



## **Bad jobs, bad policy**

### **Public subsidies to hoteliers at the expense of the working poor?**

By [CityBeat Staff](#) 12/04/2007

On Tuesday morning, a spokesperson for San Diego's Center on Policy Initiatives (CPI) alerted us and other local media to what appears to be an attempt by Mayor Jerry Sanders to offer public subsidies to hoteliers at the expense of lower-income citizens and the local economy.

CPI, a research organization that advocates on behalf of the working poor, pointed to a draft of a vitally important city document, the General Plan, which serves as a blueprint when time comes to make specific land-use decisions. CPI notes that Sanders is recommending alarming changes to a piece of the General Plan called the Economic Prosperity Element.

For example, Sanders wants the words "retain and create jobs with livable wages" removed from a sentence that sets forth the city's economic goals and replaced with "retain and create good jobs" and "increase average income." That's just on Page 3. Throughout the document, references to "livable wages" and "benefits" have been deleted and replaced with vague language about "good jobs" and a generally higher per-capita income citywide.

CPI—which timed its announcement to directly precede Wednesday’s meeting of the City Council’s Land Use and Housing Committee, when the changes will be considered—has long pressed the City Council to adopt policies aimed at providing incentives for businesses to pay wages that, at a minimum, pull employees’ families out of poverty and give them access to healthcare. Much of CPI’s attention has focused on San Diego’s low-wage tourism industry, which economists say represents too large a chunk of the regional economy. They’d prefer more emphasis on better-paying manufacturing jobs and less on tourism and other service-sector jobs.

Sanders obviously doesn’t want to hear such talk. Throughout the Economic Prosperity Element of the General Plan, he’s deleted language that notes that tourism provides low-quality jobs and added language that praises tourism for generating tax revenue.

The most egregious change, in CPI’s view, is in a section that discusses programs that offer incentives to businesses. The old wording promoted incentives for “private, tourist-related development projects which offer living wages and demonstrate use of training/programs resulting in career ladders for its employees.” The mayor replaced “living wages” with “good employment opportunities.”

That change, CPI worries, might allow hotels to get in on the Business & Industry Incentive Program, which allows city staff to offer businesses that meet certain job-quality criteria a 40-percent reduction in water fees and a 60-percent decrease in sewer fees. No hotels have ever benefited from the program. Emphasizing job quantity in the General Plan and downplaying job quality might lead to changes in the criteria that would open the door to hotels.

Hoteliers could see the financial benefits of that program as replacement for any revenue lost due the City Council’s decision this week to raise taxes at the city’s large hotels. That tax increase will fund tourism-marketing programs but could dissuade some visitors from coming to San Diego, or at least persuade them to stay in smaller hotels.

The question here is: Why is it in the city’s interest to remove preferences for businesses and industries that pay better and offer benefits? We asked that question to Bill Anderson, Sanders’ top deputy in charge of land use and economic development.

“There were some economic groups who felt that it was too specific of a policy in the General Plan; it was not appropriate for the general plan; it could be interpreted in a wrong way in terms of setting policy or deciding what industries we emphasize and support,” he said. “They were worried about it being misinterpreted.”

In other words, hoteliers wanted that stuff out of the plan, and the mayor agreed. Anderson said Sanders also agreed with the tourism industry’s argument that living-wage issues are better taken up in the document that governs the Business & Industry Incentive Program. Interesting.

We urge the City Council to retain the General Plan's language stating preference for high-quality jobs. And, there's nothing wrong with stating the facts—namely, that tourism jobs are not high-quality jobs. That's not an opinion; it's an economic reality.

Certainly, San Diego is always going to rely heavily on tourism jobs, but there's no economic sense in encouraging more of them without providing incentives for higher pay and benefits or putting even more energy into filling the economy with value-added manufacturing jobs.

All this reminds us of statewide debates about shopping malls during the last couple of decades. In the wake of Proposition 13, cities offered subsidies to developers of regional malls in hopes of luring them away from neighboring cities and pocketing badly needed sales-tax revenues. Meanwhile, these malls were land-use-planning nightmares that drew shoppers away from traditional business districts that were closer to neighborhoods, all the while clogging roads and fouling the air with smog.

San Diego should not likewise be seduced by transit-occupancy taxes to the detriment of the overall economy.