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Community Impact Statement - Submission Details

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Fri, Mar 15, 2024 at 6:58 PM

A Neighborhood Council Community Impact Statement (CIS) has been successfully submitted to your Commission or City Council. We provided information below about CISs and attached a copy of the CIS.

We encourage you to reach out to the Community Impact Statement Filer to acknowledge receipt and if this Community Impact Statement will be scheduled at a future meeting. Neighborhood Council board members are volunteers and it would be helpful if they received confirmation that you received their CIS.

The CIS process was enabled by the Los Angeles Administrative Code §Section 22.819. It provides that, "a Neighborhood Council may take a formal position on a matter by way of a Community Impact Statement (CIS) or written resolution." NCs representatives also testify before City Boards and Commissions on the item related to their CIS. If the Neighborhood Council chooses to do so, the Neighborhood Council representative must provide the Commission with a copy of the CIS or resolution sufficiently in advance for review, possible inclusion on the agenda, and posting on the Commission's website. Any information you can provide related to your agenda setting schedule is helpful to share with the NC.

If the CIS or resolution pertains to a matter *listed on the Commission's agenda*, during the time the matter is heard, the designated Neighborhood Council representative should be given an opportunity to present the Neighborhood Council's formal position. We encourage becoming familiar with the City Council's rules on the subject. At the Chair's discretion, the Neighborhood Council representative may be asked to have a seat at the table (or equivalent for a virtual meeting) typically reserved for City staff and may provide the Neighborhood Council representative more time than allotted to members of the general public. They are also permitted up to five (5) minutes of time to address the legislative body. If the CIS or resolution pertains to a matter *not listed on the agenda*, the designated Neighborhood Council representative may speak during General Public Comments.

We share this information to assist you with the docketing neighborhood council items before your board/commission. If you have questions and/or concerns, please contact the Department of Neighborhood Empowerment at empowerla@lacity.org.

***** This is an automated response, please DO NOT reply to this email. *****

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The Board approved this CIS by a vote of: Yea(8) Nay(0) Abstain(6) Ineligible(0) Recusal(0)

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Impact Information

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Council File Number: 14-1371-S13

Agenda Date:

Item Number:

Summary: WLA Sawtelle Neighborhood Council is in full support of the Tourism Workers Rising motion (Council File: 14-1371-S13) introduced in April to amend the Los Angeles Living Wage Ordinance and the Los Angeles Hotel Worker Minimum Wage Ordinance requiring \$25/hr now & \$30/hr by 2028, quality health care, and worker protections, as a matter of economic justice, housing justice, and public safety. The tourism industry is rebounding beyond pre-pandemic levels and infrastructure investments are assuring future growth as Los Angeles prepares to host the 2026 World Cup and the 2028 Olympics; in 2022, the U.S. hotel industry reported average daily rate (ADR) and revenue per available room (RevPAR) that were the highest for any year on record, while LAX is investing \$6 billion in an expansion and LA is #1 in the nation for new hotel rooms. It is unacceptable that many workers at LAX and in hotels are struggling to keep a roof

over their heads and support their families, all while being the backbone of a major economic engine in Los Angeles. The workers that keep LA's tourism industry functioning, safe, and profitable – including hotel housekeepers, LAX janitors and security guards, airplane cabin cleaners, airline catering workers, airline passenger service workers, LAX restaurant and retail workers – are primarily from BIPOC and immigrant communities. Tourism workers are disproportionately rent-burdened and are facing housing insecurity as housing costs in Los Angeles rise, meaning that at the current living wage levels an LAX or hotel worker would have to work 14 hours a day to afford to rent a two-bedroom apartment. The proposed amendment to the living wage ordinance would help prevent displacement of our community members and ensure over 36,000 Angelenos are healthy and housed. PDF ATTACHED WITH COMPLETE DETAILS FOR CFN 14-1372-S13 PDF ATTACHED WITH SUPPORTING STUDY "Estimating the Impacts of the Proposed Tourism Workers Living Wage Ordinances for Los Angeles"

Ref:MSG10007782

2 attachments



Impact_Report.pdf

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Estimating the Impacts of the Proposed Tourism Workers Living Wage Ordinances for the City of Los Angeles

May 3rd, 2023

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Executive Summary

The Los Angeles City Council has proposed amendments to two existing living wage ordinances (LWO) to update the current living wage laws that have been in place for a decade or more. The proposed LWO would raise wages for workers covered by the Hotel LWO and the LAX LWO in 2023 to \$25 per hour and by 2028 to \$30 per hour.

This report details the proposed ordinance's impact on LA's tourism economy. Dr. T. William Lester, Professor and Chair of Urban and Regional Planning at San José State University, analyzed the proposed LWO's impacts on the regional economy and finds that the ordinance:

- Will have a positive direct economic impact on the combined set of approximately 36,000 tourism workers, resulting in an annual wage increases of 35.6 percent;
- Will particularly benefit people of color, especially women of color, who make up the largest share of tourism workers;
- Will help to offset the increases in health care costs that workers have experienced that are not covered by employers;
- Will reduce workers' rent burden during a time when rents have sharply risen, in excess of 20% over the past two years, and as evictions threaten many workers with homelessness;
- Will contribute more than \$40 Million to government treasuries; and,
- Will generate an additional 1,464 jobs and \$288 million in economic output throughout the Los Angeles County regional economy.

Table 1: Estimated Wage Increases

Year	Proposed Wage	Total Affected Workers	Aggregate Wage Increase
2023	\$25/hour	36,435	\$542,590,777
2028	\$30/hour	40,036	\$890,160,349

Introduction

The City of Los Angeles has previously passed several Living Wage Ordinances, beginning in 1997, based on the idea that while the State of California’s minimum wage is one of the highest in the nation, it is still not sufficient to support workers in Los Angeles given the high cost of living. The national and regional research reviewed below shows that living wage ordinances have proven effective tools that put a wage floor under workers and help protect their ability to secure stable employment, housing, and health care.

Since the start of the COVID-19 pandemic, tourism workers in the City of Los Angeles have experienced an increase in economic risks, from lack of access to affordable healthcare or affordable housing or the substantial impact of inflation on the cost of necessities. Working families are overwhelmingly burdened with rent and healthcare costs. Workers are vulnerable to economic shocks; this threatens not only workers and their families but also undermines the tourism industry’s ability to retain and sustain its workforce.

The existing Living Wage Ordinances tie annual increases to the national Consumer Price Index (CPI). However, these increases have not kept pace with the actual rise in costs for workers.

The Los Angeles Alliance for a New Economy asked Dr. T. William Lester, Professor of Urban and Regional Planning at San José State University and a nationally recognized expert on living wage laws, to review the proposed ordinance and assess the impacts.

This report first provides a brief status update of the Los Angeles Tourism Industry, background information on existing living wage laws in Los Angeles and a review of scholarship on the economic impact of living wage laws. The report then analyzes the proposed LWO changes and details the anticipated wage, rent and healthcare effects on covered tourism workers as well as the multiplier effects across the regional economy.

The Rebound of the Los Angeles Tourism Industry

Los Angeles’ post-pandemic tourism industry – including hotels, restaurant, and travel services—is making a rapid recovery. Although pandemic shutdowns drastically reduced demand in the tourism sector in 2020, the industry is emerging strong both nationally and locally. Nationwide airline passenger travel has now exceeded the total volume from the first quarter of 2019. Passenger traffic volume is rebounding rapidly at LAX, nearing pre-pandemic levels, rising 23 percent between the first three months of 2023 versus 2022.¹ International traffic rebounded 72 percent over the same period.

Corporate travel has continued to be slower to recover, a trend that CoStar’s March 2023 Hospitality Report attributes to the continued low rate (below 50%) of office utilization in Los Angeles, a lagging effect of pandemic office closures. And the strength of the dollar overseas has meant that international visitors are still slower to return to Los Angeles. Despite this, the Tourism Board forecasts 51 million visitors to Los Angeles in 2023, which matches or exceeds 2019 visitor levels.

¹ <https://www.lawa.org/-/media/60372b2e1f9e433a93e78a75323c36d4.pdf>

Hotels in particular have not only recovered from the pandemic shock but are thriving. According to the Los Angeles Convention and Tourism Board’s published metrics for 2022, the average daily revenue for tourism lodging in the city of Los Angeles was 8.3% above 2019 levels and 34.5% above 2021 levels signaling robust and expanding demand.² According to CoStar, the average daily revenue is up from \$173.85 in 2019 to \$200.62 in 2023. Over the same period, the revenue per available room went up from \$126.38 to \$146.71, outpacing the rate of inflation. In addition, employment levels in the tourism industry are approximately 95% of pre-pandemic levels and the growth of tourism establishments has kept pace with the rate of recovery.³

The hotel occupancy rate in the city, at about 72%, does remain about 10% below the pre-pandemic level. However, that’s an increase of 22.4% in 2022 and trends suggest that increase will continue. Further, CoStar points out that occupancy rates would be higher if not for the “influx of new hotel supply.”⁴ An impressive number of new hotels opened in 2021, reported to be “the highest number of hotels and hotel rooms to open out of any county” in the nation by the Los Angeles Business Journal.⁵ This is an indicator both of stable profitability in the hotel sector and investor confidence in the region’s economy.

Existing Los Angeles Living Wage Ordinances

Los Angeles has a long history of enacting living wage laws that apply to certain segments of the workforce, passing laws in 1997, 2007 and 2014.

The 1997 Living Wage Ordinance raised the wage floor for employees of city contractors. At that time, the Council singled out the poor compensation of workers with airport contractors as a significant driver of the need for a living wage. The Council stated that performance of airport workers directly reflects on the City’s public image and “the success or failure of City operations may turn on the success or failure of these enterprises”⁶.

The LWO also mandated that contractors also contribute \$1.25 per hour worked toward employer-provided health insurance premiums or the equivalent per hour worked to the employee if the employers did not directly provide health insurance. This additional payment was intended to offset the drain on public healthcare resources by contractors’ employees. In 2009, the Council unanimously approved raising the hourly rate for health benefits for workers at Los Angeles World Airports (LAWA) to \$4.50 per hour worked, and required annual increases based on the Consumer Price Index to address

² 2022 Los Angeles County & Submarket Lodging Metrics. Smith Travel Research.

<https://latourismorg.app.box.com/s/ujw3nufzp4ak769j4p75lk45wpqb2b3j>

³ Specifically, employment in the NAICS code 722- Accommodations and Food Services, which includes hotels and restaurants was 381,353 in LA County in the 3rd quarter of 2022, down 5% from 2019 Q3. For reference employment dropped 35% during the depths of the pandemic shutdowns. Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW).

⁴ Hospitality Market Report for Los Angeles, CA. CoStar. March 8, 2023. page 3.

⁵ Madans Welk, Hannah. “Hotel Industry Sees Record High Openings”, Los Angeles Business Journal. February 14, 2022. <https://labusinessjournal.com/special-reports/hotel-industry-sees-record-high-openings/>

⁶ Article 11: Living Wage. Los Angeles Charter and Administrative Code. Updated December 12, 2019. <https://bca.lacity.org/Uploads/lwo/Ordinance%2010.15.2018%20Version.pdf>

the increase of the cost of healthcare. The most recent increase in 2022, brought the rate to \$5.77 per hour worked.⁷ The current living wage for LAX workers now stands at \$18.04 per hour.

The 2007 Ordinance raised the base pay specifically for workers at hotels within a newly defined “Airport Hospitality Enhancement Zone” (AHEZ) that corresponded to the already-established Gateway to LA Business Improvement District. The Council extended the living wage to workers at these privately-owned hotels because they depend upon LAX for their business. This ordinance continued to include the mandate that the hotels pay health benefits as either a contribution to employer-provided insurance or directly to the worker to support individual health insurance.

The 2014 Citywide Hotel Worker Minimum Wage Ordinance raised the base pay to \$15.47 an hour for workers in hotels within Los Angeles city limits and within the AHEZ. This rate was indexed to inflation using the CPI and now stands at \$18.86 per hour. The ordinance also mandated an accrual up to 96 hours of paid time off, which exceeded the State of California’s mandated paid sick leave for all employers. This took effect for hotels with 300 or more rooms in 2015 and then those with 150 rooms or more in 2016. In response to a citizen initiative, Council reduced the threshold to 60 rooms in 2022.

An important aspect of these previous ordinances is that although increases are tied to the Consumer Price Index, they have not kept pace with the actual rise in housing and healthcare costs in Los Angeles. Increasing the wage, and improving upon the annual increase mechanism is necessary to accomplish what these original laws were intended to do: create stability for workers across our vital tourism industry at hotels and at the airport.

The cost of the wage increases for these workers will be borne by some of the most profitable businesses in our region with margins that can withstand these wage increases better than workers can weather economic shocks. To the extent that additional labor costs are passed on to consumers through higher prices, the vast majority of the costs will then be borne by non-Los Angeles residents.

The Economic Impacts of Previous Living Wage laws

We also conducted a review of the existing scholarship on the impacts of living wage laws on workers, employment levels and local economic development. The key takeaway of this review is that the literature shows that **such policies rarely result in negative impacts on employment levels or economic development opportunities for local communities.**

Empirical research on the impacts of raising labor standards has been conducted for decades. This work is divided into two groups:

- 1- Studies that analyze changes in the minimum wage. These changes affect all workers in a geographic area regardless of industry or sector.
- 2- Studies of living wage laws. These laws focus on jobs that are supported by public dollars or within segments of the economy. These are comparable to the proposed Los Angeles’ Tourism Workers Living Wage law.

⁷ <https://www.lawa.org/lawa-businesses/lawa-administrative-requirements/living-wage-and-service-worker-retention-ordinances>

Forty years ago, empirical assessments of the impact of raising the minimum wage on employment showed a negative impact on employment levels with elasticities that ranged between minus 10 and 20 percent (Brown, Gilroy, and Kohen 1982). However, more recent research utilizes geographically detailed methodologies and sophisticated causal research designs. These recent studies have convincingly shown that minimum wage increases do not lead to significant disemployment effects (Dube, Lester et al. 2010, Dube, Lester et al. 2016, Allegretto, Dube et al. 2017). In other words, these studies have generally found employment effects close to zero.

While some researchers believe that there is a threshold at which a large and rapid increase in the minimum wage could cause negative employment effects Manning (2021), empirical research has not borne this out. Although most state-level minimum wage changes are modest, some municipalities have enacted large minimum wage changes. For example, San Francisco passed a 26 percent increase in the minimum wage. Dube, Naidu and Reich (2007) examined multiple outcomes for full-service and fast-food restaurants, including employment. They compared employment at affected restaurants in San Francisco and the East Bay and found that **increased wages lowered wage inequality yet did not create employment loss**. More recently, data from Seattle, which was the first major city to raise its minimum wage to \$15.00 per hour, show that a large increase did not lead to significant employment losses.

There are fewer empirical studies on living wage laws than on minimum wage laws. In a study of Los Angeles' initial 1997 Living Wage Ordinance, Fairris (2005) examined the impacts on City contractors with large numbers of affected workers. The survey analysis revealed that **affected firms had less worker turnover and absenteeism and that fewer workers used overtime hours**. Workers at establishments with City contracts also received an average wage increase of \$1.74 per hour worked and two additional paid days off relative to a control group of establishments. Researchers that have studied other cities' living wage laws, including Boston (Brenner 2005) and San Francisco (Reich, Hall et al. 2005), have found similar effects. The UCLA School of Public Health Assessment of the 2002 health insurance provision of the Los Angeles Living Wage Ordinance found that, although rates of health care coverage for the affected workers stayed stubbornly at 40%, increased income reduced mortality rates by 1.4 deaths per year per 10,000 workers (Cole, Shimkhada et al. 2005).

In a subsequent study of the 1997 Los Angeles Living Wage Ordinance, Fairris et al. (2015) compares data on affected workers and firms to a control group of firms in similar industries. They find that the Los Angeles Living Wage Ordinance led to pay increases for 10,000 workers. The LWO most impacted workers at the Los Angeles and Ontario airports and in low-income families. The **rate of job loss was one percent of affected jobs**. Firms implemented cost-recovery measures that included reducing some worker benefits and overtime hours. They also reduced worker training. However, in actuality, **employers' cost savings were attributable to lower rates of labor turnover and unscheduled absenteeism** (Fairris et al. 2015).

As living wage advocates shifted their focus from laws that cover a narrow set of workers, such as those who work for public contractors, to laws that would cover entire industries, researchers began studying the broader effects of living wage laws. Living wage critics claim that living wage ordinances harm the "business climate" in cities that enact them and generate negative impacts on employment and economic development. Lester (2012) evaluated this claim by analyzing trends in employment and business establishment for sectors believed to be most impacted by business-assistance living wage laws (i.e. sectors typically targeted by local economic subsidy programs). This time-series analysis compared 15 cities that enacted business-assistance living wage increases to a control group of 16 equally-sized

cities that considered but then failed to pass businesses-assistance provisions. The study found that the **overall long-term employment effects are small and not statistically significant for low-wage sectors as well as for overall employment.** Lester (2011) also compares the employment and business establishment effects in 19 cities in California that passed living wage laws for city contractors to cities that did not. This study finds that **these living wage laws did not have a significantly negative impact on employment or establishments.**

As stated at the beginning of this section, given this established scholarship on the economic impacts of living and minimum wage laws, we do not expect that the proposed Tourism Workers Living Wage Ordinance would cause large disemployment effects in Los Angeles.

The Economic Impact of the Proposed Living Wage Ordinance

Using the methodology described in the attached Appendix, our analysis has determined that the proposed LWO will result in immediate raises for an estimated **36,435 workers** in Los Angeles in 2023. These raises will result in a **more than \$542 million** in total additional income for working families.ⁱ These figures would grow each year as the living wage increases until 2028 when it will be at \$30/hour. At that time, an estimated **40,036 workers** will be covered and the total additional income for working families will be **more than \$890 million.**

- Number of tourism workers affected in 2023 by proposed living wage raise to \$25/hour: 36,435
- Number of tourism workers affected in 2028 by proposed living wage raise to \$30/hour: 40,036
- 2023 aggregate wage increase for tourism workers: \$542,590,777
- 2028 aggregate wage increase for tourism workers: \$890,160,349
- Average annual wages would increase approximately 35.6% for full time workers.

In the sections below, we detail how the LWO will impact various demographic groups and what will be the impact on worker's access to health care and on their rent burden. We also point out that there are anticipated contributions to government coffers and a wider impact when those workers spend their additional income in the regional economy.

Demographic Profile of Affected Workers

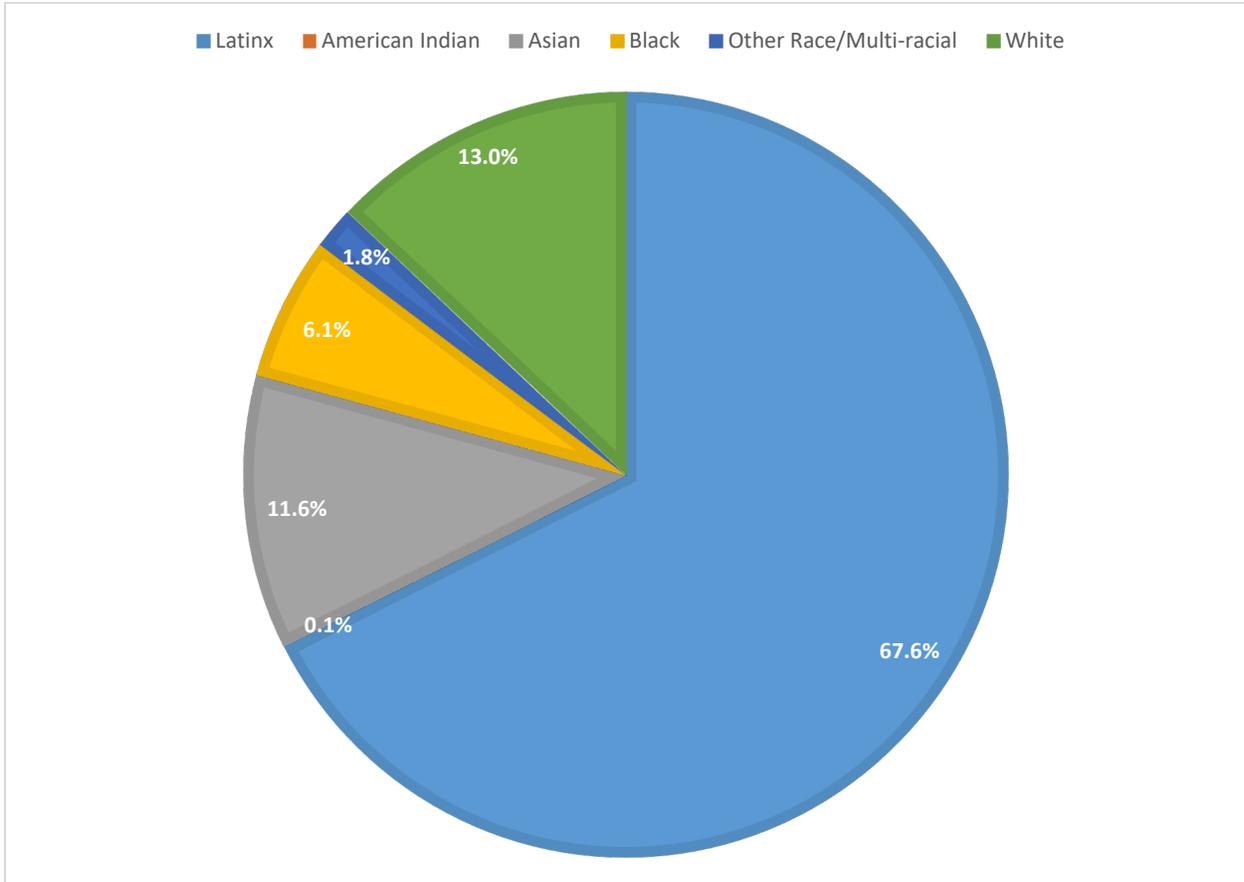
For the workers that will be affected by the proposed LWO, we disaggregated the results by race/ethnicity to understand the different wage impacts of the LWO across demographic groups in Los Angeles. Where possible, we cross-tabulated by gender.

We found that nearly **9 in 10 workers** affected by the proposed LWO **are people of color** (87 percent). Specifically, Latinx workers make up close to 68 percent of the affected workforce; Asians comprise 12 percent; and African Americans are 6 percent. Non-Hispanic Whites comprise 13 percent of the workforce. The remaining 1.8 percent of affected workers would be other races or of more than one race (from self-reported census data).

Of the combined set of tourism workers that would be impacted by this LWO, approximately **56 percent are male and 44 percent are female.** However, the impact would be different for hotel workers than for LAX service and hospitality workers as the employment composition at hotels is majority female (53.1%), while at LAX it is only 33.9% female.

From this analysis, we find that the LWO will impact people of color, especially women of color. Given that people of color are overrepresented at lower levels of the income distribution, the LWO could help address the City's income inequality and racial wealth gap.

Figure 1: Share of Affected Workers by Racial and Ethnic Group



Source: Author's analysis of US Census Bureau, American Community Survey (ACS) 5 year 2016-2020 data.

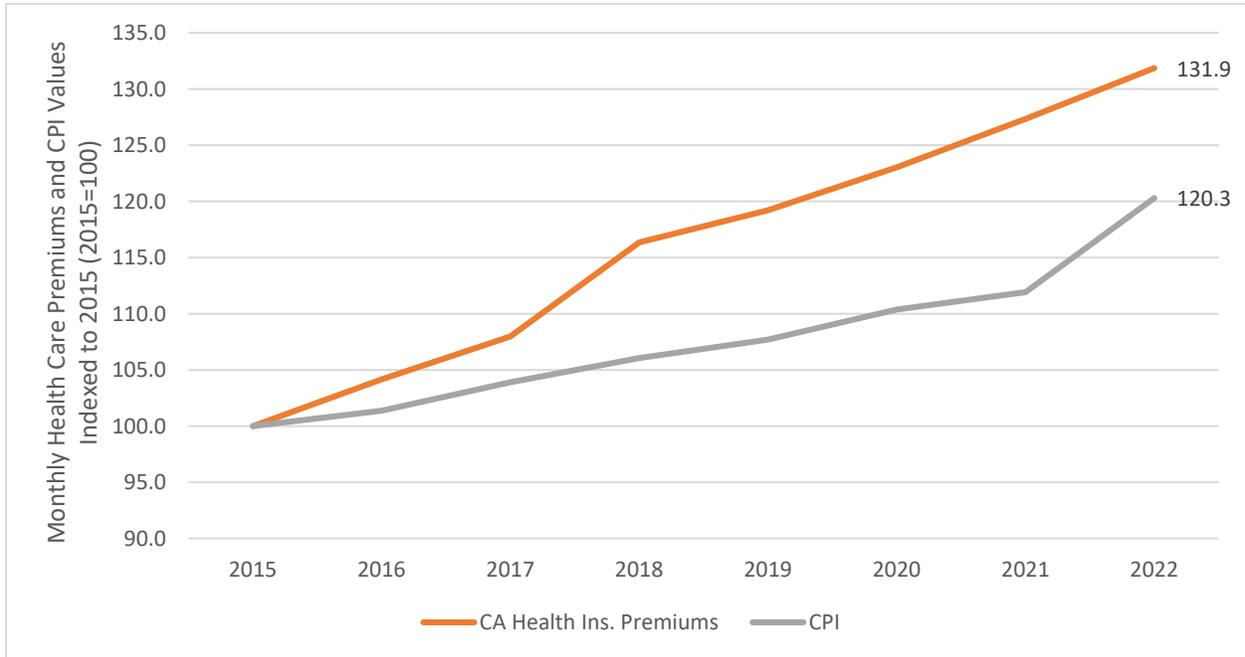
Health Care Costs and Current Coverage Analysis

As the LWO also mandates an employer contribution to employees' health care costs, we analyzed the status of health care coverage for the combined set of tourism workers. At present, tourism workers are less likely to have health insurance compared to other workers in Los Angeles. **Nearly half of tourism workers (45.8%) lack employer sponsored health care**, compared to 37.9% for all other LA workers. The Latinx community in Los Angeles is also two times more likely to lack health insurance than other ethnic groups, so the LWO's expansion to additional workers across an industry made of up of nearly 68% Latinx workers could help reduce that coverage gap.⁸

⁸ Racial Disparities in Six Charts, Los Angeles Almanac. <https://www.laalmanac.com/social/so722.php>

According to the California Department of Managed Health Care, average health insurance premiums per individual rose to \$552 per month in 2022. In recent years, as illustrated in Figure 2 below, the average cost of health insurance premiums in California have risen faster than the rate of inflation. This indicates that the State of California’s Department of Managed Health Care annual report on rates would be a more accurate index for the employer healthcare contribution rate than the CPI, which is the current index.

Figure 2: Rise in California Health Insurance Premiums outpaces Inflation



Source: CA Department of Managed Health Care, [Large Group Aggregate Rates and Prescription Drug Cost Report](#), 2016-2022. US Bureau of Labor Statistics, Consumer Price Index (CPI).

Rent Burden Analysis

Since the onset of the COVID-19 pandemic, rents in Los Angeles have risen sharply. The average asking rent for the median-size housing option (a 2-bedroom unit) rose from \$2,628 in March 2021 to \$3,363 in March 2023.⁹ That is an increase of 28% in two years.

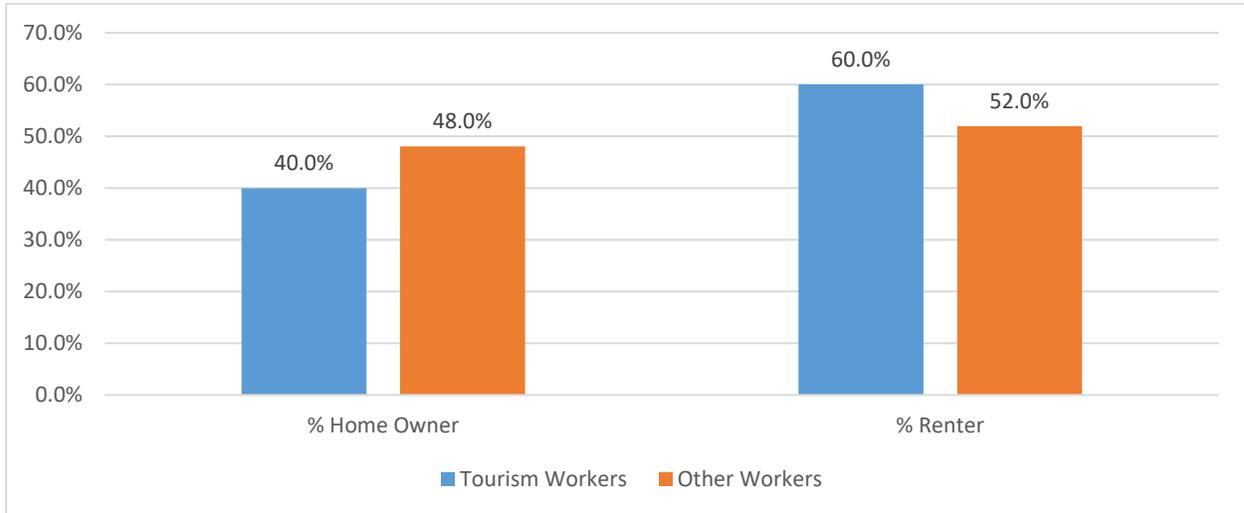
Households with tourism workers have more workers contributing to household expenses (2.4 workers) than in other households (2.1), and they also tend to live in households with more people. Tourism workers live in households with a mean of 3.7 people while other households have a mean of 3.3 people. Therefore, **tourism workers are disproportionately rent-burdened**, which is defined as paying

⁹ <https://www.renthop.com>

more than 30% of monthly household income on rent. Compared to 42% of all Los Angeles wage workers, 56.2% of tourism workers are rent-burdened.¹⁰

When workers are rent-burdened, their ability to save for purchasing a home is greatly diminished. LA tourism workers have lower homeownership rates than other workers. Given the overrepresentation of people of color in the combined set of tourism workers, we can deduce that the lower rate of homeownership contributes to the persistent racial wealth gap and will continue to suppress income mobility for people of color in Los Angeles.

Figure 3 : Lower Homeownership Rates for Tourism Workers



Source: Author’s analysis of US Census Bureau, American Community Survey (ACS) 5 year 2016-2020 data.

Regional Economic Impacts of Living Wage Increases

The estimated \$542 million in increased wages generated by the proposed LWO would lead to additional household spending power for households with tourism workers. That additional spending power would generate an extra **\$288 million in economic output** throughout Los Angeles County. This additional output is essentially an increase in spending on goods and services by affected households, which then stimulates demand in other local industries generating additional economic output. This is referred to as the “multiplier effects” of an economic policy. Using a cautious methodology to account for potential cost increases, we still find a **significant net-positive economic impact for the regional economy**.

\$288 million is a conservative estimate of the additional output. The additional household demand could lead to increased prices for accommodation and travel originating in LA. Therefore, we used IMPLAN Pro

¹⁰ Author’s analysis of US Census Bureau, American Community Survey (ACS) 5 year 2016-2020 data.

modeling software and corrected for the reduced income effects for LA-based households who could potentially face increased prices. We assume that the burden of these cost increases would be spread across all Los Angeles household income groups and a significant share of the increased costs would be paid by non-residents. This IMPLAN analysis finds the total number of regional jobs that would be created or supported by the increased consumer expenditures as **an additional 1,464 jobs**.

Contributions to Government Treasuries

The proposed LWO would result in higher incomes for nearly 40,000 workers and therefore lead to a gross increase in income taxes owed. Additionally, the multiplier effects of higher wages also generates economic output (sales) that generates new sales, income taxes, and fees. Assuming a high rate of tax compliance, this additional tax would have a **positive fiscal impact** for the State of California amounting to approximately \$13.6 million. Local governments would receive approximately \$12.1 million in additional revenues based on the passage of the LWO.¹¹

Table 2: Additional Government Revenues resulting from Proposed Living Wage Ordinance

Federal	\$19,011,700
State	\$12,617,430
County	\$3,750,955
Local	\$3,801,795
Local Special Districts	\$3,714,593

Source: IMPLAN Pro.

District-Level Impacts

As tourism workers do not reside evenly across the city, we analyzed the differences in the proposed LWO impacts across City Council districts. This analysis used residence-based employment counts and block-to-block commuting patterns data from the U.S. Census Bureau’s LODES data to allocate city-wide impacts to each district. We estimated the number of affected tourism workers residing in each of the 15 Los Angeles City Council districts and then calculated the total wage increases that are expected to flow to those districts. The district level impacts are presented in Table 3 below.

While the largest impact would be within District 8 and the smallest impact would be District 12, all councilmembers would see between \$25-58 Million in additional wages flowing to households within

¹¹ Note: This fiscal impact analysis includes both the impact of the direct wage increases as well as the multiplier effects described in the section below.

their districts. With the exception of District 11, the districts with the highest impacts are also the districts that are in the top 25% of Disadvantaged Communities and have the highest share of households with a housing burden according to the Los Angeles Housing Department¹².

Table 3: Impact by Council District of the Proposed Living Wage Ordinance for Tourism Workers

Council District	Council Member	Affected Tourism Workers	Tourism Wage Increases
1	Eunisses Hernandez	2,103	\$ 31,407,999
2	Paul Krekorian	1,841	\$ 27,597,150
3	Bob Blumenfield	1,568	\$ 23,467,586
4	Nithya Raman	1,921	\$ 28,744,431
5	Katy Yaroslavsky	2,096	\$ 31,241,951
6	Vacant	1,636	\$ 24,532,371
7	Monica Rodriguez	1,523	\$ 22,824,527
8	Marqueece Harris-Dawson	4,546	\$ 67,204,230
9	Curren D. Price Jr.	2,770	\$ 41,103,243
10	Heather Hutt	3,435	\$ 51,050,022
11	Traci Park	3,199	\$ 47,442,829
12	John Lee	1,545	\$ 23,139,055
13	Hugo Soto-Martinez	2,593	\$ 38,766,402
14	Kevin de León	2,015	\$ 30,079,847
15	Tim McOsker	3,645	\$ 53,989,131
TOTAL		36,435	\$ 542,590,777

¹² https://housing.lacity.org/wp-content/uploads/2020/05/local_maps.pdf?download=1

Source: Author's Analysis of data from the U.S. Census 5-year ACS (2016-2020); Local Origin-Destination Employment Statistics (LODES) program.

Conclusion

The Los Angeles City Council's proposed Living Wage Ordinance will help increase the wages of tourism workers across all council districts in Los Angeles. The LWO is needed to ensure that incomes keep pace with the rising costs of housing and health care. The immediate boost in wages and health care coverage will ensure that these workers will be able to sustain our region's vibrant tourism industry as it continues to rebound from the pandemic. In reducing the rent and healthcare burden on these workers, the LWO will help their families weather unforeseen financial shocks and could help them save for home ownership and build inter-generational wealth. Further, the LWO will generate increased revenues for governments at all levels and create a significant boost in consumer spending. Over the course of five years, the proposed LWO will support our current tourism workers as well as add new jobs to the regional economy.

Methodological Appendix

Below we describe our data sources and the assumptions and calculations we used to calculate the LWO impacts.

Data Sources

For this analysis, our primary data source is the 2016-2020 American Community Survey (ACS) published by the U.S. Census Bureau. We also used the US Census Bureau's Local Origin-Destination Employment Statistics (LODES) workplace-based data to find the number of airport workers employed in the census blocks that overlay the LAX airport complex. To refine our employment counts for workers affected by the proposed LWO, we used the US County Business Patterns data, the Census Bureau's North American Industry Classification System (NAICS), and the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) and Standard Occupational Classification (SOC). Economic impact analysis was conducted using data and software from IMPLAN Inc.

Living Wage Difference for Hotel Workers

We used firm size data from the US County Business Patterns to determine the total number of hotels with 60 or more rooms. We used an industry growth rate from the QCEW to scale this number for 2023. We then assumed a rate of 0.53 workers per room ([Nichols, 2013](#)). We found that hotels with 60 or more rooms in **LA County** account for an 85.5% share of total employment. We are assuming the same proportion for City of Los Angeles.

To calculate the average hourly wage for every hotel worker in the City of Los Angeles, we used the ACS variables of reported income and hours worked. We compared the resulting hourly wages to the proposed \$25 living wage to create a wage difference for each worker. We then multiplied this wage difference by the annual reported hours worked to create the total wage increase for Los Angeles hotel workers. We then adjusted this figure for the 85.5% share to find for the total share of hotel workers that would earn the proposed adjusted living wage.

Living Wage Difference for Airport Hospitality Workers

The total impact of the proposed LWO for the tourism sector totals is a sum of the combined LA hotel worker and LAX hospitality worker wage differences. We used the LODES workplace-based data to determine the number of workers employed in the census blocks that cover the LAX airport. To determine the proportion of LAX workers by occupation, we developed an Industry-Occupation matrix. First, using the NAICS, we determined the number of workers in airport-related industries that could be affected by the LWO. We further refined this employment count using the SOC to only those occupations covered by the LWO. We then calculated the total number of LAX hospitality workers that would be affected by the proposed LWO.

We used ACS data to estimate the annual wage increases by occupation in a similar manner to that which we used for hotel workers. We then took a weighted average of wage increases by occupation to estimate the total wage impact on LAX hospitality workers.

Economic Impact Analysis

To estimate the impact of additional wage income earned due to the passage of the LWO, we used the IMPLAN Pro regional economic modeling software package to conduct the multiplier and fiscal impact analysis. The basis of the impact modeling was the estimated \$542 million in wage gains in 2023 from the initial increase to \$25 per hour. Although much of the wage increases will likely be ultimately paid by non-local residents, our analysis did make several conservative assumptions that discounted these wage gains based on the share of tourism and travel spending that may be paid by Los Angeles County revenue. For Hotel spending we assumed that 90 percent would be paid by non-LA residents. For LAX related expenses, we assumed a rate of 60 percent. This is due to the fact that LA area residents use LAX for their departure airport and represent a significant share of consumers at LAX. While no exact data could be found, we used a rate of 60 percent, rather than 50 percent due to the large proportion of international travelers who connect through LAX. This left a figure of \$407 million in wage increases, which were entered into IMPLAN as increases in household spending spread evenly across four income categories (\$30-40k through \$70-100k). The increased costs paid by LA residents (the 10 and 40 percent, respectively) were entered as negative impacts that were spread across all income groups (except those in the lowest category). On net, this left positive impacts for lower and middle income households and negative impacts for upper-income households who would see effectively reduced income effects due to higher prices. However, the full costs of the living wage laws paid by local consumers was discounted by 20 percent to account for the fact that not all of the increased costs would be passed through in the form of price increases. Specifically, research indicates that increases in minimum and living wage laws increases productivity and that these productivity enhancements amount to approximately 20 percent of the total effect. Lastly, we assumed that 10 percent of the higher costs would come from reduced profit among vendors/employers. Thus we included a negative impact of \$13.5 million in reduced proprietor income.

IMPLAN Pro uses a proprietary input-output modeling software, based on a variety of data sources including the U.S. Census Bureaus, Economic Census, to calculate the multiplier effects of the net positive household income effects. IMPLAN Pro also has estimates of state and local tax rates and uses them to produce the fiscal impacts noted above.

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WEST LA SAWTELLE NEIGHBORHOOD COUNCIL

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LOS ANGELES CITY, COUNCIL DISTRICT COUNCIL FILE 14-1371-S13

03.04.2024

WLA Sawtelle Neighborhood Council is in full support of the Tourism Workers Rising motion (Council File: 14-1371-S13) introduced in April to amend the Los Angeles Living Wage Ordinance and the Los Angeles Hotel Worker Minimum Wage Ordinance requiring \$25/hr now & \$30/hr by 2028, quality health care, and worker protections, as a matter of economic justice, housing justice, and public safety.

The tourism industry is rebounding beyond pre-pandemic levels and infrastructure investments are assuring future growth as Los Angeles prepares to host the 2026 World Cup and the 2028 Olympics; in 2022, the U.S. hotel industry reported average daily rate (ADR) and revenue per available room (RevPAR) that were the highest for any year on record, while LAX is investing \$6 billion in an expansion and LA is #1 in the nation for new hotel rooms.

Thousands of tourism workers and their families were among the hardest hit during the pandemic, yet many now lack quality health insurance, as the health benefits requirement in the Los Angeles Living Wage Ordinance (LWO) has not kept up with the rising costs of family health insurance coverage according to an April 2022 report presented by the Los Angeles City Administrative Officer in compliance with the LWO.

It is unacceptable that many workers at LAX and in hotels are struggling to keep a roof over their heads and support their families, all while being the backbone of a major economic engine in Los Angeles. The workers that keep LA's tourism industry functioning, safe, and profitable – including hotel housekeepers, LAX janitors and security guards, airplane cabin cleaners, airline catering workers, airline passenger service workers, LAX restaurant and retail workers – are primarily from BIPOC and immigrant communities. Tourism workers are disproportionately rent-burdened and are facing housing insecurity as housing costs in Los Angeles rise, meaning that at the current living wage levels an LAX or hotel worker would have to work 14 hours a day to afford to rent a two-bedroom apartment.

The proposed amendment to the living wage ordinance would help prevent displacement of our community members and ensure over 36,000 Angelenos are healthy and housed.

WALTON CHIU