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# The L.A. Live Community Benefits Agreement: Evaluating the Agreement Results and Shifting Political Power in the City

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## Abstract

A community coalition negotiated a Community Benefits Agreement (CBA) with a developer in 2001 for the L.A. Live sports and entertainment district, the largest project in contemporary downtown Los Angeles. The CBA included provisions for affordable housing, local hiring, and living wage jobs. It is a major change in the history of large development projects that result in the destruction of neighborhoods and displacement of residents, with few, if any, benefits going to the residents experiencing the negative effects of these projects. The L.A. Live CBA is significant because it is recognized as the nation's first comprehensive CBA and has served as a model for CBAs across the country. This is the first study to provide an in-depth examination of the results of the CBA's major provisions regarding affordable housing and local hiring. To explain why CBAs emerged in Los Angeles at this time, we use regime theory's emphasis on shifts in the relative strength and interests of groups influencing development policies. We suggest that the fragmentation of growth interests in the 1990s, and the growing influence

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of unions, community organizations, and the Latino population, created a political opportunity for the establishment of the L.A. Live CBA.

### **Keywords**

Community Benefits Agreement, urban development, unions, growth interests, regime theory

A coalition of community organizations, unions, and residents negotiated a Community Benefits Agreement (CBA) with developer Anschutz Entertainment Group (AEG) in 2001 that included provisions for affordable housing, local hiring, and living wage jobs. A CBA is a “legally enforceable contract between . . . community groups and a private developer, requiring . . . benefits from the developer in exchange for the community groups’ support of (or non-opposition to) the project” (Gross 2012, p. 229). The agreement was for the proposed \$2.5 billion L.A. Live sports and entertainment district, the largest project in contemporary downtown Los Angeles. The project, completed in 2010, covers 27 acres and includes two major hotels, luxury condominiums, an office tower, a theater for live performances, a 14-screen movie theater, restaurants, and nightclubs.

The CBA marks a major change in the history of large development projects that result in the destruction of neighborhoods and displacement of residents, with few, if any, benefits going to the residents experiencing the negative effects of these projects. The L.A. Live CBA (also known as the Staples Center CBA because of the sports arena constructed earlier on the site) is significant because it is the nation’s first comprehensive CBA, and a New York City Task Force on CBAs states that it is a “landmark” that has “catalyzed a national movement” (Ahern et al. 2010, p. 5). It has served as a model for CBAs across the country and has attracted a great deal of attention from scholars and policy makers as a potential tool for more equitable development policies (Ahern et al. 2010; Saito 2012; Salkin and Levine 2007/2008; Wolf-Powers 2010).

Research on the L.A. Live CBA has generally focused on the negotiations leading to the CBA and the provisions contained in the agreement. Given the fairly recent signing of the CBA, very little research has examined the outcomes of the L.A. Live CBA and CBAs generally (Salkin and Levine 2007/2008). We add to this research in two ways. First, now that over 10 years have passed since the signing of the L.A. Live CBA, and the project is complete, what is the developer’s record regarding the CBA? This is the first study to provide an in-depth examination of the results of the major

provisions regarding affordable housing and local hiring. Victor Narro, a key negotiator and attorney with the coalition, stated at the time of the signing, "If they comply with everything they agreed to, then we get something that we've never been able to get before, from any developer" (Romney 2001). In contrast, nearly a decade later, an immigrant familiar with the agreement stated that he was initially pleased with the CBA, but in retrospect stated that the developer "gave us pebbles" (Authors 2009). We document and analyze the CBA results and the changing contexts that frame the positive early impressions and later mixed reactions.

Research has noted the history of urban conflict over development and has emphasized the struggle between growth interests who view place in terms of exchange values, or, as a commodity in the pursuit of profits, and local residents who view place in terms of use values, or, quality of life issues (Logan and Molotch 2007). If the CBA represents a fundamental change in urban development regarding the displacement of residents without significant compensation, and research has documented the considerable political power of developers and the limited influence of the low-income residents (Feagin 1998), this history prompts the second question. How did the residents, who were primarily low-income racial minorities, including many undocumented immigrants, generate the leverage necessary to negotiate the L.A. Live CBA?

We suggest that the emergence of CBAs in Los Angeles and attention to issues important to working-class residents demonstrates a shift in power in the city caused by the "geographic fragmentation," declining "consensus" of growth interests (Purcell 2000, p. 87, 93), and the growing political influence of service worker unions, Latinos, and community organizations. The impact of this influence can be seen in the city council, which is now receptive to the interests of unions and Latinos. In exchange for CBAs, developers gain the support of service unions and community organizations in the approval process in which projects go through public hearings and are reviewed by the city. This support is a valuable resource because opposition to projects in the form of lawsuits or lobbying city officials can result in the reduction of profits or the termination of projects because of rising costs due to litigation or delays (Wolf-Powers 2010).

We find that community coalitions working on CBAs recognize that even if growth interests are not as united as in the past, they remain highly influential. Rather than trying to stop development, these coalitions support growth because of the jobs and tax revenues generated. The goal is to change policy and bring some of the benefits of development to residents directly affected by large projects.

Labor unions, a key member of the growth coalition in Los Angeles, have undergone a major transformation regarding their development goals. While

continuing to support development because of the union construction jobs the projects generate, with an increased focus on service jobs in completed projects and the interests of local residents, unions now negotiate their political leverage and support in exchange for CBAs with developers. In effect, through CBAs, unions have joined both sides of the development struggle, supporting major projects and exchange values while advocating for redistributive policies and use values.

To add a comparative context to our research and assess the factors that contribute to effective CBAs, we briefly examine New York City CBAs with two recent projects, Yankee Stadium and Atlantic Yards. In addition, we suggest that in cities with progressive coalitions that have leveraged their influence to negotiate CBAs, these agreements may be an intermediate step in the long-term goal of incorporating key CBA provisions, such as living wages and local hiring, in city policies, thereby providing coverage for a greater number of workers and reducing the need for the resource-intensive project-by-project negotiations required by CBAs.

## **Research Method**

We collected data using fieldwork, archival research, newspaper articles, and interviews. We conducted fieldwork from 2002 to 2008, attending public events and meetings held by the L.A. Live developer AEG; Strategic Actions for a Just Economy, the organization that established the community coalition that negotiated the CBA; the Figueroa Corridor Coalition for Economic Justice, which served as the lead group for the organizations monitoring the implementation of the CBA (one of the authors attended monthly steering committee meetings from late 2004 to mid-2008); the Figueroa Corridor Community Jobs Program, which implemented the local hiring program; and city groups such as the City Council, Planning Commission, and the Planning and Land Use Management Committee. We conducted 23 interviews that ranged from 30 to 90 minutes that were taped and transcribed with staff members of the city of Los Angeles, community organizations, and AEG. We collected archival material—such as environmental impact reports, development agreements, city staff reports, community organization reports, and AEG reports—from the Los Angeles City Archives, City Clerk, Community Redevelopment Agency, and Planning Department. We collected reports from local organizations involved in the coalition, such as the Los Angeles Alliance for a New Economy, and national organizations that conduct research on development, such as Good Jobs First. For the New York research, we used newspaper articles, reports by city and community organizations, and academic articles. We also conducted four in-person interviews, four

phone interviews, as well as in-person discussions of the project with community activists.

## **Growth Coalitions, Regime Theory, and the Urban Core**

Suburbanization and deindustrialization transformed urban centers across the nation in the post–World War II era as businesses, manufacturers, and affluent residents abandoned aging downtowns. John Mollenkopf's (1975) and Harvey Molotch's (1976) seminal articles on development asserted that growth interests dominated city politics following World War II. Molotch's (1976) influential theory stated that local political and economic elites formed a coalition, a growth machine, and created policies conducive to business operations. Faced with declining property values and increasing numbers of low-income residents, growth interests worked to transform central cities from manufacturing to service economies for corporations, government functions, and affluent residents (Mollenkopf 1975).

Regime theory emerged in the 1980s as one of the major ways of examining urban politics, and emphasizes the importance of informal but sustained relationships among local politicians and corporate actors who guide development and the shifting coalitions connected to growth issues (Elkin 1987; Stone 1989, 2006). We see regime theory as an extension, rather than a rejection, of growth machine theory, following Logan, Whaley, and Crowder's (1997, p. 607) suggestion that both theories emphasize the importance of development in local politics and have "posited an inherent conflict between the business community and residents over growth policy." According to this view, "what differentiates" the two theories "is the influence accorded to other groups" (Logan, Whaley, and Crowder 1997, p. 607). In contrast to earlier research that found that politics was dominated by growth coalitions, regime theory acknowledges the fragmentation of growth interests and emphasizes the range of coalitions possible, with varying degrees of influence exerted by growth and resident interests (Imbroscio 2010).

A key area of analysis in regime theory is the different resources under the control of city officials and private corporations and how partnerships benefit both parties. City officials can exercise the power of eminent domain to assemble large parcels of land, give subsidies, provide zoning variances, build infrastructure, and offer assistance in the city approval process for development projects. Developers provide capital investment and can generate tax revenues and jobs through their projects. City officials have worked with private corporations to rebuild downtowns into corporate centers of high-end office buildings, hotels, commercial enterprises, and residences;

construct facilities and services to promote tourism and conventions; and develop cities as sites of culture and consumption through the development of museums, restaurants, shopping, sports, and theaters (Feagin 1998; Gladstone and Fainstein 2001; Zukin 2010). These actions have led to the displacement of low-income residents, either through the razing of buildings or rising housing costs through gentrification.

## Unions in Los Angeles

Los Angeles was a strong antiunion city in the early twentieth century, but with changes in union leadership and organizing strategies, the region has emerged as a major center of contemporary union activity. Although decreasing membership nationwide contributed to a shift toward business unionism and a narrowed focus on the interests of union members, there is a return to organized labor's early roots and social movement unionism. This includes efforts to build coalitions with community groups, develop grassroots political efforts, address broader social justice issues, and work closely with other unions to strengthen central labor councils and reestablish political influence in regions (Hauptmeier and Turner 2007; Milkman 2006).

The Los Angeles Justice for Janitors and home-care worker campaigns in the 1980s and 1990s, with more resources for organizing and targeting a new sector of workers, exemplify changing union goals and tactics, and are changing union demographics from its traditional white, male, and U.S.-citizen base (Milkman 2006). Immigrants, especially those from Latin America, make up a large percentage of union membership and dominate some occupations. Harold Meyerson (2005) describes the dramatic shift in the city's unions,

Los Angeles was both the whitest and most anti-union big American city outside the South for much of the 20th century. That it should become the most dynamic union city in the nation, chiefly through labor's mobilization of the Latino immigrant workforce, is the most astonishing and significant civic transformation in recent American history.

The Los Angeles County Federation of Labor (County Federation) is a central labor council, the lead labor organization in the region, and a major contributor to the emergence of unions as a political force and the shift to social movement unionism. In its early years, when the area's "unions were dominated by white building trade unions" (Newton 2000), the County Federation practiced "checkbook politics" and supported political candidates with major campaign contributions (Frank and Wong 2004, p. 158). While massive projects in the 1970s and 1980s transformed downtown

and generated jobs for construction workers, critics note the displacement of low-income residents and the loss of affordable housing, and assert that the city “poured billions of dollars of tax revenue into private construction . . . subsidizing powerful real estate interests while giving short shrift to the city’s poor” (Clifford 1996).

Miguel Contreras became the director of the County Federation in 1995, and two of his major accomplishments include changing the organization’s campaign strategy and strengthening its grassroots political base. As Contreras (2005) explained, “We stopped being an ATM for political parties and a piggy bank for politicians. Instead, we invested resources reaching out to the rank-and-file: getting them to become citizens, registering them to vote, educating them on the issues, and getting them to the polls.” Through prodigious fundraising and effective grassroots campaigning, political analysts suggest that organized labor is now “a central force in L.A. politics” (Sonenshein 2006, p. M1).

The growing number of union service workers is changing union goals regarding development. Whereas the building trades once dominated unions in the city, the major gains in union membership are occurring among service workers. The building trades backed major projects in the 1970s and 1980s because those projects resulted in union construction jobs, but this strategy ignored the long-term consequences of low-wage service jobs once the projects were completed. As Contreras explains, “We learned our lesson in downtown Los Angeles” because “unions . . . have struggled ever since to organize the janitors, cafeteria workers and hotel staffers who wound up working in the new downtown skyscrapers” (Rohrlich 1998). Contreras says that “We’re going to the new developers . . . and saying, ‘If you’re going to go to the public table and ask for subsidies . . . then you have to guarantee a ‘living wage’ and guarantee that workers have the right to organize” (Rohrlich 1998).

## **The Rise of Community Organizations**

As part of the move to social movement unionism, unions helped establish a nonprofit organization in 1993 called Los Angeles Alliance for a New Economy (LAANE). LAANE is a key organization in the region conducting research, formulating policies, developing campaigns, building coalitions, and advocating for the interests of low-income workers (Meyerson 2013). The 1992 civil unrest in the city served as a catalyst for union and community activists to rethink their strategies to address economic and social problems in the city (Pastor, Benner, and Matsuoka 2009). Madeline Janis, LAANE’s director, explains that the 1992 events “crystallized for me the overpowering devastation of poverty . . . In the aftermath of the riots, what most upset me was the utter lack of strategy to deal with the underlying causes” (Fine 2010).

LAANE's first major achievement was the Los Angeles City Council's 1996 passage of the "country's first worker retention ordinance that required existing workers to be hired during a change of contractors," and its impact was soon felt at the city's airport where it protected the jobs of nearly 1,000 workers (Frank and Wong 2004, p. 173). Building alliances with community groups, LAANE worked closely with religious leaders who established Clergy and Laity United for Economic Justice (CLUE) in 1996, and CLUE worked with LAANE to win the city council's passage of the living wage ordinance in 1997.

Establishing community alliances and developing a political base led to the city's first CBA in 1998 when LAANE worked with members of the city council to leverage subsidies—\$97 million for a \$615 million project (Fine 2002)—for a shopping center in Hollywood. The CBA included living wage and local hiring provisions and set an important precedent in the city. Also in 1998, a community coalition negotiated job training and local hiring programs for the \$2.4 billion Alameda Corridor rail line project (Liegeois, Baxa, and Corkrey 1999).

During the L.A. Live CBA negotiations, LAANE helped coordinate the labor unions, and Strategic Actions for a Just Economy (SAJE) mobilized the local residents and served as the umbrella group for the community organizations. SAJE emerged in 1996, with Gilda Haas as the executive director; several miles south of the future site of L.A. Live. As Haas (Benitez, Haas, and Wells 2003, p. 25) explains, the goals are "economic justice" and "organizing for social change" by establishing "political power . . . among the people who live here" to help shape development in ways that would benefit local residents.

## Latino Political Power

Clarence Stone's (1989) study of Atlanta and regime theory notes the importance of demographic change and the rise of African-American political power, and how community interests are reflected in development policy, such as in hiring programs and business contracts. In Los Angeles, African-American mayor Tom Bradley used his two decades in office to strengthen affirmative action programs in city and union hiring. The 2010 census shows that Latinos are the largest group in Los Angeles with 48.5% of the population, up from 39.9% in 1990, with whites at 28.7%, Asian-Americans at 11.3%, and African-Americans at 9.6% of the 2010 population (U.S. Census Bureau 1992, 2010).

Unions have worked closely with Latino leaders and grassroots activists to establish a political base, and political analysts suggest that the Latino-organized labor alliance is an effective regional political bloc (Kotkin 2011). As *Sacramento Bee* writer Dan Walter states, "It's the closest thing you have to an omnipotent political machine anywhere in the state" (Maddaus 2010).

Showing the strength of these efforts, unions and Latinos have successfully backed union staff members, pro-labor candidates, and Latinos to the Los Angeles City Council, mayor's position, County Board of Supervisors, and the state legislature and congress.

## **Growth Interests**

Research using regime theory recognizes shifts in the relative strength of groups influencing city politics and public policy such as developers, elected officials, unions, and voting blocs (Stone 1989). Mergers of major corporations have resulted in the loss of corporate elites in the region. Continued sprawl and the dispersion of businesses across the region, and the involvement of international and other nonlocal developers, have contributed to fragmented ties among business interests. Organizations that once spoke for business interests, such as the Chamber of Commerce and the County Economic Development Corporation, have lost cohesion and power. Also, increasing traffic and pollution have generated slow growth and environmental movements that have opposed growth interests (Kotkin 2011; Purcell 2000).

As research on political regimes points out, a key resource that developers control is investment capital (Stone 1989). While business interests as a group no longer have the coherence they once did, growth and the pursuit of investment capital still remain major priorities for cities. Individual developers, such as AEG, and their investments in projects and major campaign contributions, can still be leveraged for city resources such as the power of eminent domain, subsidies, and zoning variances.

An important difference from the period when a growth machine exercised more influence is that these city resources come at a higher price for developers. Unions continue to support development, but unlike in the past when the focus was on construction jobs, unions are also paying attention to the service jobs created in the finished projects and benefits for local residents. The political opportunity created by shifting power relations, with unions, community organizations, and Latinos forming alliances and building political power, may compel developers to trade community benefits for city resources. Managing and accommodating the conflict that these projects can generate is an important aspect of a successful urban regime, and CBAs can be seen as an adaptive response.

## **The L.A. Live CBA**

The County Federation's effort to strengthen relations among unions, establish alliances with community organizations, and successful campaigns for

increasing wages and benefits for workers, laid the foundation for strong union support for the L.A. Live CBA. In contrast, in the 1990s, when AEG constructed Staples Center, a sports arena, unions and community organizations did not work together, and the County Federation supported the project during the approval process because AEG had verbally agreed to living wage jobs and neutrality during unionizing efforts. After AEG received city subsidies and variances for the project, however, AEG argued that it was “not subject to the living wage” and “stalled on signing a card check/neutrality agreement,” forcing the unions to renegotiate before AEG agreed to adhere to the verbal deal (LeRoy and Purinton 2005). This experience provided a strong impetus for unions to partner with the community to negotiate the L.A. Live CBA.

A total of five unions (all nonbuilding trade unions), 21 community organizations, and over 300 residents entered the L.A. Live negotiations with the understanding that as part of a broad-based coalition, the political power of unions would be augmented by the moral and place-based claims of faith-based and resident groups (Benitez, Haas, and Wells 2003). Public funding for development projects is based on the rationale that these projects provide benefits for all members of the community. Members of the coalition provided personal testimonies and research reports that documented the negative impacts of such projects in Los Angeles (Velasquez 2009). The coalition also analyzed the L.A. Live Environmental Impact Report and raised the possibility of a lawsuit or lobbying effort for a revised report, and either action could have resulted in a long delay (Cummins 2007/2008; McNeill 2010). After months of negotiations, AEG and the community organizations signed the CBA in 2001.

## Implementing the CBA: Housing

The shortage of affordable housing is a critical issue in urban areas around the country but is especially dire in the Los Angeles region that ranked last among the 45 major metropolitan areas in the “ratio of low-income renters to low-cost units” in the 1990s when AEG proposed the L.A. Live project (Daskal 1998, p. 50). The CBA requires that AEG “develop or cause to be developed affordable housing equal to 20% of the units constructed” (Development Agreement 2001, p. A-10). AEG built 224 luxury condominiums at the top of the Ritz-Carlton Hotel, requiring 45 units of affordable housing. AEG contributed \$6,435,000 in loans and grants for developments that included 181 housing units, and received credit for 120 units of affordable housing, well in excess of AEG’s requirement, but in preparation for potential future market-rate housing. The CBA housing provisions require that half of the affordable housing units must be constructed before the market-rate housing can be occupied and the remaining units completed within three years, establishing concrete,

enforceable guidelines (Development Agreement 2005, p. 39). All the affordable housing units were built by 2008, well before the condominiums were ready in 2011. Collectively, the units have a higher percentage of housing for lower-income residents than required by the CBA. In all, 181 units were built and 116, or 66% as compared with the 30% requirement, were reserved for those with incomes up to 50% of the Area Median Income (AMI). A total of 61 units, or 34% compared with the 33% requirement, are reserved for those with incomes up to 60% of the AMI (see Table 1).

Research observes that having the infrastructure necessary to carry out the coordination and supervision of the provisions is critical to the success of a CBA, particularly in the production of affordable housing (Gross, LeRoy, and Janis-Aparicio 2005). Community Development Corporations (CDCs) are community-based, nonprofit organizations that produce affordable housing. Since they were first established in the 1960s, CDCs now represent the largest sector of nonprofit housing developers in the nation (Schwartz 2010). The well-established CDCs around L.A. Live contributed to the fulfillment of the housing provisions.

SAJE established the Figueroa Corridor Coalition for Economic Justice (FCCEJ) in 1999 to work on housing and employment issues. FCCEJ served as the lead group for the organizations monitoring the implementation of the L.A. Live CBA. SAJE and FCCEJ met with the local CDCs who supported the replacement of demolished units near L.A. Live and maintaining a demographically diverse neighborhood (Weist 2010). Discussing the issue with residents, however, revealed that they did not wish to live in the area because the construction of the Staples Center and L.A. Live erased much of the physical and social structure of their community, and events created problems such as vandalism, traffic, noise, and bright lights at night (McNeill 2010; Moore 2011). With these concerns in mind, funding went to four CDCs building projects outside the immediate L.A. Live area in neighborhoods with large numbers of low-income and working-class Latino residents.

A total of three local CDCs had long roots in the neighborhood. Sister Diane Donoghue (2010), a community organizer for St. Vincent Church, established the Esperanza Community Housing Corporation (ECHC) in 1989. AEG established a revolving loan fund and contributed \$350,000 in interest-free loans to ECHC for the 2004 rehabilitation of a 15-unit affordable apartment complex. Reverend DarEll Weist, of the First Methodist Church, established the 1010 Development Corporation in 1991. The 1010 Development Corporation had a number of projects that were far along in the planning process at the time CBA funding became available, and it became the major recipient of AEG funds, receiving \$4,015,000 in interest-free loans for two projects with 91 units. Local residents established the Pico Union

**Table 1.** AEG Contributions to Affordable Housing and Credit for Housing Units.

Developer	AEG Contribution in Dollars/ Type of Contribution	Project completed	Number of Units	Number of Units at Area Median Income (AMI) Affordability Level	Affordable Housing Unit Credits
Esperanza Community Housing Corporation	\$350,000 interest-free loan <sup>a</sup>	2004 <sup>b</sup>	15 units <sup>b</sup>	1 at 30%, 4 at 45%, and 9 at 50% <sup>b</sup>	Loan fund <sup>a</sup>
1010 Development Corporation	\$1,015,000 interest-free loans <sup>a,c</sup>	2006 <sup>d</sup>	30 units <sup>e</sup>	14 at 40%, 15 at 50%; 1 manager's unit <sup>f</sup>	15 <sup>a</sup>
1010 Development Corporation	\$3,000,000 interest-free loan <sup>c</sup>	2008 <sup>g</sup>	61 units <sup>g</sup>	29 at 40%, 16 at 50%, and 15 at 60%; 1 manager's unit <sup>f</sup>	61 <sup>a</sup>
Mercy Housing	\$1,550,000 forgivable loan <sup>h</sup>	2005 <sup>a</sup>	62 units <sup>h</sup>	7 at 35%, 10 at 45%, 32 at 52%, and 12 at 60%; 1 manager's unit <sup>h</sup>	31 <sup>a</sup>
Pico Union Housing Corporation	\$520,000 grant <sup>i</sup>	2007 <sup>j</sup>	13 units <sup>k</sup>	2 at 30%, 2 at 45%, and 7 at 50%, 2 at 60% <sup>l</sup>	13 <sup>a</sup>

a. Goldberg (2013)

b. Esperanza Community Housing Corporation (2010)

c. Bunte (2010)

d. 1010 Development Corporation (2006)

e. 1010 Development Corporation (2010a)

f. Rose (2010)

g. 1010 Development Corporation (2010b)

h. Cortez (2010)

i. Alberts (2010)

j. Farias (2010)

k. Pico Union Housing Corporation (2009)



Figure 1. The L.A. Live CBA Organizations and Housing Projects.

Housing Corporation (PUHC) in 1971 after the rezoning of their neighborhood from residential to commercial and industrial in 1969 led to the development of a Pep Boys industrial center that destroyed affordable housing. AEG contributed a \$520,000 grant to PUHC for the development of 12 condominiums for first-time homeowners. Founded in 1981, Mercy Housing is a national organization with its headquarters in Denver, Colorado. Through its Los Angeles office, the organization received a \$1,550,000 loan from AEG to help finance a 62-unit complex (see Table 1 and Figure 1).

AEG also helped fund the construction of child care facilities for 128 children in these housing projects, a requirement added in 2005. Fulfilling CBA provisions regarding community services, AEG funded a 2002 study to assess the parks and recreational facilities in the area, committed \$500,000 to help fund the construction of a park and \$500,000 toward a recreation center. AEG funded a resident parking program, which began in 2004, and paid the permit fees for residents for the first five years (Goldberg 2013; Gross, LeRoy, and Janis-Parapicio 2005).

### Modifying the CBA: The Land Trust

Developer Williams & Dame purchased 2.7 acres from AEG directly east of L.A. Live and planned to build 648 condominiums. The property was covered

by the CBA, and Williams & Dame sought a special exemption in 2005 on the affordable housing requirement. A City Planning Department Report explains that the "Agreement . . . does not set a minimum value of the contribution for each required affordable unit" and that "Staff recommends" an amount of "\$40,000 per unit," which is "in keeping with actual development costs to 'cause to construct'" (Los Angeles City Planning Department Recommendation Report 2005, p. S-3). Based on the proposed fee, and additional units for a future project, the developer wished to pay \$8 million and receive credit for 200 affordable units, to a planned \$43 million downtown YWCA residential and job training center for young adults (Community Redevelopment Agency 2006, p. 2).

Considering that the coalition negotiated the CBA to address the housing issues of local residents and families, the YWCA housing did not meet those intentions, since participants in the YWCA programs may not be from that population. Also, the coalition wanted a higher amount since \$40,000 was much less than the cost of building a unit, but this was the maximum that Williams & Dame and AEG would accept (Moore 2011).

FCCEJ understood that the Williams & Dame proposal had the strong support of AEG and city officials. FCCEJ had been researching land trusts and concluded that acquiring land and building projects would be a major step toward having some control of development in the area (Moore 2011). FCCEJ decided to agree to the change if an amendment to the Development Agreement would list the land trust as an approved community-based organization, thus allowing developers to satisfy their affordable housing requirement by giving funds to the land trust. The Development Agreement was amended in 2005 to reflect those changes, and a partnership of community organizations established TRUST South LA the same year. AEG and Williams & Dame each contributed \$200,000, and a city agency established a \$2 million fund, to help set up the land trust, and Williams & Dame paid \$8 million to the YWCA (CRA 2007, 2008). Due to the recession, however, the developer did not build the condominiums and sold the property.

A total of five years after its founding, TRUST South LA had not acquired any property. Rising land prices, the competition for property from other developers, the complex process of putting together funding from multiple sources, and the 2007 financial crisis proved to be difficult obstacles to overcome. That would finally change in 2012 when the land trust purchased a 2.3 acre, 48-unit apartment complex, one block from the University of Southern California. The affordable housing covenant that covered the property had expired in 2011, and the owner planned to convert the units into market-rate student housing. The property managers gave notice to the tenants to vacate their apartments, but with the help of the Legal Aid Foundation, the tenants were able to remain and the owner was required to address 300 code

violations. TRUST South L.A. (2012) made an offer to buy the property and explains, “after the preceding year of tenacious organizing work” by the tenants, “the owner agreed to sell.”

## Implementing the CBA: The Local Hiring Program

City officials are reluctant to attach local hiring programs to development agreements because of the concern that added burdens to developers will drive off scarce capital. Developers are wary of these programs because of the expenses and new requirements added to an already complex approval process, the responsibility of managing the program and project tenants, and concern over the quality of job applicants. Mulligan-Hansel’s (2008) study of nine hiring programs across the United States, however, concludes that well-run programs can benefit the developer by forging ties and improving communication among the developer, tenants, and community groups, which can facilitate the hiring process and help address problems that might arise between the developer and community.

As part of the CBA, AEG worked with the coalition to establish a hiring program that included “individuals whose residence or place of employment has been displaced by the STAPLES Center project,” “low-income individuals living within a one-half-mile radius of the project,” and “individuals living in low-income areas throughout the city” (Development Agreement 2001, Attachment A, A-7). AEG provided \$82,000 to help establish a program to locate, train, and refer potential applicants to AEG when jobs become available (Goldberg 2013).

SAJE and FCCEJ implemented their training program in 2003 and included classes on financial literacy, English as a Second Language, and computers. In all, 10 students from the early courses and 20 other local residents successfully obtained full-time union janitorial positions (SAJE, n.d.). When L.A. Live businesses began hiring for other service positions, such as ticket takers and ushers, however, very few students from these classes were hired. Samantha Quintero (2011), SAJE staff member and coordinator of the community jobs coalition, explained that AEG viewed workers in these positions as ambassadors because they came in direct contact with the public. Quintero (2011) noted that “we had participants who were very dedicated” and extremely “motivated” to learn English, but they could not reach the level of fluency needed. As one of the job announcements stated, duties included “greeting guests, providing information and directions, assisting with problems/issues” (Staples Center 2009). An AEG human resource manager explained, “sometimes people come in and are super nervous and timid and that is not going to cut it; we need the smile, we hire the smile” (Gomez 2011).

From a rocky start that saw only a few members obtain guest services jobs, the community coalition and AEG worked together to create a hiring plan that greatly benefited both groups and resulted in the hiring of hundreds of coalition applicants. As Mulligan-Hansel (2008, p. 21) notes in her study, this is a common trajectory among job programs, which in the early stages, "may have placed a handful of workers, but over the course of a decade or more, the maturity of the system and cumulative number of placements may have a significant effect on employment opportunities for local residents." As Quintero (2011) recalled, at the first hiring fair, AEG had about 300 jobs available, and with high unemployment in the city, over 3,000 applicants came that day. The approximately 200 members sent by the coalition stood in line with all the other applicants and very few were hired, but AEG technically complied with the CBA because, as Quintero (2011) explained, "the folks that were hired were local and because the majority were from South L.A. from low income" areas.

Joe Herrera, director, and Perlita Gomez, manager, of human resources for L.A. Live and the Staples Center, run AEG's local hiring program. As Herrera (2011) explains, the program is "an ever evolving process" that is being worked out through the meetings held with the roughly 30 community groups in the program. Reassessing the program after the early hiring fairs, AEG and the coalition arranged to have special days or hours reserved for coalition candidates, which proved to be an effective tool, because, according to Herrera (2011),

it allowed us to track who came from the job coalition and the effectiveness of their training and job preparation. We found that as we continued doing this, we were getting more and more hires from the group as opposed to the general public just walking up.

Studies of local hiring programs across the country note that a key for success is the ability of community organizations, and their job training and referral operations, to supply qualified applicants in a timely fashion (Gross, LeRoy, and Janis-Aparicio 2005). In Los Angeles, the coalition included a number of well-established job training programs. As Gomez (2011) explained, "our fear was that the community groups wouldn't be able to give us enough people, but they proved that if we needed a hundred they would give us a hundred within days." Now that the program is well established, Gomez (2011) notes that "they know what our expectations are . . . because they are familiar with us since they have worked with us for so many years," and as Herrera (2011) adds, "everyone that comes to us is a viable candidate."

Recognizing the quality of the job applicants, Hererra explained that he was able to convince the guest services managers to adjust the hiring

requirements so that more community applicants would be eligible. Herrera (2011) noted that “one year of customer service experience” is usually required, and many of the community candidates did not qualify. Herrera (2011) suggested to the community groups that “if you provide customer service training, I’ll sell it to my team that it is the equivalent . . . so they put it together, we showed it to the managers, and they were in agreement.”

One of the major benefits of the program for AEG is the reduction in hiring costs since large hiring fairs are no longer needed. As Herrera (2011) explains, “the cost savings alone made the whole project completely worth it” because it might cost “\$80,000 a year on advertising” in local newspapers, plus staffing the events and supplies. Another area of savings is the background checks since the community organizations carefully screen their candidates. Applicants who go through the initial AEG screening and meet the minimum requirements, such as a high school diploma, go through a background and drug check that costs AEG about \$125 per person. Herrera (2011) notes that with the “general public, we had an almost 40 percent failure rate,” but with the job coalition candidates, the rate was “3 percent.”

There are about 300 full-time and just under 1,700 part-time jobs at the Staples Center and L.A. Live; some are union jobs, and the others, including the part-time, pay living wages (Herrera 2011; Guzman 2008). Herrera (2011) explains that “the turnover for full-timers is almost non-existent,” but when an entry level full-time position opens up, “there are some specialized jobs that we have to go outside, but almost 90% of the time we draw from our internal candidates.” Herrera (2011) said that their employees from the community organizations are “great candidates who are completely promotable, but we don’t have the positions.” With the money saved from the hiring program, to help part-time employees advance in their careers, Herrera (2011) stated that we

created a program called LEAP, the Lifelong Educational Advancement Program. We hired a firm to teach skills in communication, leadership, goal setting, things that anyone would need to manage people, and we tell our staff, “if you take everything you learn here and find a better job somewhere else, we are happy for you.”

The program is free, voluntary, and very popular among the employees (Gomez 2011).

The 7,100 seat Nokia Theater was the first major L.A. Live venue to open. With hiring fairs beginning in 2007, the coalition managed to place 338 workers at the Nokia Theater and the Staples Center through the end of that year (Mulligan-Hansel 2008, p. 42). In 2009, the 14-movie screen Regal Cinemas

opened and the coalition reported that they placed over 120 workers at the cinema (United Way 2009, p. 2). The two Marriott Hotels opened in 2010, and the director of human resources reported that they have met the CBA obligation by hiring over 50% from the required zip codes (Spaade 2011).

## Assessing the CBA

AEG exceeded the number of required housing units that they funded, worked closely with community partners to establish an effective local hiring program, and helped fund a newly created land trust. Critics note problems with the CBA wording, such as a lack of penalties if local hiring goals were not met as long as the developer followed the guidelines and attempted to reach the goals (Cummings 2007/2008). AEG, however, has met the CBA goals. Compliance was likely motivated in part by AEG's need for continued coalition support as it sought over \$200 million in rebates for hotel bed taxes, which the city council approved in 2005 (McGreevy 2005). Another issue is that monitoring and coordinating job and housing programs add to the workload of community organizations, and studies of the implementation of CBAs suggest that funding for staff should be a part of such agreements. While there was some L.A. Live CBA funding, for example, to help set up the initial worker education program, this covered only a fraction of the staff resources that went into the hiring program.

Considering the public resources that go into these projects, such as the use of eminent domain and hotel tax rebates for the Staples Center and L.A. Live projects, and a faster approval process with community groups as allies rather than opponents, developers see CBAs as an acceptable trade-off and a cost of doing business. Recognizing the emergence of an effective labor and community alliance, Ted Tanner from AEG states, CBAs are "a sign of the times with all of these broad community coalitions forming" (Lunsford 2001, p. B7). In retrospect, in comparison to the subsidies AEG received, community members note that the cost of the CBA for the developer is small, or, "pebbles," as one immigrant stated, and the challenge for community groups is to build from the L.A. Live experience and increase benefits.

## New York City CBAs and Other Policy Options

The rise of CBAs in cities, such as Los Angeles and New York, highlight the importance of the economic and political contexts for such policies. Research shows that factors that contribute to the establishment of CBAs include strong real estate markets that are attractive to private investors, significant public subsidies that can be leveraged by city officials for benefits and that

help offset these costs for developers, and local coalitions with the political influence to persuade city officials to support such policies and impede the approval of projects (Meyerson 2013; Wolf -Powers 2010).

Forest City Ratner, the developer of Atlantic Yards in Brooklyn, New York, actively pursued and negotiated a CBA—considered the “first CBA” in the city with a “mega-project” (Ahern et al. 2010, p. 10)—in 2005 with eight community organizations. The project plans to include a sports arena (The Barclays Center, completed in 2012) and 15 high-rise towers (construction started in 2013 on the first residential high-rise) for residential, retail, and commercial activities covering 22 acres. One of the key community negotiators of the Atlantic Yards CBA stated that her organization examined the L.A. Live CBA because “that was the gold standard” and established an Atlantic Yards CBA that addressed the housing and job interests of low- and middle-income residents (Lewis 2013). Since the organizations signing the Atlantic Yards CBA primarily serve low-income and working-class African-Americans, critics of the CBA see it as a tool used by the developer against the middle-class and affluent whites who oppose the project, creating a racial and class divide. Residents express concern about the use of eminent domain; the “sheer size” of the project, which is “the equivalent of four Empire State Buildings”; the displacement of residents and small businesses; and the impact on traffic, public transportation, local schools, and character of the neighborhood (Confessore 2005, p. B3; Oder 2012).

New York City and state officials approved construction of a new Yankee Stadium and parking structures with a combination of public and private funds on 22 acres of public parkland near its old location. A CBA was signed in 2006 between the Yankees organization and four elected city officials. Provisions included local hiring, contracts with local businesses, and yearly grants to community groups. Opponents of the CBA note that it lacks adequate monitoring and enforcement provisions, the neighborhood lost the use of park space until the city built replacement parks years later, the long delay in the start of the benefits program, and the relative small size of the benefits package in comparison to the enormous subsidies provided to the wealthy Yankees organization (Damiani, Markey, and Steinberg 2007; Wolf -Powers 2010).

Why use CBAs, however, since they appear to duplicate existing city policies? Cities have approval processes for projects that require review by city staff and elected officials and provide opportunities for community input through public hearings (Been 2010). Proponents of CBAs argue that low-income residents, racial minorities, and immigrants are often marginalized or excluded from significant participation in the approval process, and negotiations over a CBA are a way of promoting an open and democratic process (Baxamusa 2008). Rather than a form of civic engagement, however, critics

of CBAs argue that such agreements are a form of extortion perpetrated by special-interest groups against developers, or a bribe given by developers to community groups for their support (Wolf-Powers 2012).

Critics note that the Yankee Stadium CBA was negotiated by city officials rather than a community coalition, the Atlantic Yards CBA coalition contained only eight organizations, and the weak enforcement provisions for both CBAs. Building on the experience of L.A. Live, CBA supporters suggest that if a community coalition is broad-based and representative of neighborhood interests, negotiations are open and transparent, and the resulting agreement is public and a legally enforceable contract, the process contributes to participatory democracy (Baxamusa 2008; Wolf-Powers 2012). Also, negotiating with a developer during the approval process is the one time that community organizations have significant leverage; once the project is approved, that leverage disappears (Gross, LeRoy, and Janis-Aparicio 2005).

Practices that require developers to contribute in important ways, such as inclusionary zoning or linkage polices that require funds for affordable housing or job creation, have a long history (Been 2010). These policies, however, have mixed outcomes, in part because benefits are often based on developer predictions rather than concrete, enforceable objectives. Also, city officials and staff may not have the resources or motivation to monitor the developer's performance once a project is built and the attention of staff and officials has shifted to uncompleted projects. In contrast, community coalitions have the legal right to monitor and enforce CBAs (Gross, LeRoy, and Janis-Aparicio 2005). Even when effective, inclusionary zoning and linkages policies usually focus on a single issue, while CBAs cover a broad range of concerns and can include issues that are usually excluded from these policies such as local hiring and living wages (Been 2010). Perhaps most importantly, according to proponents, CBAs are a way to direct benefits to residents most directly experiencing the negative effects of the project such as displacement and increased traffic and pollution.

## Conclusion

The L.A. Live CBA is significant because it established a model for a comprehensive CBA including provisions for affordable housing, local hiring, and living wages; was negotiated by a broad coalition considered representative of the community; contained enforceable provisions; and changed relations between developers and community groups from adversaries to partners. Building on this success, members of the coalition successfully negotiated in 2004 with Los Angeles World Airports for a CBA that the Environmental Defense Fund and LAANE (2008) note is worth \$500 million with the \$11 billion expansion of the city's airport.

Research on regime theory recognizes shifts in the relative strength and interests of groups influencing development policies and helps explain why CBAs emerged in Los Angeles. The fragmentation of growth interests in the 1990s, and the growing influence of unions, community organizations, and the Latino population, created a political opportunity on the city council for the passage of worker retention and living wage ordinances, and the Hollywood project CBA, establishing the foundation for the L.A. Live CBA. This progressive coalition, however, remains pro-growth and seeks private investment for major projects that will generate jobs and tax revenues but aims to leverage the enormous city subsidies given to developers to increase benefits to local residents.

Los Angeles also had the community organizational infrastructure with the legal and technical expertise necessary to negotiate a CBA with AEG, a key element since projects are complex, and developers come to the table with attorneys and consultants (Ahern et al. 2010). Equally important, the community coalition was able to implement the CBA housing and local hiring provisions because of the well-established CDCs and community organizations that had extensive experience with housing and job training and hiring programs. Communities without the infrastructure of established organizations and resources will have a difficult time negotiating, implementing, and monitoring CBAs (Ahern et al. 2010).

In contrast to the historical conflict between use and exchange values, CBAs can change the relationship between developers and communities by fostering collaboration and turning adversaries into partners, which can help developers in the city approval process and avoid costly delays and lawsuits. We suggest, however, that CBAs are both an important policy tool, and also, in cities with strong progressive coalitions, an intermediate step in the long-term process of changing city policies regarding public subsidies for large projects.

The Los Angeles experience reveals the limitations of CBAs. Julian Gross, Greg LeRoy, and Madeline Janis are among the most prominent figures nationwide working with community organizations on CBAs. They point out that negotiating CBAs is extremely resource-intensive, both for developers and community coalitions, and project-by-project negotiation is a costly long-term strategy. As they conclude, "The goal of the community benefits movement is to avoid this situation by changing the paradigm of land use planning" (Gross, LeRoy, and Janis-Aparicio 2005, p. 75).

Los Angeles and New York City are demonstrating the next step, going from CBAs with individual projects, to incorporating some of the major aspects of CBAs involving wages and hiring practices in their policies in projects involving significant public subsidies and/or large contracts. In Los Angeles, this marks a shift in city agencies' earlier "condemn-and-clear

approach” that destroyed neighborhoods, to a “sustainable growth with equity” model that attempts to address persistent poverty by leveraging public spending to increase service job wages and open up well-paying construction jobs to groups historically excluded from these occupations (Estolano 2013, p. 149). Over the past decade, the Los Angeles community college district, unified school district, and county transportation authority have established living wage ordinances and community workforce agreements with local hiring provisions and construction apprenticeship and career programs. Similarly, New York City signed an agreement in 2009 with the building and construction trades for hiring and apprenticeship programs on major public projects, and the city council passed a living wage law in 2012 requiring developers receiving significant public subsidies to pay living wages (Emerald Cities Planning Committee 2010).

Making government expectations clear assists developers as they plan and calculate the fiscal feasibility of projects. Individual CBAs and city policies covering major projects are significant steps toward improving the lives of low-income and working-class residents, and CBAs can be effective tools for crafting benefits that fit local circumstances. Considering, however, the growing number of the working poor, and the shortage of affordable housing, these steps need to be part of comprehensive public policies, such as those beginning to take place in Los Angeles and New York City, that include private and public contributions and cover a broader spectrum of the population.

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## Author Biographies

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