

November 10, 2020

# New Haven Hospitality Workers Need Protection to Change the Maps of Inequality

*“Epidemics emerge along the fissures of our society, reflecting not only the biology of the infectious agent, but patterns of marginalization, exclusion, and discrimination.”  
– Rev. William J. Barber<sup>1</sup>*

## SUMMARY

- The COVID19 pandemic has decimated the hospitality industry. During the peak of the economic shutdown, 39.3% of leisure and hospitality workers nationally were unemployed.<sup>2</sup>
- Even as other employment sectors resume regular activity, the accommodation sector still employs 34% fewer workers than it did a year ago,<sup>3</sup> and the recent wave of infections promises months more of restricted travel and reduced employment.<sup>4</sup>
- Historically, economic crises have compounded inequality. Laid-off workers who do not have a promised date of return from their employer and who are not recalled by their employer suffer dramatic losses in wages and stability. On average, they make an 11.8% lower wage when they get a new job.<sup>5</sup>
- The unemployment crisis among hotel workers has the potential to not only create economic inequality, but to deepen racial inequality. Hotel work is disproportionately non-white and female. In 2019, Black people and Latinos collectively made up 29.9% of the total workforce but 49% of the traveler accommodation sector. Women were 47% of the workforce but 58.7% of the traveler accommodation sector.<sup>6</sup>
- In New Haven, people of color are disproportionately concentrated in several low-income neighborhoods.<sup>7</sup> Unemployment and instability in hotel work has dramatic implications not only for the workers themselves, but for the neighborhoods where they live.
- New Haven’s hotel workers need assurance that as hotels reopen, they will be given the opportunity to return to their jobs. A worker recall ordinance would require hotels that are resuming operations to offer positions to employees laid-off when the pandemic hit.
- Mayor Elicker and the Board of Alders should move quickly to advance this ordinance. Without a swift response, workers will face unnecessary financial distress and uncertainty.

## BACKGROUND

American families have endured nine months of economic instability due to the COVID-19 pandemic. National unemployment reached 14.7%, its highest point since the Great Depression.<sup>8</sup> As of September, 2020, 23,500 New Haven residents are unemployed, up from 11,200 at the same time last year.<sup>9</sup> Many of these workers are employed in the hospitality industry, which suffered tremendous losses as non-essential travel was limited. So many Connecticut hospitality workers were laid-off this spring that Local 217 launched an unemployment application hotline. Now, as New Haven returns to Phase 2, hospitality workers are faced with continued instability.

The city's Black and Brown communities are especially vulnerable during this unemployment crisis due to decades of segregation and disinvestment. The effects of redlining and nearly eighty years of discriminatory housing policy continue to shut Black and Brown residents out of opportunity. Over the past decade, community leaders and legislators have fought against this inequality by pushing employers to hire New Haven residents.<sup>10</sup> But the pandemic threatens the progress our city has made. If previous recessions are an accurate guide, this crisis threatens to further entrench racial inequality in New Haven. Workers of color are often the first to be fired and the last to be hired.<sup>11</sup> We must act swiftly to protect their jobs, their security, and the project of racial and economic justice in New Haven.

Worker recall is based on the simple and fair principle that workers who sacrificed their livelihoods to protect public health should get their jobs back when work resumes. Workers would return to their jobs in order of seniority, as long as they were laid off or furloughed through no fault of their own. By providing stability and security to hotel workers, the ordinance would help ensure that our city emerges from this crisis more equal, not less.

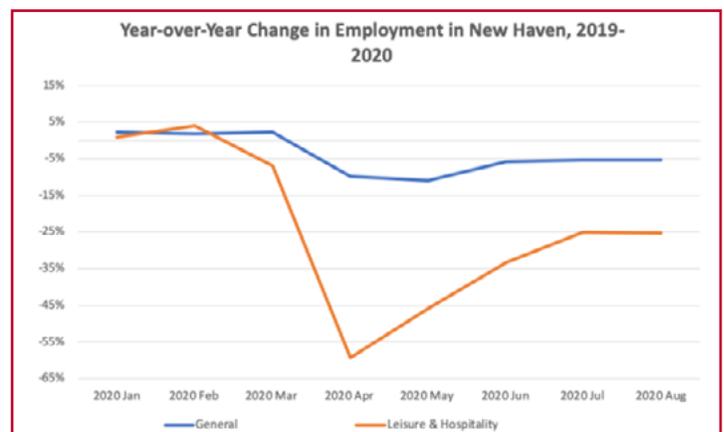
## DATA ANALYSIS

### Hotel Workers Are In Crisis

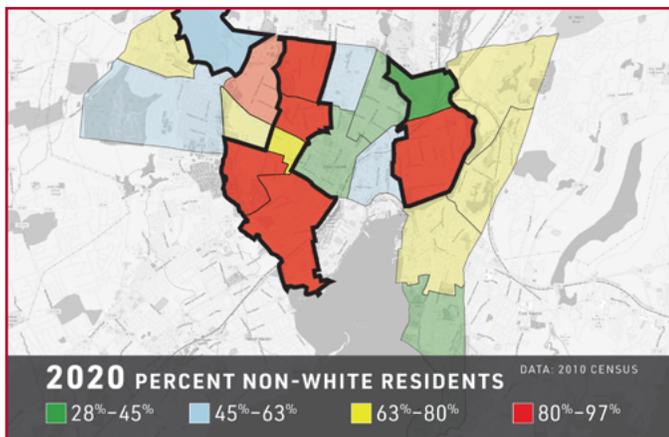
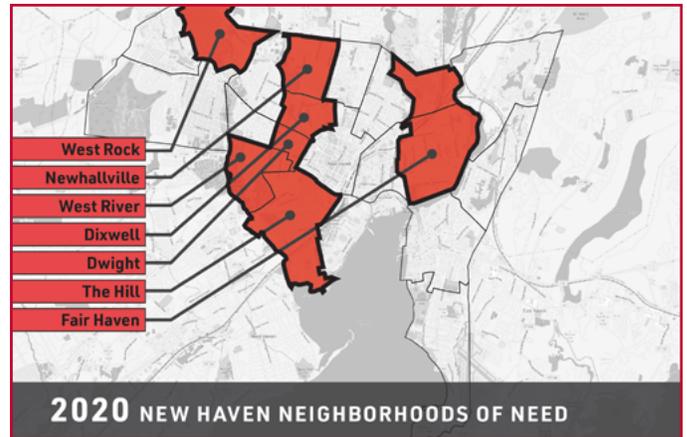
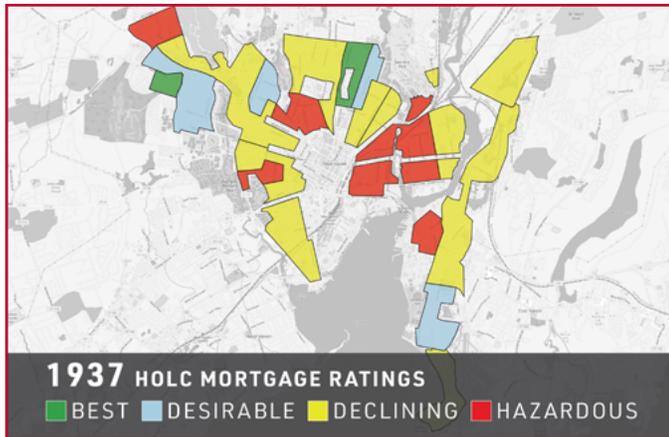
Hospitality jobs have been especially vulnerable during the COVID-19 pandemic. Nationally, the leisure and hospitality industry accounted for 11% of pre-pandemic jobs but 36% of job losses.<sup>12</sup> Connecticut has been no exception. At the worst point of the crisis, employment in the state's leisure and hospitality industry was down by 54.5% compared to the previous year.<sup>13</sup> Although there has been a limited recovery, a second wave of COVID-19 infections has begun, with hospitalizations in the Northeast already on the rise.<sup>14</sup> The American Hotel and Lodging Association (AHLA) estimates that without additional stimulus, 50,000 Connecticut residents in the hotel industry and its supply chain may lose their jobs.<sup>15</sup> While AHLA accurately describes the dire situation for hotel workers, giving public money to wealthy hotel owners is not a sufficient solution. In fact, some large hotel corporations have received millions of dollars in PPP loans while leaving most of their employees unemployed and uninsured.<sup>16</sup>

### The Pandemic Is Reinforcing Racial Inequality

In 2019, Black people and Latinos collectively made up 29.9% of the overall workforce but 50% of the traveler accommodation sector. Women were 47% of the workforce but 58.7% of the traveler accommodation sector.<sup>17</sup> Without intervention, the current economic upheaval is likely to have lasting effects on these workers and on their communities. During the Great Recession, unemployment rates for Black and Latina women were higher than any other groups' and took longer to return to pre-recession levels.<sup>18</sup>



A similar outcome from the current crisis would be especially devastating in New Haven, where people of color are disproportionately concentrated in several low-income neighborhoods.<sup>19</sup> Many New Haven hotel workers reside in these neighborhoods. Their jobs provide essential income and stability to these neighborhoods, which have been under-resourced for generations. During the 1930s, Home Owners' Loan Corporation (HOLC) ratings were used in New Haven to designate certain neighborhoods as hazardous or undesirable, making it difficult for residents of these neighborhoods to access financing to invest in homes.<sup>20</sup> Nearly a century later, the same redlined neighborhoods have the highest percentages of nonwhite residents in New Haven, and suffer from high unemployment, poverty, and shortened life expectancies.

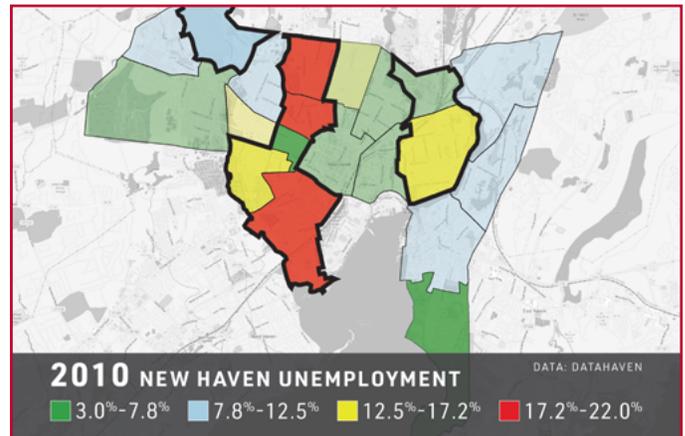
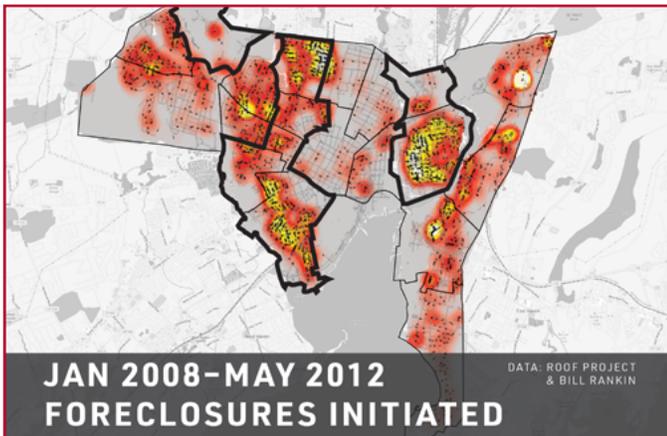


**Fig. 1 1930s Redlined neighborhoods in New Haven.<sup>21</sup>**

**Fig. 2 2020 New Haven low-income neighborhoods.<sup>22</sup>**

**Fig. 3 Percentage of neighborhood residents who are not white.<sup>23</sup>**

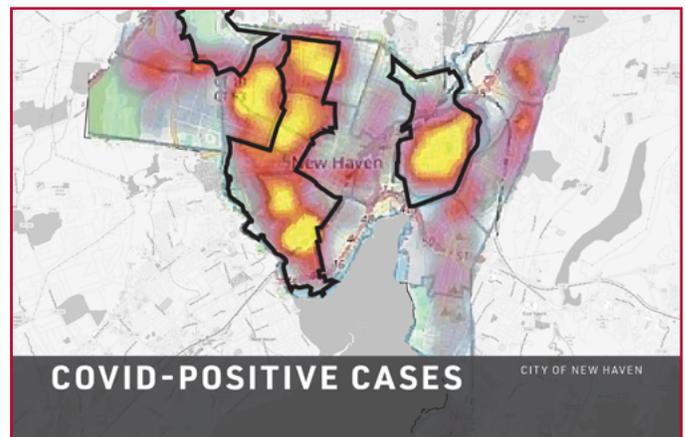
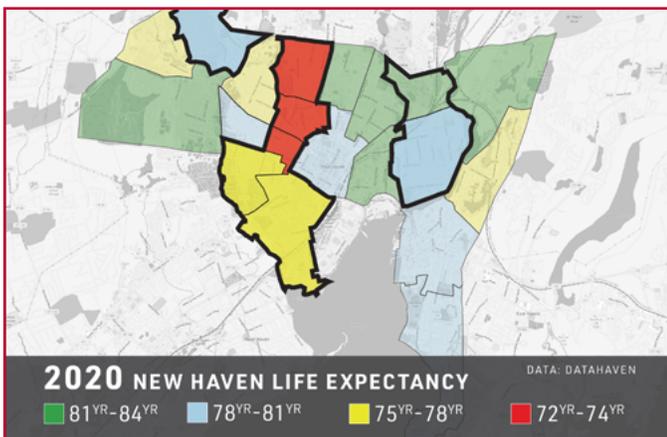
Historically, economic downturns have compounded racial inequality. Between 2009 and 2011, income for the typical Black family in New Haven County fell by 17%. By contrast, income for the typical white family fell by 3%.<sup>24</sup> According to a report by Brandeis University researchers, “half the collective wealth of African-American families was stripped away during the Great Recession...the Latino community lost an astounding 67 percent of its total wealth during the housing collapse.”<sup>25</sup> As elsewhere, New Haven’s neighborhoods of need suffered high rates of foreclosure and unemployment.



**Fig. 4 New Haven foreclosures initiated following the 2008 Great Recession.<sup>26</sup>**

**Fig. 5 2010 New Haven unemployment rates.<sup>27</sup>**

These losses were not merely financial. The racial wealth gap leads to worse health outcomes and life expectancy for people of color - in Newhallville, which has one of the largest Black populations in New Haven, average life expectancy is eleven years lower than in neighboring East Rock, which is predominantly white. When the pandemic arrived, New Haven's low-income neighborhoods were immediately hit the hardest. The same neighborhoods that were cut out of opportunities for decades suffered the highest COVID-19 infection rates. Recent research has found that fewer than 1 in 5 Black workers and 1 in 6 Latino workers is able to work from home.<sup>28</sup> Therefore, these communities face a dual threat during a pandemic: their jobs put them at a higher risk of infection, but they are also at a greater risk for unemployment due to social distancing and emergency shutdowns.<sup>29</sup>



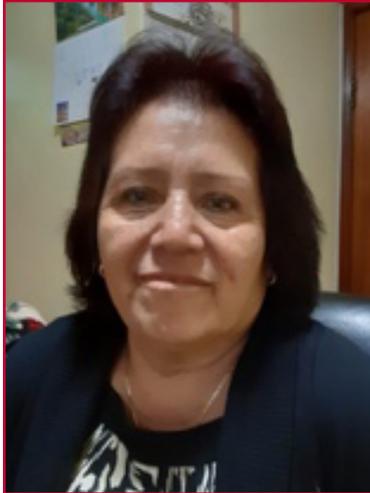
**Fig. 6 2020 New Haven neighborhoods' life expectancies.<sup>30</sup>**

**Fig. 7 COVID-19 positive cases in New Haven at the start of the pandemic.<sup>31</sup>**

## Worker Testimonies

**Maria Palma**  
**Housekeeping**  
**Years of service: 13**

"I have lived in New Haven for 22 years and worked at the New Haven Hotel before I came to the Omni. I watch the news and I wait to hear from my employer or from other workers who have returned to their jobs to see if we're going to be able to go back this year or next year. It's a constant worry. I feel lucky because I am receiving unemployment and have a husband who works, but many of my co-workers aren't able to get unemployment or have no one to help them."



"I have healthcare at this job, and I have been here for 13 years. This job is one of the best jobs available here in New Haven. I don't want to work anywhere else. A worker recall ordinance would provide peace of mind and stability. We need our employer to worry about us. We need them to see that we are part of the community and that we contribute to society."

**Brenda McPherson**  
**Banquet Server**  
**Years of Service: 25**

"I started at the Omni as a busser. I worked my way up to banquet server. I made a good wage, but the hotel laid us off in March. I'm worried we won't be able to get our jobs back. If the hotel were to fire me, I would not be able to find another job with a similar salary and health insurance benefits. I would have to work two jobs in order to make what I made at the Omni. I'm too old to work two jobs. That would be really hard on me. I've worked at the hotel for the last twenty-five years and I think we deserve to have our jobs back once the pandemic is over."



"Since March, I've been doing my best to get by on unemployment. I can barely cover my rent, food, car insurance, and bills. I don't have health insurance. The hotel is asking us to pay \$500 a month to stay on the company's health insurance but I can't afford that. If I get sick, I won't be able to go to the doctor."

## Hotel Profiles

While New Haven’s working-class families suffer through poverty and unemployment, major hotel owners are expanding their assets, receiving public subsidies, and have billions of dollars in investments. Many hotels in New Haven have benefited from forgivable Paycheck Protection Program (PPP) loans, which were designed by Congress to encourage employers to resume operations and keep employees on the payroll.

|  | Omni  | Graduate  | The Study  | The Blake  | New Haven Hotel  |
|--|---|---|--|--|--|
| <b>Owner</b>                             | Robert Rowling  | AJ Capital Partners   | Hospitality 3 LLC  | RMS Companies  | Noble Investment Group   |
| <b>Bio</b>                               | Billionaire <sup>32</sup> and a member of the “Strike Force to Open Texas.” <sup>33</sup>                               | AJ Capital is a real estate firm which owns real estate valued at \$4 billion, along with an additional \$1.8 billion of net assets under management. <sup>34</sup> | A real estate company based in New York City and New Haven which has “over \$2 billion in built hospitality projects.” <sup>35</sup> | A Stamford-based property development firm owned by Randall Salvatore.   | An Atlanta-based private investment firm. According to their website they have “\$4 billion of investments” in United States hotels. <sup>36</sup> |
| <b>Pandemic Fact</b>                     | Nationally, Omni Hotels & Resorts received between \$52 million and \$120 million in PPP loans this year. <sup>37</sup> | Has continued to buy and develop new hotel properties throughout the pandemic. <sup>38</sup>  |  | RMS Companies pressed forward with other development projects in New Haven through the pandemic. <sup>39</sup> |  |
| <b>PPP Loans for Hotels in New Haven</b> | \$1-2 million <sup>40</sup>   |   | \$350,000-1 million <sup>41</sup>  | \$150,000-350,000 <sup>42</sup>  |  |

**\*Companies are required to report the range of loan received, not the exact figure.**

## Conclusion

New Haven’s hotel workers face an unprecedented crisis. Wealthy companies that own hotels will recover, but our families and neighbors may not. The Worker Recall Ordinance is essential to protecting these workers. Over generations of crises, Black and Brown communities have seen wealth systematically extracted from them. For years, New Haven has worked to make progress on the problem of racial inequality in the city. Now COVID-19 threatens to erase this progress. The pandemic’s legacy is already devastating, but we must do everything we can to prevent it from further entrenching economic racism in New Haven. Mayor Elicker and the Board of Alders can act now to defend our workers against powerful corporations so we can change the maps in New Haven.

# Endnotes

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