



# Downtown for **EVERYBODY?**

**Downtown** San Diego has changed dramatically in recent years. In place of seedy red-light establishments and urban blight, downtown now boasts multi-million dollar condos, trendy boutiques and an upscale nightlife.

Downtown's remarkable transformation is obvious to visitors and residents alike. Lesser known is the extent of the public's investment in downtown's reinvention. San Diegans have invested over \$871 million in downtown using redevelopment financing mechanisms over the past 30 years.

Yet, unfortunately, not everyone has benefited from the redevelopment of our downtown. Thousands of jobs have been created that pay wages that force thousands of workers to live in poverty and thousands more struggling to

make ends meet. And we have created 12,000 jobs that lack basic health care coverage.

Downtown's investment is part of our statewide commitment to redeveloping blighted communities. But State Redevelopment Law is also intended to alleviate poverty by expanding employment opportunities for low-income persons, and to provide an "environment for the social and economic growth and well-being of all citizens."

We can't build a strong economy by creating jobs that require people that work for a living to rely on taxpayer funded safety net programs, that further burden our health care system with more uninsured families and that don't create new consumers and taxpayers.



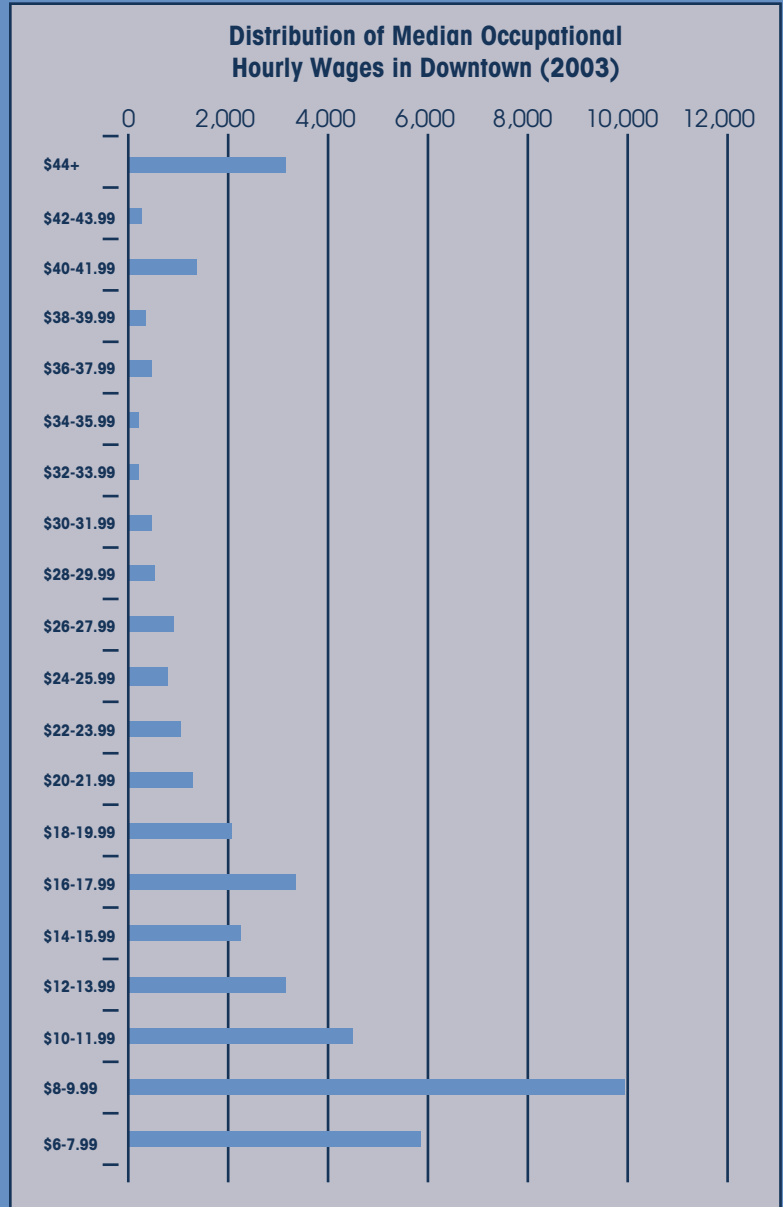
# Today The Downtown Hourglass Economy

By the end of this year, over sixty thousand people will work in the private sector in downtown. However 41% of these employees are low-income.

The chart on the right shows the wages earned by downtown workers. The hourglass is clear: large numbers of lower-wage jobs, relatively few middle income jobs and higher wage jobs at the top of the hourglass.

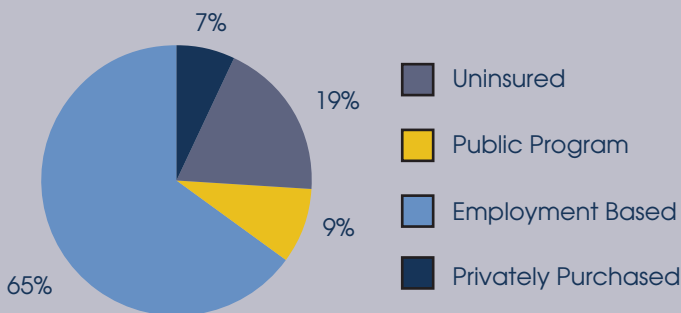
## Working in Downtown San Diego...

Mary has worked as a security guard for 3 years. She works full-time earning \$8.50 an hour. She doesn't get any paid sick days, paid vacation, or paid holidays. The employer does not offer health insurance, but, luckily her husband who is in the Navy covers her. She's forty-six years old and has only been to the doctor in the past year for a check-up. She and her husband live in National City where her husband is stationed. It's a 2-bedroom house and they spend \$1700 a month on rent. She says she would like to live downtown but can't afford it. She takes the bus or trolley to work and it takes her about an hour to get there.



Sources: Industry employment data from Dunn and Bradstreet (D&B) Business Information Surveys; staffing and wage data from the Bureau of Labor Statistics (BLS) Occupational Employment Surveys, and Labor Market Information Division of the State of California's Employment Development Department. These jobs are categorized as low-income based on an average family size of three persons with 1.6 wage-earners earning an annual gross wage below HUD low-income limits.

## Health Insurance Coverage



In downtown, more than 12,000 private sector employees (19%) do not have health insurance. An additional 9% are using taxpayer funded insurance programs.

Center on Policy Initiatives Shortchanged report, 2004. Based on 2003 California Health Interview Survey, statewide coverages, University of California Los Angeles.



# Tomorrow

## Looking ahead - More Tax Dollars, More Low-Wage Jobs

Over the next five years (2006-2010) the downtown redevelopment agency will be spending \$431 million raised in Property Tax Increment. In addition, the agency will be using redevelopment tools such as eminent domain and taxpayer subsidized bonds.

Along with existing and pipeline jobs, the build out of current plans downtown will result in 121,000 private sector jobs, almost 40% of which will be low-income employment. The new plan will create more than 22,000 additional low income or very low-income employees bringing the total number of low wage jobs to almost 48,000.

### Low Income Employment Created By Downtown Development

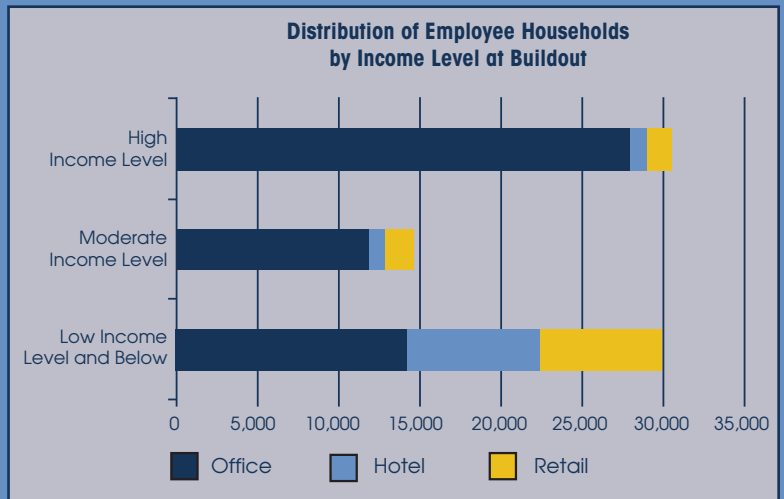
	Existing + Pipeline		Community Plan		Total	
	Development (in Millions)	Low Income Employment	Development (in Millions)	Low Income Employment	Development (in Millions)	Low Income Employment
Office	10.4M sqft	10,946	11.6M sqft	12,227	22.0M sqft	23,173
Hotel	12,300 rooms	7,911	7,700 rooms	4,953	20,000 rooms	12,864
Retail	3.3M sqft	6,562	2.7M sqft	5,374	6.0M sqft	11,937
<b>Total</b>		<b>25,420</b>		<b>22,554</b>		<b>47,974</b>

Sources and Notes: Development data from Center City Community Plan (January 2006 version) Table 3.2; proportional distribution of employee households by income category from Keyser Marston Associates' Jobs Housing Balance report Table 1; per Census 2000 data, City of San Diego had 1.61 earners per household.

According to a report prepared for the Centre City Development Corporation each of the core employment uses described in the new downtown plan will create a significant number of low income households:

- 80% of future hotel employee households will be low-income or below.
- 69% of future retail employee households will be low-income or below.
- 26% of future office employee households will be low-income or below.

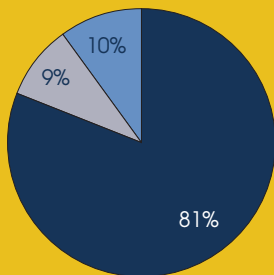
**The result:** The continued development of downtown, as planned, will continue to build an "hourglass economy" creating large numbers of low income households.



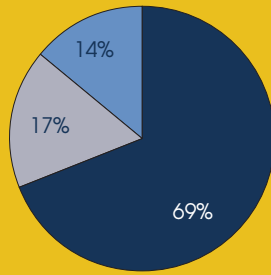
Sources and Notes: Proportional distribution of employee households from Keyser Marston Associates' Jobs Housing Balance report, Table 1. The development levels were adjusted for built-out values in 2025 (Center City Community Plan 01/2006 version Table 3.2). The income levels used in the KMA report are from US Department of Housing and Urban Development 2003 income limits for a family of 3.

### Household Income Levels By Industry

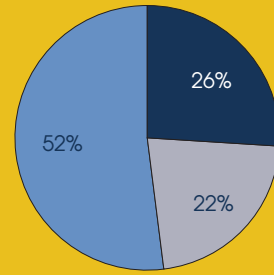
Hotel Employee Households



Retail Employee Households



Office Employee Households



Low Income Level and Below
  Moderate Income Level
  High Income Level

Source: Keyser Marston Associates, 2005 Job Housing Balance report projecting downtown employment through 2025 presented to the Jobs Housing Balance Subcommittee of the Steering Committee for the Downtown Community Plan Update. This report was based on land-use projections from CCDC and Dyett & Bhatia.

## More Economic Blight

Looking more specifically at the jobs that will be created in the coming years downtown, we see that the fastest growing jobs are low-wage and often lack health benefits.

### Top 10 Low-Income Occupations in Downtown at Build Out

Occupation	2005 Avg. Hourly Wage	Number of Jobs
Maids and Housekeeping	\$9.29	4,158
Office Clerks	\$12.55	3,637
Waiters and Waitresses	\$9.19	2,329
Tellers	\$11.48	2,283
Receptionists and Information Clerks	\$12.09	2,261
Retail Salespersons	\$12.81	2,227
Cashiers	\$10.41	1,767
Janitors and Cleaners	\$10.87	1,599
Hotel Desk Clerks	\$10.87	1,599
Medical Assistants	\$13.73	1,189

Sources and Notes: Keyser Marston Associates' Jobs Housing Balance report, Tables A-2, A-3, B-2, C-2, D-2. The major low-income occupational categories were sub-classified based on proportional weight in each category. KMA used occupational income distribution data from the California Employment Development Department for the San Diego MSA. Center on Policy Initiatives adjusted these wages for inflation.

### Working in Downtown San Diego...

Saul has worked at a downtown retail store for 6 months as the Front Desk Supervisor and makes only minimum wage (\$6.75) He can earn a "bonus" of what usually amounts to \$20 per week, depending on how much he sells. He works 40+ hours a week and gets no paid sick days, vacation days or paid holidays. He has no health insurance and is not offered health insurance by his employer. He used to be covered under CMS (County Medical Services) when he was unemployed and had no income. Currently, he goes to the Logan Heights Family Health Center to receive medical care. He lives with 3 other roommates in a 1-bedroom apartment and pays \$390 a month in rent. He wishes he could live downtown closer to where he works, but he thinks that it is too expensive. He believes that change must start in perception, and that once the City government becomes aware of the problem of the un-affordable cost of living for Downtown's low-wage workers, change will come.

### Health insurance Coverage By Industry

Industry	Uninsured	Medicaid	Other Public	Total
Construction	32.4%	8.1%	1.4%	41.9%
Wholesale and Retail Trade	16.1%	9.5%	1.5%	27.1%
Information	10.4%	2.8%	0.8%	14.0%
Financial Activities	7.9%	2.9%	1.5%	12.3%
Professional and Business Services	16.7%	5.3%	1.3%	23.3%
Leisure and Hospitality	31.6%	12.0%	1.5%	45.1%

Source: 2003 California Health Interview Survey, statewide averages, University of California Los Angeles.

To be certain, thousands of these new jobs will also lack basic health insurance coverage for workers and their families. A look at basic rates of insurance for the key industries we expect to hold the majority of the new jobs created, shows that large numbers of people working in downtown construction, hospitality and retail will either lack insurance or rely on publicly-funded health care programs.

## The Jobs - Housing Balance?

The growth of low-wage jobs downtown puts a greater burden on the region's housing market. Unfortunately, even with the redevelopment tools, downtown is not able to generate affordable housing for low-income employment created by the new development. There is a current regional demand of 15,789 low-income housing units from low-income employee households created downtown. However, downtown redevelopment has supplied only 2,426 low-income and workforce units.

And as downtown plans are implemented in the coming years, there will be an additional 14,000 low-income employee households looking for low-income housing in the City of San Diego.

## We can do better

In the coming years San Diego taxpayers will invest hundreds of millions of dollars in downtown. We have a choice in our expectations for the return on those investments. We can create more low-wage jobs without health insurance that burden our economy. Or we can demand that our investments create jobs that support a healthy economy, tax-base and families.



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