



Alliance for
ECONOMIC
FAIRNESS

BY _____

CITY CLERK

2023 OCT 13 PM 2:43

RECEIVED
CITY CLERK'S OFFICE

October 10, 2023

City Council, City of Los Angeles
200 N. Spring Street
Los Angeles, CA 90012

RE: Council File: 14-1371-S13: Los Angeles Living Wage Ordinance (LWO) / Los Angeles Hotel Worker Minimum Wage Ordinance (LA HWMO) / Wage Increase / Health Care Credit / Public Housekeeping Training / Amendments

Dear Council Members,

On behalf of the diverse coalition comprising the Alliance for Economic Fairness, we are submitting the attached study, [*Minimum Wage Increases Lead to Economic Uncertainty: A Case Study of the Proposed City of Los Angeles Minimum Wage Increase*](#), from the California Center for Jobs and the Economy.

The California Center for Jobs and the Economy's report seeks to provide a holistic view of the ordinance's outcomes, including the overall impact on a family's budget when accounting for tax credits and income assistance eligibility, how it could affect the city's homeless population, and how much a similar wage increase for city workers would cost the city's budget.

Some highlights from the report include:

- ***"Not everyone will benefit from the wage increase:*** *The income effects of the proposed wage increase would differ based on factors like family composition, tax filing status, number of children, eligibility for income assistance programs, and whether workers retain their jobs and hours.*
- ***"Income losses are felt greatest by single parents:*** *The lowest wage gains, or losses in total income, would be in families with children due to the effect on tax credits and income assistance eligibility. In particular, single-parent families show a small income loss or near break-even under this analysis.*
- ***"Extending a similar minimum wage to City of Los Angeles employees and L.A. Unified School District employees would cost hundreds of millions of dollars:*** *Government workers are not affected by the ordinance. About 25 percent of City of L.A. and L.A. Unified School District employees work in job classifications with beginning salaries below the ordinance's levels. Providing these workers with an equitable \$30 minimum wage would cost \$130 million and \$382 million respectively.*

Alliance for Economic Fairness, a project of the Los Angeles Area Chamber of Commerce

- ***“Unemployment will affect those already on the cusp of homelessness: The report expands on ongoing research being conducted by Professor Seth J. Hill at UC San Diego related to the impacts of minimum wage increases on homelessness. The city’s high cost-of-living has reduced economic security, especially for those in this wage band, preventing them from being able to accrue savings and could absorb even a short-term wage loss.***
- ***Additional research conducted by Oxford Economics demonstrates how the ordinance also hurts the city’s homelessness response by reducing much-needed revenue to the city, including revenue from the tourism-specific transient occupancy tax. This reduced revenue will ultimately lead to reduced services and funding available to address the city’s homelessness and housing crises.”***

Thank you for your attention to this matter.

Sincerely,

Alliance for Economic Fairness

Coalition Members:

- | | |
|---|---|
| • American Hotel and Lodging Association | • California Business Properties Association |
| • Anaheim Chamber of Commerce | • California Hispanic Chambers of Commerce |
| • Apartment Association of Greater Los Angeles | • California Hotel & Lodging Association |
| • Apartment Owners Association of California | • California Restaurant Association |
| • Asian American Hotel Owners Association (AAHOA) | • California Retailers Association |
| • Asian Business Association of Los Angeles | • California Travel Association |
| • Asian Industry B2B | • Community RePower Movement |
| • Beverly Hills Chamber of Commerce | • Compton Chamber of Commerce |
| • Blaqhaus NoHo | • Corona Chamber of Commerce |
| • Building Owners and Managers Association of California | • Crenshaw Chamber of Commerce |
| • Building Owners and Managers Association of Greater Los Angeles | • Family Business Association of California |
| • California Black Chamber of Commerce | • Glendale Chamber of Commerce |
| • California Building Industry Association | • Greater San Fernando Valley Chamber of Commerce |
| | • Hotel Association of Los Angeles |
| | • Inland Empire Regional Chamber of Commerce |

- La Cañada Flintridge Chamber of Commerce
- Latino Restaurant Association
- LAX Coastal Chamber of Commerce
- Long Beach Area Chamber of Commerce
- Los Angeles Area Chamber of Commerce
- Los Angeles County Business Federation
- Los Angeles County Taxpayers Association
- Marina del Rey Tourism Board
- National Association of Industrial And Office Properties, Southern California
- National Association of Minority Contractors, Southern California
- Northeast Los Angeles Hotel Owners Association
- Santa Clarita Valley Chamber of Commerce
- Santa Clarita Valley Economic Development Corporation
- South Gate Chamber of Commerce
- Southern California Black Chamber of Commerce
- The Greater Los Angeles Hospitality Association
- Torrance Area Chamber of Commerce
- United Chambers of Commerce
- Valley Industry & Commerce Association
- Visit Temecula Valley
- Warner Center Association
- West Hollywood Chamber of Commerce
- West Ventura County Business Alliance
- Westside Council of Chambers of Commerce

CC: Mayor Karen Bass
 Rachel Freeman, Deputy Mayor for Business and Economic Development
 Lourdes Castro Ramírez, Chief Housing and Homelessness Officer
 Holly Wolcott, City Clerk
 Petty Santos, Executive Officer, Office of the City Clerk
 Sharon Tso, Chief Legislative Analyst
 Matthew Szabo, Chief Administrative Officer
 Dr. Va Lecia Adams Kellum, CEO, Los Angeles Homeless Services Authority

Minimum Wage Increases Lead to Economic Uncertainty:

A Case Study of the Proposed City of Los Angeles Minimum Wage Increase

As part of its ongoing commitment to providing data and economic analyses on issues impacting working families and the California economy, the Center for Jobs and the Economy has released a new report, "**Minimum Wage Increases Lead to Economic Uncertainty**," which provides an analysis of the City of Los Angeles's proposed \$30 per hour minimum wage.

Key Findings

Not Everyone Will See Increased Income

- The income effects of the proposed wage increase would differ based on factors like family composition, tax filing status, number of children, eligibility for income assistance programs, and whether workers retain their jobs and hours.
- The lowest wage gains, or losses in total income, would be in families with children due to the effect on tax credits and income assistance eligibility. **In particular, single-parent families show a small income loss or near break-even under this analysis.**

Ordinance Will Lead to More Than 10,000 Jobs Lost

- The report estimates that the ordinance could result in a considerable number of job losses, especially in the tourism industry, due to the increased payroll costs and resulting effect on tourism and travel as the affected employers are forced to increase their prices.
- The estimates in this study show a **10,670 job loss under \$25 and 12,630 under \$30.**
- The travel and tourism industry has yet to recover from the pandemic recession, and further uncertainty created by the minimum wage ordinance will disproportionately impact smaller hotels and small businesses.

A Double Hit to the City's Homelessness Crisis

- As wages rise, one particular effect is to shift to higher skilled workers capable of more flexible work tasks. Overall employment may be less affected, but demand in particular for lower skilled workers drops. **Those already operating on the edge of their incomes then become at greater risk for homelessness.**
- The most common reason cited by leaseholders (persons with their name on a lease or mortgage) for losing their last housing was loss of income, accounting for 21% of this group.
- An analysis of cities with a continuous rise in minimum wage estimates that a **10% rise in minimum wage increases relative homeless counts by 3-4%.**
- Previous research by Oxford Economics estimates that the \$30 per hour minimum wage will **decrease state and local tax revenue by \$142 million annually**, reducing funding for vital services like homelessness prevention and support.

Will Not Fix the City's Housing Crisis

- Household income gains could be quickly **outpaced by continued housing cost increases**, a 10.2% rise based on the 2019 factors and 8.5% based on 2021 would eliminate the wage gains. While workers remaining in their current housing likely would be able to remain ahead of the cost curve, workers seeking new housing for any number of reasons including being closer to work could see the affordability gains reduced or eliminated.

Read the Report at www.centerforjobs.org/ca



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