



Los Angeles Area
Chamber of Commerce

TUESDAY | Sept. 27, 2005

THE BUSINESS PERSPECTIVE:

Yes, We Need Another Downtown Hotel



Coming up at the Chamber

[View all upcoming events on our web calendar.](#)

THU | Sept. 29
Access L.A. City Hall
[more info](#)

THU | Oct. 6
Health Care Committee Meeting
[more info](#)

THU | Oct. 6
VIP Reception
With *L.A. Times'* Jeff Johnson and Dean Baquet
[more info](#)

FRI | Oct. 7
Education & Workforce Committee Meeting
[more info](#)

FRI | Oct. 7
Mastering Media I
[more info](#)

FRI | Oct. 7
Mobility 21 Coalition Meeting
[more info](#)

TUE | Oct. 11
Referral Network
A Growing Companies program sponsored by Wells Fargo
[more info](#)

WED | Oct. 12
70th Annual Construction Industry Awards
[more info](#)

FRI | Oct. 14
Mastering Media II: Advanced Communications
[more info](#)

TUE | Oct. 18
Transportation & Goods Movement Committee Meeting
[more info](#)

THU | Oct. 20
Environmental Quality Committee Meeting
[more info](#)

MON & TUE | Oct. 24 & 25
2005 Golf Classic
[more info](#)

TUE | Oct. 25
Referral Network
A Growing Companies program sponsored by Wells Fargo
[more info](#)

WED & THU | Oct. 26 & 27
2005 Cash for College: College and Career Convention
[more info](#)

THU | Oct. 27
Economic Development & Land Use Committee
[more info](#)

Anyone who has taken an even cursory look at downtown Los Angeles comes to the same conclusion – L.A. needs a more vibrant city center. The residential boom is breathing new life into the neighborhood, but one cannot help but observe that the central business district seemingly folds up at night. It's no wonder – there simply are not enough attractions yet to draw people to that part of downtown.

But we can take a big step toward changing that by moving forward with a new downtown hotel that will bring conventioners and tourists by the tens of thousands along with an economic impact that will boost downtown and the region.

A recent survey of senior meeting planners asked “after the availability of convention center space, what is the single biggest factor that makes you choose one city over another?” The unanimous answer was the quality and availability of hotel rooms within a quarter mile of the convention site. It's no coincidence, then, that of the ten major cities in the survey, Los Angeles ranked dead last. This is absolutely unacceptable for the world's entertainment capital.

The convention center has been an underused asset for well over a decade. Since its expansion in 1994, the facility has struggled to attract enough events to fill its calendar, let alone turn a profit. According to LA INC., more than 100 prospective conventions have rejected L.A.'s bids in the last five years because no suitable accommodations existed within walking distance. The city is losing more than \$30 million each year in bond payments and millions more in unrealized revenue.

We must do better.

This week, the L.A. City Council has an opportunity to revitalize this stagnant part of our tourism economy. The Council will vote on whether to extend subsidies to help build a convention center hotel as part of Anschutz Entertainment Group's \$2 billion L.A. Live project. The proposed 1,100 room, 55-story hotel will give convention-goers exactly what they are seeking -- easy access to their event, along with vibrant nightlife nearby. L.A. Live's six blocks of restaurants, nightclubs and theaters will do just that.

It's just what the doctor ordered.

Under the city's proposal, AEG would receive a loan, a bed tax rebate and certain fee waivers. The Chamber rarely supports this type of subsidy. However, the package is very conservative compared to similar deals in other major cities – cities with which we should and need to compete. The alternative is a lack of business as usual, so to speak.

The hotel project is expected to create 3,000 construction jobs and provide permanent work for approximately 1,000 hotel employees. L.A. INC. estimates a positive \$2.7 billion impact within the first 10 years, resulting in more than \$130 million in new tax revenue. In addition, increased demand for hotel rooms near the convention center will drive up rates and revenues at hotels throughout downtown Los Angeles. And the economic ripple will be felt throughout the region, as convention-goers explore the Southland.

I know whereof I speak. Before coming to Los Angeles I was involved in a similar proposition in Sacramento that yielded a new downtown convention hotel. Some cried foul with the subsidies, and hotels worried about unfair competition. But now, five years later, the convention center is busier, hotel occupancy rates have risen, and all is well.

Indeed, a rising tide does lift all boats.

Finally, this issue is also about civic pride. The second-largest city in the nation should not be losing conventions to Boise, Idaho and Little Rock, Arkansas. As Los Angeles makes a push for the 2016 Olympics, we need attractions like L.A. Live, the Grand Avenue project, and the convention center hotel. Taking this important step will help strengthen our position, attract thousands of new visitors every year and finally help the convention center reach its potential.

And that's *The Business Perspective*.

Russell J. Hammer

The Business Perspective is an award-winning weekly opinion column by Rusty Hammer, President & CEO, LA Area Chamber

L.A. Business THIS WEEK

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TALK BACK TO THE CHAMBER

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