposed to 31 percent in the country as a whole.

The following industries account for 80 percent of the working poor in Los Angeles:

- ∅ Manufacturing: 245,000 working poor, with over 90,000 in the apparel industry alone.
- ∅ Retail: over 218,000 working poor, with restaurants and bars employing about half of this group.
- ∅ Professional Services: 136,000 working poor, with 53,000 in education and 46,000 in hospitals and medical establishments

- ∅ Personal Services: 98,000 working poor, including hotel workers and domestics.
- ∅ Business Services: 93,000 working poor, including janitors, security guards, and temp agency workers.
- ∅ Construction: 80,000 working poor.

Low pay, rather than part-time work, contributes more to low earnings among the working poor. In each of the five industries that together account for 63 percent of all the working poor in Los Angeles, part-time workers account for no more than 25 percent of the workforce. Part-time employment of the working poor is significant in personal services and professional services, however.

Seven of the ten fastest growing occupations in Los Angeles pay an average of less than \$8.50 an hour. The rapid creation of low-paying jobs suggests that improving education alone will not solve the problem of working poverty.

Low Rates of Unionization Contribute to Working Poverty

Unionization rates are lower among the working poor than they are among higher-income working people. In the late 1990s, 4 percent of Los Angeles' working poor were covered by a collective bargaining agreement compared to 22 percent of other workers. In addition, the average income of unionized workers in Los Angeles was 20 percent greater than that of non-union workers.

Rates of working poverty are lowest in industries that have high rates of unionization, such as transportation and public administration. Similarly, rates of working poverty tend to be highest in sectors that have low rates of unionization, such as retail and personal services. However, rates of working poverty are considerable in construction despite high rates of unionization, indicating large disparities between union and non-union pay scales in that industry.

Working Poverty and the Crisis in Health Care

Poor workers in Los Angeles are more likely to lack health benefits than are the working poor in the rest of California and the U.S. Fifty-nine percent of Los Angeles' working poor do not have health care coverage. Half of poor workers who lack health insurance have children, suggesting dire consequences for many families. Low rates of health insurance span all industries.

Los Angeles trails the state and the nation in the rate of employer-provided health insurance. Most health insurance is provided through employers. But employer-provided health insurance covers only about half of Los Angeles' working age population, compared to 60 percent in California as a whole and 68 percent in the United States.

Unionized workers have high rates of health care coverage. Eighty-eight percent of Los Angeles workers who are covered by a collective bargaining agreement have health

insurance. Los Angeles' non-union workers, who comprise more than 80 percent of the workforce, are less likely to have health care coverage than their non-union counterparts in the state or nation.

Los Angeles' uninsured are more likely to be employed by small firms, yet a surprising number of large firms also employ uninsured workers. In the largest firms (over 500 workers) in Los Angeles, some 42 percent of working poor employees do not have health insurance.

Latinos are over-represented among those in Los Angeles lacking health insurance. Latinos comprise 61 percent of those lacking health insurance in Los Angeles, even though they account for only 42 percent of the county's working age population. Latinos constitute 78 percent of the uninsured working poor, even greater than their 73 percent share of the working poor. Lack of health insurance for Latino workers and their families is a problem across the country.

A Reinvigorated Labor Movement Joins with Community Groups to Tackle Working Poverty in Los Angeles

Workers and community groups in Los Angeles are on the cutting edge of trying to improve the lives of the working poor. A reinvigorated labor movement won national attention in April 2000 when thousands of mostly immigrant janitors took to the streets to fight for a contract that would bring them out of poverty. The largest single union organizing victory since the 1930s took place in 1999 in Los Angeles, with 74,000 low-wage home health care workers winning representation. A coalition of clergy, labor and community groups fought to raise wages for the 10,000 service workers—such as airport security guards, janitors and food service workers—who work for city contractors or on city-owned land. Immigrant rights groups are seeking to improve the plight of restaurant workers, day laborers and others on the margins. A region-wide coalition of community organizations and unions has organized to bring quality jobs to welfare recipients, as well as job training and placement in high-paying multimedia professions to inner-city residents. Such initiatives need to be supported by local, state and national policies that put the needs of struggling families at the forefront.

A New Policy Agenda to Make Work Pay

This country needs a strategy to make sure that the economy works for everyone. That means raising the minimum wage, supporting living wage ordinances where appropriate, and ensuring the right to organize in the workplace. Government programs to assist the poor, like food stamps and low-income housing subsidies, are needed and should be expanded. But they are not always the best answer. It is unlikely that voters will permit governments to contribute the funding necessary to lift the poor out of poverty. In addition, many families who are eligible for anti-poverty programs never take advantage of them. A better solution is to ensure that workers earn enough to support themselves and their families. The following steps would help further this goal:

Ø ***Raise the Minimum Wage.*** Although California is one of six states to set the minimum wage at slightly higher than the national level (\$5.75 per hour as opposed to \$5.15), it is still

too low to keep families out of poverty. Contrary to popular perception, minimum wage earners in Los Angeles tend to be adults (86 percent) and to work full time (70 percent). A higher minimum wage that is indexed to inflation would mean that workers would stand a greater chance of sharing in productivity gains.

Ø **Approve Living Wage Ordinances**. Living wage ordinances require businesses that contract with government, do business on government-owned land, or receive large amounts of public financial assistance to pay workers a more realistic minimum wage. This ensures public money is not being used to subsidize low-paying jobs. Living wage laws can also be good for businesses that want to compete for government services based on quality rather than on low wages.

Ø **Support Subsidy Accountability**. Governments routinely spend millions of dollars supporting business development in the name of job creation and neighborhood revitalization, but little attention has been paid to the quality of jobs in those developments. In recent years, however, state and local governments have begun attaching job quality standards to subsidy deals. Such laws encourage real economic development by recognizing that healthy communities cannot be created with low-wage, part-time jobs.

Ø **Make Sure the Tax Code Supports the Poorest Families**. An effective tool available to boost the incomes of the working poor is the federal Earned Income Tax Credit (EITC). The EITC provides a refundable tax credit regardless of whether a family owes income tax. Like 11 other states, California could adopt a tax credit to support the federal one. Since many workers will never take advantage of it, however, the EITC cannot be a substitute for raising wages.

Ø **Reform Federal Labor Law**. While the National Labor Relations Act nominally protects workers' rights, employers routinely use both legal and illegal means to prevent unionization. Labor laws should be reformed to require employers to remain truly neutral during a union organizing drive. In addition, penalties for unfair labor practices should be swift and severe.

Ø **Enforce Existing Wage and Hour Laws**. A lack of enforcement is particularly a problem in such highly competitive industries as agriculture, janitorial services, and low-wage manufacturing, where there is extensive subcontracting of labor services. Allowing employers to pay workers less than the law requires impoverishes workers and undermines better employers trying to abide by the law.

Ø **Don't Use the Workplace to Enforce Immigration Laws**. The current immigration laws are set up to sanction employers who hire undocumented immigrants, but it is the employees, both legal and undocumented, who end up paying the price. This policy should be replaced with one that allows all workers to pursue legal remedies regardless of immigration status. Special whistleblower protection should also be provided to all workers who report violations of labor laws.

Ø **Invest in Training and Education**. Our increasing reliance on technology has made investment in training and education a crucial component in moving people out of the ranks of the poor. Existing training programs take a "work first" approach, placing people in low-paying, dead-end jobs that make them part of the working poor. Job training should be used to help people secure good jobs with career ladders, and should be targeted to those communities

that need it the most. Creating training opportunities must go hand and hand with raising the wage floor, as seven of the ten fastest-growing occupations in Los Angeles pay less than \$8.50 an hour.

Ø **Expand Access to Housing.** The housing situation in California is worse than in most of the country, and the cost of housing in Los Angeles has been rapidly escalating as the economy has improved. The federal government needs to fund more housing vouchers to allow low-income households to compete in the private rental market, and local governments need to ensure that developers pay for the true social costs of their projects by linking all new development to the creation of affordable housing.

Ø **Expand Access to Health Insurance.** Los Angeles has one of the lowest rates of employer-provided health insurance in the nation. The best response to this breach of the social contract would be for Congress to enact legislation guaranteeing health insurance to all Americans. Short of universal health care, ensuring the right to organize will go a long way toward expanding coverage since unions have been at the forefront of winning health care benefits for their members. In addition, the government can encourage employers to provide coverage by supporting purchasing pools that make insurance less expensive for small employers and living wage policies that require firms that benefit from government subsidies or contracts to provide health care coverage. Finally, the existing public health insurance programs must be expanded to cover more working poor adults.





Los Angeles Alliance for a New Economy

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L.A. County Jobs Surge Since '93, but Not Wages

■ **Economy:** Recovery has created 300,000 positions, but almost none are in middle-class range of \$40,000 to \$60,000.

By DON LEE
TIMES STAFF WRITER

7/26/99

Since the depths of the last recession, in the winter of 1993, more than 300,000 new jobs have been created in Los Angeles County. But a majority of these jobs pay substantially below-average wages—less than \$25,000 a year—and barely one in 10 averages \$60,000 or more, a Times analysis shows.

And perhaps most significantly, this recovery has yielded virtually no net jobs in industries that pay solid middle-class salaries, between \$40,000 and \$60,000.

The big picture that emerges from the analysis of state payroll records for all employers from 1991 to 1998 is that Los Angeles County's job base has been increasingly shifting toward the lower end.

Although not unique to Los Angeles, that trend has been more pronounced here because changes in the labor force and the industrial structure have been so dramatic. Economists say that this will only exacerbate income disparity.

"We're becoming more polarized," said Mark Drayse, research director at the nonprofit Economic

Roundtable in Los Angeles.

It has long been apparent in this recovery that many high-paying jobs have vanished as defense-related cutbacks continued and banks and other Fortune 500 companies left or consolidated. In the process, premium jobs in entertainment, technology and international trade have been created by many smaller firms.

But the new data show sharp and lasting job losses in a surprisingly wide array of professional services and other industries that pay well.

For example, engineering and accounting services, where employees earn an average of \$54,000 a year, have shed 26,000 jobs between 1991 and 1998. But most of the cuts have come since the county's recovery in 1994.

"Those cutbacks aren't a shock to Cal Poly Pomona accounting professor John Karayan. With the spread of personal computers, he said, "You don't need as many white shirts summarizing data."

As Karayan also observes, some of those displaced professionals have moved into new jobs and are making even more money today as consultants and professional advisors. The stronger economy has

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opened up more doors for people to start their own businesses, work as independent contractors and take on second jobs.

But most self-employed people do not make that much. And one consequence of low wages is that those workers are far more likely to go without health insurance. As previous research has shown, Los Angeles County's workers have the lowest rate of employer-provided health coverage among all major metropolitan areas.

And with more low-wage jobs, it's harder for workers to meet their housing needs. Although more members of households in the county are working today, their combined incomes are still not enough for many to buy a house.

That helps explain why the rate of home ownership in Los Angeles County has barely budged, whereas it has surged in areas like Orange County to 63%, from 53% a decade ago. Nationwide, a record 87% of households now live in their own homes.

In Los Angeles County, despite its relatively high rate of home-owning among nonimmigrants, the historically low overall ownership rate was improved only slightly since 1993; it has recovered in the 48% range since the mid-1980s. That is just slightly higher than the U.S. home ownership rate back in 1940.

The sheer number of jobs created does matter, of course. Los Angeles County has now recovered nearly three-fourths of the 425,000 jobs lost during the severe 1990-93 downturn.

Although a good year away from reclaiming all the jobs lost, the county's payrolls have once again surpassed 4 million, and unemployment recently fell below 6% for the first time in nine years. Job growth in the county has revived confidence, slowed the exodus of residents, and helped up retail and housing sales.

To be sure, some very good jobs have been created in recent years: Motion pictures, although slowing in the last year, added 33,000 workers between 1994 and 1998, and the industry's average annual wage per employee has risen from \$55,000 to \$61,000.

Few other high-paying industries have acted significantly to their payrolls. But driven by motion pictures and the booming stock market, which has propelled employment and wage gains among a relatively small group of financial services firms, the average annual wage of all workers in the county jumped to \$35,000 last year, from \$30,000 in 1994. Adjusted for inflation, that is a real gain of almost 7%.

Take securities brokerages and dealers, which have added about 2,000 workers since 1994. That industry has just 12,300 employees in the county. Yet its payrolls

exceeded \$1.5 billion last year—half the entire amount paid in wages to the nearly quarter-million workers in Los Angeles County's restaurant industry.

This great divide has widened considerably in recent years, as the data from the Employment Development Department confirm.

Between 1994 and 1998, the number of jobs paying less than \$15,000 a year has grown by an average annual rate of 4%—more than double the rate of all other jobs. The average pay for those jobs has nudged higher, thanks to the rise in minimum wage. But such wages pale next to the high-paying professions. Domestic help and restaurants have added a total of more than 43,000 jobs since 1994. Among other categories producing batches of low-out jobs: parking attendants, video store clerks and child-care workers.

At the other end of the scale, the county has added 14,000 jobs in computer software and Internet-related fields, most of them in the last two years. The typical software worker grossed \$56,000 as of late last year, and the county had about 40,500 employees in this burgeoning field—16% of the statewide total.

But this industry's growth rate in the county, while impressive at 24% for the last two years, still lagged the statewide 31% pace for software jobs. And excluding software employment in the county's high-tech fields, from Internet to

telecommunications to surgical instruments, has been disappointing. Combined, they lost about 700 jobs between 1994 and 1998.

Richard Powers, a former city manager in Norwalk and a veteran of economic development, partly attributes this to a familiar culprit: aerospace.

Although aerospace job cuts have resumed this year, the employment toll they took on the county subsided by 1995. In fact, between aircraft and missile systems manufacturing, the two actually added about 4,000 jobs a year.

But Powers says that one vestige of the aerospace decline—gigantic facilities and land abandoned by defense firms—is still hurting the county economically. That is especially true for Pico Rivera, Downey and other so-called gateway cities that make up a corridor along the southern part of the county. As head of a council of gateway governments, Powers has tried to build on that region's history as a center for precision machining, to draw aircraft and other high-tech firms. But sites simply aren't available, he says.

"We've burdened with huge, old facilities where nothing heights are too high and the inside is too shallow."

Some are starting to be redeveloped. But with city governments hungry for sales tax dollars, those areas are often earmarked for retailers. For instance, the 230-acre Satorino-Germanan site in Pico Rivera is being recycled for light

industrial and retail use. That means the \$60,000-a-year aerospace job there is being replaced by a job at an auto or home supply store that pays \$40,000 less.

Although the seasonally adjusted unemployment rate for the county dropped to 5.6% in May, joblessness has been running much higher in some of the gateway cities, including Compton, Lynwood and Bellflower. Those cities typify the regional polarization that has weakened this recovery, as the upscale Westside and the Burbank-Glendale area in the San Fernando Valley have scored above others with top-high jobs in multimedia, entertainment and finance.

Patching this dichotomous growth trend, particularly in Los Angeles County, is the growing availability of immigrant labor.

Although immigrants have been a major source of economic strength, especially in places like the San Gabriel Valley, their plentiful supply and generally lower skill levels have enabled the creation of a myriad of labor-intensive, lower-paying jobs in apparel, textiles and other manufacturing.

"Their presence tends to bring down average incomes overall," said Deborah Reed, a labor specialist at the Public Policy Institute of California, a nonprofit research organization in San Francisco. In her report earlier this year, she said that income inequality is increasing faster in California than in the nation as a whole. Los Angeles is seen as a

primary contributor to that. Given that and related job-creation trends, economists see the problem of income disparity increasing, particularly between the very top and the bottom. L.A. County's job data are less clear on whether the middle class is shrinking.

Between 1984 and 1998, the number of jobs paying between \$25,000 and \$40,000 showed a net increase of almost 200,000—more than half of that due to a flurry of teacher hiring by local schools, largely to meet the smaller-class-size mandate. As of last year, there were 1.6 million workers in that pay range, about the same as in 1991.

But some economists say that in Los Angeles County, given its higher living costs, "middle class" might be more appropriately defined by jobs paying between \$40,000 to \$60,000. Viewed this way, the job picture is sobering: Since 1991, the total number of such jobs has fallen by 97,000, while jobs in the \$15,000 to \$25,000 range have risen by about that much during the same period.

"This is a major issue in the region," said Mark A. Pisano, executive director of the Southern California Assn. of Governments, a regional planning agency. But Pisano says he is optimistic that this pattern can be reversed.

The county has a solid manufacturing base, although apparel, textile and other industries are relatively low-paying.

November 14, 2000



City of Los Angeles
200 N. Main Street, Room 607
Los Angeles, CA 90012
Attention: Michael Carey, City Clerk

Ted Fikre
EXECUTIVE VICE PRESIDENT
AND GENERAL COUNSEL

Ladies and Gentlemen:

Enclosed please find the initial submission by L.A. Arena Company, LLC ("LAAC") in connection with the Arena Jobs Incentive Program established pursuant to Annex D of the Gap Funding Agreement between LAAC and the City of Los Angeles. The enclosed submission is for the Annual Review Date of March 31, 2000 and reflects jobs attributable to STAPLES Center since the opening of the building in October of 1999.

In summary, LAAC is claiming a total Jobs Incentive Credit of **\$1,991,637.50** for this initial period. As \$1,500,000 has already been used in the form of the Credit Advance provided under the Gap Funding Agreement, the credit calculation reflected in the enclosed submission would yield a credit of **\$491,637.50** toward our Gap Funding obligation for the fiscal year ended June 30, 2000.

Please note that we anticipate an additional credit for the next Annual Review Date (March 31, 2001) because the job values in the current submission (a) do not include our security staff (as the security function was taken in-house shortly after the March 31, 2000 Annual Review Date), and (b) are based on a partial operating year (October – March) and should be materially greater for a complete year.

As evidenced by the voluminous nature of the enclosed submission, the information required by Annex D to the Gap Funding Agreement is quite extensive. We have expended a great deal of time and energy to compile the necessary data and to ensure its completeness and accuracy. If you have any questions or would like any clarifications regarding the data or the calculations set forth in this submission, we would welcome the opportunity to meet with you to discuss the information further.

Very truly yours,

Ted Fikre

- cc: Patricia Tubert
- Gerry Miller
- Neil Guglielmo
- Timothy Leiweke
- Dan Beckerman
- Kevin McDowell
- William Morey
- Kevin Conwick

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ON THE SPORTS & ENTERTAINMENT DISTRICT MASTER PLAN

STAPLES CENTER, 1111 S. FIGUEROA STREET, SUITE 3100, LOS ANGELES, CALIFORNIA 90015

TEL: 213.742.7115 FAX: 213.742.7294

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YEAR-END COMPILATION OF JOBS WORKSHEET
 April 1, 1999 to March 31, 2000

Sub-Unit Business: L.A. Kings
 Address: 1111 S. Figueroa Street, Suite 3100
 Los Angeles, CA 90015

Name of Employee	Home Address	City	State	Zip	Employment Status	Start Date	End Date	Days	Hours	1999	2000	Total
										Wages	Wages	Wages
40 TIM LEIWEKE	343 S. BEVERLY GLEN	LOS ANGELES	CA	90024	YES	6/1/99	2/7	40	NO	1080	1080	2160
41 BROOKE LINGLE	4821 SEPULVEDA #112	CULVER CITY	CA	90230	NO	2/8/99	27	40	NO	1080	1080	2160
42 YVONNE LUONG	4348 RICHMOND AVENUE	EL MONTE	CA	91732	NO	1/31/00	9	40	NO	360	360	720
43 KELLY LYON	6021 W. 78TH PLACE	LOS ANGELES	CA	90045	YES	4/8/98	27	40	NO	1080	1080	2160
44 PETER A MAZUR	3400 BEN LOMOND PLACE #111	LOS ANGELES	CA	90027	YES	1/14/91	27	40	NO	1080	1080	2160
45 STEVE MC KENNA	201 ERINDALE CRESCENT	HESPELER	ONT	N8C 3	NO	9/1/99	27	40	NO	1080	1080	2160
46 PETER HJ MILLAR	630 WEST ELM AVENUE	EL SEGUNDO	CA	90245	NO	8/1/99	27	40	NO	1080	1080	2160
47 ROBERT J MILLER	7280 ROCK RIDGE TERRACE	WEST HILLS	CA	91307	NO	12/13/90	27	40	NO	1080	1080	2160
48 JAROSLAV MODRY	PLZENSKA	CESKE-BUDEJOVICE	CZE	90245	NO	3/20/96	27	40	NO	1080	1080	2160
49 JEFFREY S MOELLER	1625 E. MAPLE #2	EL SEGUNDO	CA	90245	NO	6/2/97	27	40	NO	1080	1080	2160
50 GLEN MURRAY	78 PINEHURST	BRIDGEWATER	NS	B4V 3	NO	3/18/97	27	40	NO	1080	1080	2160
51 ANDREW MURRAY	675 CRYSTAL LAKE RD. EAST	BURNSVILLE	MN	12345	NO	6/16/99	27	40	NO	1080	1080	2160
52 KRIS NAKAMURA	13451 CHASE STREET	ARLETA	CA	91331	YES	1/13/98	27	40	NO	1080	1080	2160
53 NICK NICKSON	28857 N DEODAR PL	SAUGUS	CA	91350	NO	12/13/93	27	40	NO	1080	1080	2160
54 NELL NICOLAS	4824 CRANER AVENUE #204	NORTH HOLLYWOOD	CA	91601	YES	4/16/96	27	40	NO	1080	1080	2160
55 MATTIAS NORSTROM	ASOGATAN 128 116 24	STOCKHOLM	SWE	90025	NO	3/15/98	27	40	NO	1080	1080	2160
56 SEAN O'DONNELL	2102 LINNINGTON	LOS ANGELES	CA	90025	YES	10/1/94	27	40	NO	1080	1080	2160
57 ZIGGY PALFFY	SPORTOVA B	SKALICA	Z	90901	NO	6/20/99	27	40	NO	1080	1080	2160
58 HARRIS PEET	928 N SAN VICENTE BLVD #108	LOS ANGELES	CA	90069	YES	1/20/95	27	12	YES	327	327	654
59 ELCEE PRENDERGAST	8615 RAMSGATE AVE.	LOS ANGELES	CA	90045	YES	10/25/98	23	40	NO	920	920	1840
60 ARAN B RICHARDSON	3203 OVERLAND AVENUE #8148	LOS ANGELES	CA	90034	YES	2/4/00	9	40	NO	360	360	720
61 LUC ROBITAILLE	C/O 10900 WILSHIRE BLVD #801	LOS ANGELES	CA	90024	YES	10/1/97	27	40	NO	1080	1080	2160
62 DIETER RUEHLE	27652 SWEETBRIER LANE	MISSION VIEJO	CA	92691	NO	7/3/98	27	15	YES	416	416	832
63 SHELBY RUSSELL	472 ROSECRANS #3	MANHATTAN BEACH	CA	90266	NO	7/6/98	27	40	NO	1080	1080	2160
64 KURT J SCHWARTZKOPF	1620 PALM DRIVE	HERMOSA BEACH	CA	90254	NO	5/12/97	27	40	NO	1080	1080	2160
65 WANDA J. SHARP	336 E. HAZEL #2	INGLEWOOD	CA	90302	15	12/20/99	15	40	NO	600	600	1200
66 MICHAEL SIEGEL	4092 WEEPING WILLOW DR	MOORPARK	CA	93021	NO	9/30/96	27	22	YES	582	582	1164
67 MALINEE SILVERMAN	4703 SCOTT ST	TORRANCE	CA	90503	NO	6/1/97	27	12	YES	318	318	636
68 BRYAN SMOLINSKI	5276 W REYNOLDS ROAD	HASLETT	MI	48840	NO	7/22/99	27	40	NO	1080	1080	2160
69 JAMIE STORR	8 HASLEY COURT	BRAMPTON	ONT	L6Y 1	NO	10/1/94	27	40	NO	1080	1080	2160
70 JOZEF STUMPEL	ILEDGEWOOD WAY #23	PEABODY	MA	1950	NO	10/1/97	27	40	NO	1080	1080	2160
71 SUSAN TAE	15114 BADLONA DR	LA MIRADA	CA	90633	NO	9/15/97	27	25	YES	661	661	1322
72 DAVID A TAYLOR	18020 PASADERO DR	TARZANA	CA	91356	YES	9/1/90	27	40	NO	1080	1080	2160
73 DAVE TIPPETT	1722 FORESTLAKE DR	SUGARLAND	TX	77479	NO	7/5/99	27	40	NO	1080	1080	2160
74 MARKO TUOMAINEN	MESSITYONKATU APT BB 14	HELSINKI	FN	180	NO	10/1/99	27	40	NO	1080	1080	2160
75 ROGATIEEN VACHON	7033 TROILEY WAY	PLAYA DEL REY	CA	90293	YES	2/2/83	27	40	NO	1080	1080	2160
76 JOHN B WOLF	10953 MAPLE ST	CYPRESS	CA	90630	NO	12/13/90	27	40	NO	1080	1080	2160
77 ROBERT ZOLG	7241 JUDSON AVENUE	WESTMINSTER	CA	92683	NO	9/1/97	27	40	NO	1080	1080	2160

YEAR-END COMPILATION OF JOBS WORKSHEET

April 1, 1999 to March 31, 2000

Sub-Unit Business: Levy
 Address: 1111 S. Figueroa Street, Suite 1600
 Los Angeles, CA 90015

Name of Employee	Address	City	CA	90802	NO	NO	10/3/99	26	33	YES	656
1 ADAN	105 ATLANTIC #6	LONG BEACH	CA	90802	NO	NO	10/3/99	26	33	YES	656
2 RENE	700 S. WESTMORELAND AVE #2	LOS ANGELES	CA	90005	YES	NO	12/10/99	17	28	YES	480
3 JACOBO	2981 W. 8TH ST.	LOS ANGELES	CA	90005	YES	NO	9/26/99	27	30	YES	814
4 DORLISHA	406 STEPNEY #1	INGLEWOOD	CA	90302	NO	NO	12/13/99	16	30	YES	472
5 FRANCISCO	4415 3/4 BURNS AVE.	LOS ANGELES	CA	90029	YES	NO	10/3/99	26	23	YES	594
6 MAYRA	5643 LAUREL CNYN BLVD.	HOLLYWOOD	CA	91607	YES	NO	11/4/99	22	25	YES	543
7 VILMA	1400 W. 59 PL	LOS ANGELES	CA	90047	YES	NO	9/3/99	27	20	YES	606
8 NICOLAS	8727 MAKEE AVE.	LOS ANGELES	CA	90001	YES	NO	9/26/99	27	11	YES	305
9 DION	9070 FLORENCE	DOWNEY	CA	90240	NO	NO	9/3/99	27	14	YES	423
10 JAVIER	814 S. SERRANO APT #4	LOS ANGELES	CA	90005	YES	NO	9/3/99	27	27	YES	852
11 MARIA	4843 W. 116TH ST.	HAWTHORNE	CA	90250	NO	NO	10/10/99	25	20	YES	511
12 TERESA	3754 DEGNAN BLVD.	LOS ANGELES	CA	90018	YES	NO	10/24/99	23	13	YES	309
13 CHRISTOPHER	216 W. PLYMOUTH ST.	INGLEWOOD	CA	90302	NO	NO	9/3/99	27	13	YES	403
14 LUIS	913 E. 20TH ST.	LOS ANGELES	CA	90011	YES	NO	10/13/99	28	28	YES	689
15 RONNIE	2710 SEVERANCE ST. #210	LOS ANGELES	CA	90007	YES	NO	10/3/99	26	13	YES	328
16 JUANNIA	2510 S. NORMANDIE	LOS ANGELES	CA	90007	YES	NO	10/1/99	25	29	YES	735
17 TERESA	1964 PARK GROVE AVE.	LOS ANGELES	CA	90007	YES	NO	9/3/99	27	26	YES	815
18 MARCO	23300 OLD VALLEY DR.	MORENO VALLEY	CA	92553	NO	NO	11/8/99	21	15	YES	311
19 JONATHAN	11286 VENTURA BLVD.	STUDIO CITY	CA	91504	YES	NO	9/3/99	27	11	YES	329
20 ARLENE	9207 BEACH ST.	LOS ANGELES	CA	90002	YES	NO	9/3/99	27	18	YES	568
21 RACHEL	3443 MADERA AVE.	LOS ANGELES	CA	90036	YES	NO	10/3/99	26	18	YES	478
22 SONIA	13908 TRUMBALL ST.	WHITTIER	CA	90605	NO	NO	10/10/99	25	12	YES	307
23 MICHAEL	1086 LEIGHTON AVE.	LOS ANGELES	CA	90037	YES	NO	9/3/99	26	13	YES	346
24 BLANCA	1537 E. 4TH PLACE	LOS ANGELES	CA	90011	YES	NO	12/2/99	13	39	YES	503
25 DAVID	837 N. FORHUSE	LOS ANGELES	CA	90046	YES	NO	10/3/99	26	26	YES	672
26 ARA T.	723 N. HUDSON AVE.	LOS ANGELES	CA	90038	YES	NO	9/3/99	27	16	YES	491
27 JULISA	11608 COLDBROOKE AVE.	DOWNEY	CA	90241	NO	NO	9/26/99	27	23	YES	613
28 MARQUIS	606 W. 57TH ST.	LOS ANGELES	CA	90037	YES	NO	9/25/99	27	24	YES	660
29 MARIA	923 3/4 W. 41 DR.	LOS ANGELES	CA	90037	YES	NO	9/3/99	27	26	YES	792
30 LIBRADO	213 N. ALMA AVE.	LOS ANGELES	CA	90063	YES	NO	10/9/99	25	30	YES	754
31 ROBERTO	727 S. SERRANO #8	LOS ANGELES	CA	90005	YES	NO	10/23/99	22	18	YES	390
32 JERRY A.	2666 SAN JOAQUIN HILLS	CORONA DEL MAR	CA	92628	NO	YES	11/29/99	18	40	NO	720
33 MARTIN	1229 W. LYNNE ST. APT D	ANAHEIM	CA	92802	NO	NO	10/6/99	26	27	YES	713
34 JESUS	1229 W. LYNNE ST. APT D	ANAHEIM	CA	92802	NO	NO	10/8/99	26	28	YES	738
35 WILBERT B.	P.O. BOX 48021	LOS ANGELES	CA	90048	YES	NO	9/26/99	27	21	YES	564
36 ALFRELO	1575 W. BALL RD. APT. A	ANAHEIM	CA	92802	NO	NO	10/8/99	13	24	YES	307
37 VALENTE	5595 CANYON CREST DR	RIVERSIDE	CA	92506	NO	NO	11/30/99	18	24	YES	427
38 WARTHA L.	1401 W. 7TH ST. #19	LOS ANGELES	CA	90017	YES	NO	11/8/99	21	26	YES	546
39 ROGER	511 E. PALMER AVE. APT. #12	GLENDALE	CA	91208	NO	NO	9/3/99	27	22	YES	691
40 RICARDO	7634 1/2 DUCHESS DR. #9	WHITTIER	CA	90608	NO	NO	10/19/99	24	31	YES	742
41 PEDRO	714 SERRANO APT. #4	LOS ANGELES	CA	90005	YES	NO	9/3/99	27	24	YES	744
42 TODD	26 HOLLOWGLEN	IRVINE	CA	92614	NO	NO	10/3/99	26	13	YES	333

* Hire dates prior to opening of STAPLES Center indicate that individual was employed by the same employer at another facility prior to 10/1/99. Weeks employed are determined by reference to the date upon which such employees were transferred to STAPLES Center.

YEAR-END COMPILATION OF JOBS WORKSHEET
 April 1, 1999 to March 31, 2000

Sub-Unit Business: Levy
 Address: 1111 S. Figueroa Street, Suite 1600
 Los Angeles, CA 90015

Name of Employee	Address	City	State	Zip	SSN	DOB	Start Date	End Date	Days	Hours	Rate	Total	Notes
43 EMBER L.	1847 1/2 LUCRETIA AVE.	LOS ANGELES	CA	90028	YES	NO	9/26/99	27	24	YES	590		
44 CHARLES	1251 14TH ST.	SANTA MONICA	CA	90404	NO	NO	9/3/99	27	15	YES	455		
45 STEPHANIE A.	1152 W. 37TH ST.	LOS ANGELES	CA	90007	YES	NO	12/15/99	16	21	YES	340		
46 RAMON	1738 W. 24TH ST.	LOS ANGELES	CA	90018	YES	NO	9/3/99	27	27	YES	845		
47 DENNIS	5355 THE TOLEDO	LONG BEACH	CA	90803	NO	NO	10/3/99	26	24	YES	626		
48 LEILONI J.	416 BALLENA DR.	DIAMOND BAR	CA	91765	NO	NO	10/7/99	26	27	YES	700		
49 JUNE	1102 W. 91ST ST	LOS ANGELES	CA	90044	YES	NO	9/3/99	27	11	YES	349		
50 IGNACIO	520 E. ORANGEWOOD AVE. #115	ANAHEIM	CA	92802	NO	NO	10/19/99	24	28	YES	657		
51 ANDREW	10171 ALDGAATE AVE	GARDEN GROVE	CA	92840	NO	NO	8/23/99	27	10	YES	309		
52 BEVERLY ANN	1323 PRINCETON APT. #1	SANTA MONICA	CA	90404	NO	NO	9/3/99	27	13	YES	390		
53 ROBERT	1537 LAKESHORE AVE.	LOS ANGELES	CA	90026	YES	NO	10/13/99	25	17	YES	433		
54 SHAWN	12212 S. MAPLE	LOS ANGELES	CA	90061	YES	NO	9/26/99	27	28	YES	754		
55 SCOTT M.	5434 ZEELZAH AVE #204	ENGINO	CA	91316	YES	YES	3/27/00	1	40	NO	40		
56 CHRISTOPHER	4101 WARNER BLVD.	BURBANK	CA	91505	NO	NO	9/26/99	27	20	YES	550		
57 HENRY	1514 LUCRETIA	LOS ANGELES	CA	90026	YES	NO	9/23/99	27	28	YES	782		
58 CRYSTAL	11851 S. SAN PEDRO STREET	LOS ANGELES	CA	90081	YES	NO	9/3/99	27	21	YES	563		
59 CHERYL	4144 SOMERSET DRIVE #4	LOS ANGELES	CA	90008	YES	NO	10/19/99	24	29	YES	693		
60 PATTY	8907 WHITE OAK APT. #206	NORTH RIDGE	CA	91325	YES	NO	9/26/99	27	18	YES	479		
61 JANAE	612 W. 104 PL	LOS ANGELES	CA	90044	YES	NO	10/21/99	24	18	YES	439		
62 PRICILLA	612 W. 104 PLACE	LOS ANGELES	CA	90004	YES	NO	10/21/99	24	19	YES	467		
63 ANTOINE	1414 RIVERSIDE AVE	RAILTO	CA	92392	NO	NO	9/23/99	27	25	YES	674		
64 ETHAN S.	1367 E. 51ST ST	LOS ANGELES	CA	90011	YES	NO	10/3/99	26	26	YES	727		
65 FELIX	729 S. SAINT ANDREWS PL B-2	LOS ANGELES	CA	90005	YES	NO	10/3/99	26	31	YES	817		
66 CHRISTOPHER	330 MARIPOSA	LOS ANGELES	CA	90020	YES	NO	10/4/99	26	29	YES	749		
67 MARISOL	207 172 S. SOTO ST.	LOS ANGELES	CA	90033	YES	NO	9/3/99	27	18	YES	565		
68 ADRIAN	5825 PACKARD ST.	LOS ANGELES	CA	90019	YES	NO	10/3/99	26	16	YES	413		
69 BAUDELO	3035 E. 5TH ST.	LOS ANGELES	CA	90083	YES	NO	10/6/99	26	26	YES	731		
70 LEONCIO	6104 8TH AVE.	LOS ANGELES	CA	90043	YES	NO	11/4/99	22	31	YES	691		
71 CHARLES	363 LESLIE WAY #2	LOS ANGELES	CA	90012	YES	NO	9/3/99	27	22	YES	682		
72 REY	137 N LARCHMONT BLVD. STE. 161	LOS ANGELES	CA	90004	YES	NO	10/13/99	25	23	YES	567		
73 STEVE	1541 W. 60TH PL.	LOS ANGELES	CA	90047	YES	NO	9/3/99	22	16	YES	366		
74 GOLIN	13716 MONTEREY AVE	BALDWIN PARK	CA	91706	NO	NO	10/6/99	28	14	YES	368		
75 BRENDA	4739 LENNOX BLVD	LENNOX	CA	90304	NO	NO	10/3/99	26	20	YES	518		
76 RICARDO	125 S. AVENUE 53 #3	LOS ANGELES	CA	90042	YES	NO	10/10/99	25	30	YES	762		
77 JAKASHA	1171 E MLK BLVD #2	LOS ANGELES	CA	90011	YES	NO	9/26/99	27	16	YES	445		
78 ARTURO	11809 S. BERENDO AVE. #4	LONG BEACH	CA	90044	NO	NO	10/19/99	24	18	YES	422		
79 MIGUEL A.	832 W. EL SEGUNDO BLVD.	GARDENA	CA	90247	NO	NO	11/6/99	21	29	YES	617		
80 JAVIER	1322 S. CATALINA ST. APT. #16	LOS ANGELES	CA	90006	YES	NO	10/9/99	25	10	YES	842		
81 SCOTT L.	19635 HAMLIN ST.	WOODLAND	CA	91367	YES	NO	9/3/99	27	10	YES	306		
82 EFRAIN A.	840 N. HUMPHREYS AVE.	LOS ANGELES	CA	90022	YES	NO	10/27/99	23	31	YES	710		
83 LAZARO	5832 LEXINGTON AVE.	HOLLYWOOD	CA	90038	YES	NO	12/17/99	16	24	YES	378		
84 SALVADOR	3716 W. 112TH ST.	INGLEWOOD	CA	90303	NO	NO	10/3/99	28	26	YES	665		
85 MARLENE	7828 FERNOOLA AVE.	SUN VALLEY	CA	91352	YES	NO	9/3/99	27	24	YES	741		
86 TIM D.	1127 15TH ST. APT. E	SANTA MONICA	CA	90403	NO	NO	10/3/99	26	12	YES	321		
87 CLIFTON	7200 FRANKLIN APT #428	LOS ANGELES	CA	90046	YES	NO	9/26/99	17	27	YES	467		