



# RAISE LA

**How Good Hotel Jobs Will Boost Local Businesses,  
Strengthen Neighborhoods and Renew Our Economy**

**July 2013**

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## Executive Summary

Residents, workers, and businesses from communities across Los Angeles are united in the Raise LA Coalition in an effort to ensure that the city’s largest and most profitable hotels support the communities in which they operate. Raise LA is advocating for City Council passage of a minimum wage for hotel workers.

Establishing a minimum wage for workers in LA’s large hotels will directly address the problem of growing poverty in the city of Los Angeles and will stimulate our local economy by an estimated **\$71 million** per year in increased local consumer spending and related economic activity. With the full recovery of the city’s lodging industry, hotels’ revenues at an all-time high, and the scheduled addition of thousands of new rooms to the city’s stock, there is an important opportunity today for LA’s large hotels to make necessary investments in improving workplace standards that will affect thousands of Angelenos working in one of the city’s largest low-wage sectors.

### Policy Recommendations

Raise LA is proposing passage and implementation of a city-wide hotel minimum wage policy, which will apply to hotels with 100 rooms or more. The policy includes the following elements:

- **A minimum starting wage for hotel workers** equal to that of the Living Wage policy currently in place at LAX airport. As of mid-2013, this is about **\$2,200 per month**.
- **Annual cost of living adjustments** of either two percent or the Consumer Price Index (CPI), whichever is greater.
- **Protection of tips** by ensuring that any service charges are paid to workers performing those services.
- **Ensuring a healthy workforce** by guaranteeing five paid sick days per year.

### Economic Impact

A hotel minimum wage policy will put an additional **\$73 million** in hotel workers’ pockets each year, of which an estimated **\$41 million** will be spent locally, bringing nearly **\$30 million** in additional related economic activity from increased demand for goods and services. The policy will serve as a mechanism for improving the lives of thousands of hard-working Angelenos and their families, increasing the health and stability of our neighborhoods, and benefiting our local businesses while further strengthening LA’s tourism industry.

Table 1

## Estimated Annual Impact from Wage Increases

Total Workers	Additional Annual Income	Estimated Local Spending	Estimated Additional Impacts
14,580	\$73,062,873	\$40,915,209	\$29,955,778

## Introduction

According to the US Census Bureau, 20.2 percent of Los Angeles's total population lives below the federal poverty level, and nearly a third of the city's children live in poverty. According to these data, the poverty rate for families living in some of Los Angeles's poorest communities is as high as 56 percent.<sup>1</sup>

Poverty jobs in LA's hotels are exacerbating the problem of poverty throughout the city. Workplace standards for tens of thousands of LA's hotel workers remain among the lowest of the city's major employment sectors. Hotel workers are a key piece of LA's highly successful tourism industry, but maintaining standards for workers has been largely ignored as hotel operators have focused intensely on boosting their bottom lines by increasing worker productivity.

Hotel operators, lodging industry experts, and business owners across Los Angeles are celebrating the city's tourism industry and its full recovery following the height of the recession. The

current boom for LA tourism and the potential for growth in the hotel industry over the next decade are welcome news for Los Angeles's economy. Business and leisure travelers are coming to Los Angeles in droves, and hotels are seeing occupancy levels and revenues reach historic levels.

LA's tourism boom also provides city decision-makers with a unique opportunity to directly confront the deepening problem of poverty in Los Angeles. Establishing a city-wide minimum wage ordinance for hotel workers will serve to lift up our neighborhoods, improve the health and well-being of our city's residents, and stimulate economic growth across LA.

The following describes how such an ordinance provides a mechanism and a model for rebuilding our city's economy while strengthening our neighborhoods by addressing the crisis of poverty and the need for investment in good, middle class jobs in LA's tourism industry.





# The LA Hotel Minimum Wage Policy

It is possible for Los Angeles to have a strong tourism sector with a successful and profitable industry that provides for a better living for hotel workers who serve as the backbone of this critical piece of our economy. By establishing a policy that calls for a citywide minimum wage and guaranteed paid sick time for the thousands of hotel employees who make LA's tourism industry work, we can provide significant economic stimulus to our local economy while beginning to make a real and tangible investment in the health and well-being of our neighborhoods and communities.

The Raise LA Coalition proposes the implementation of the following policy elements, which will affect the city's largest hotels – those with 100 rooms or more:

- **A minimum starting wage for hotel workers** equal to that of the Living Wage policy currently in place at LAX airport. As of mid-2013, this is about **\$2,200 per month**.<sup>2</sup>
- **Annual cost of living adjustments** of either two percent or the Consumer Price Index (CPI), whichever is greater.
- **Protection of tips** by ensuring that any service charges are paid to workers performing those services.
- **Ensuring a healthy workforce** by guaranteeing five paid sick days per year.

A hotel minimum wage for LA's largest hotels will bring significant wage increases to nearly 10,000 workers – those who are not currently working with a union contract.<sup>3</sup> As a result, significant progress can be made in reducing poverty in our city and in transforming our tourism industry into a source of quality jobs for Los Angeles.



# Poverty Jobs in LA's Hotel Sector

As a major international destination city, much of LA's economy is based in the service sector. LA's tourism industry is one of our largest service sector employers, accounting for nearly one in ten jobs. The hard work that more than 341,000 LA County residents contribute in service related occupations in accommodations, food service, and other jobs is at the heart of this highly successful industry that serves as an important economic engine for all of Los Angeles.<sup>4</sup>

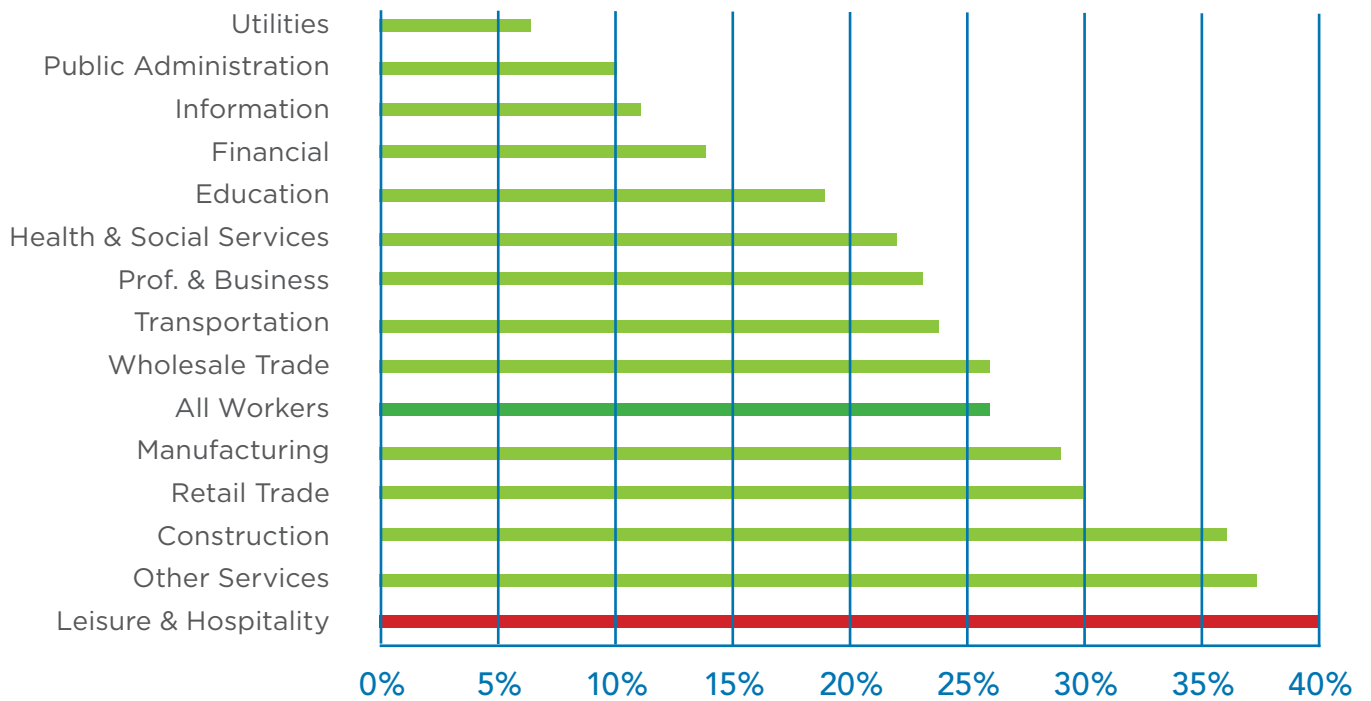
Our tourism industry is also a major source of poverty jobs in our city. Far too many hotel workers in Los Angeles are underpaid, placing an unfair burden on taxpayers who are forced to subsidize the low wages offered by LA's largest hotels and leaving working families to struggle.

## Inadequate Wages and Benefits

Despite the upturn for hotels and good news for the industry in general, the rate of working poverty in LA's leisure and hospitality industry is the highest of any in the city with workers earning just over \$1,500 per month on average.

An Economic Policy Institute (EPI) analysis of U.S. Census data revealed that 40 percent of hospitality workers in Los Angeles County lived below twice the federal poverty level, an indicator of real poverty. EPI also found that LA's hospitality workers and their families were 54 percent more likely to live in poverty than the remaining workforce.<sup>5</sup>

**Table 2**  
**Percent of Workers Living in Real Poverty - Los Angeles County**



Source: EPI

Wages for LA’s hotel workers are so low that many workers are forced to rely on food stamps and other forms of tax-payer assistance while working tirelessly – often at multiple jobs – just to make ends meet. According to data from the Bureau of Labor Statistics, after adjusting for inflation, LA’s hotel workers bring home an average of \$10.55 per hour, or just over \$1,500 per month.<sup>6</sup> Under Raise LA’s policy proposal, hotel workers in the city’s largest hotels will receive an increase of about **\$700 per month** that will make a meaningful difference for workers, their families, and our communities.

In addition to higher hourly compensation, LA’s hotel workers need more access to paid sick benefits. Currently, 70 percent of hospitality workers in LA County do not receive paid sick time. According to an analysis conducted by the Institute for Women’s Policy Research, only two other industries in Los Angeles County provide fewer sick days to employees than the leisure and hospitality industry-agriculture and construction.<sup>7</sup> Access to paid time off for sick leave is critical for workers in the hospitality industry, which provides housing, food, and personal amenities to the public.

Currently 70 percent of hospitality workers in LA County do not earn paid sick time.

### Increased Workloads

In the years following the onset of the recession, large hotel employers became extremely adept at trimming back operating expenses by increasing worker productivity to increase their bottom lines. Between 1998 and 2008 the number of workers per 100 occupied hotel rooms fell from 70.2 to 52.9. And, in 2010 alone, U.S. hotels cut labor costs per occupied room by 3.4%.<sup>8</sup> As a result of these efforts to drive down operating costs by increasing worker productivity, hotel housekeepers today are forced to meet rising room quotas, cleaning

**Table 3**  
**Los Angeles Hotel Projected Average Daily Room Rates 2009-2016**

	Average Daily Rate
<b>2009</b>	\$114.95
<b>2010</b>	\$116.48
<b>2011</b>	\$123.23
<b>2012</b>	\$130.17
<b>2013</b>	\$138.48
<b>2014</b>	\$147.79
<b>2015</b>	\$158.13
<b>2016</b>	\$167.27

Source: PKF Hospitality Research

as many as 20 hotel rooms or more in a single shift.<sup>9</sup> This increase in workload has resulted in huge numbers of workplace injuries, particularly among housekeeping personnel where lost-time injury rates rank among the top 10 of nearly 800 occupations tracked by the U.S. Bureau of Labor Statistics.<sup>10</sup>

At the same time, hotels have managed to weather the recession’s economic storm and still achieve high profit margins – between 20 and 26 percent.<sup>11</sup> With labor costs comprising a significant portion

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of hotels' operating expenses, these higher profits come in part as a result of keeping labor costs down. Therefore, it is no surprise that hotel operators have an interest in continuing to keep workers' wages low, even as hotel occupancy and revenues reach historic levels. In fact, wages in the hotel industry have remained relatively flat over the past decade, which helped hotel owners manage the recession, but severely harmed workers and their families while exacerbating the problem of poverty jobs in the tourism industry and throughout our city.<sup>12</sup>

Further, industry data show that despite LA hotels' ability to lower labor costs by freezing wages and

squeezing workers to increase productivity, hotel room rates have nonetheless increased over the past several years and are projected to rise with or without increases in labor costs.

A central argument from hotels opposed to the establishment of a hotel worker minimum wage will be that the ordinance will force hotels to pass those increased costs onto consumers in the form of higher room rates. However, as the data in Table 3 above indicate, hotel room rates are not determined by labor costs. Hotel management charges visitors rates based on what they determine consumers will be willing to pay, not based on the revenues needed to cover wage increases for workers.

Marlene Diaz has worked at the Four Points LAX Sheraton for 14 years. As a Room Attendant, Marlene makes beds, cleans bathrooms, and cleans and vacuums hotel rooms at one of LAX's busiest hotels. Though she is proud to do it, Marlene describes her demanding work as "extremely hard." "I am happy to provide this service to the tourists who come to Los Angeles," she says, "and I'm proud to work in our city's tourism industry."

Just a few years ago, Marlene and her co-workers at the Four Points were working even harder, and for significantly less money. A city ordinance requiring that large LAX-adjacent hotels pay workers a living wage went into effect in 2008, ushering in much needed improvements for hotel workers along the Century Corridor, especially increased wages and benefits.

Marlene says that the living wage made a big difference in her and her children's lives. Thanks to the living wage ordinance for Century Corridor hotels, workers like Marlene have been able to earn more money and receive better benefits, which have meant a better life for their families and a stonger economy for the community in which they live.

"The living wage should be extended to hotel workers across the the city," Marlene says. "This will allow people to live better, have more balanced lives, and be able to have more money to spend to provide for themselves and their kids."





## LA's Large Hotels Can Afford to Pay Higher Wages

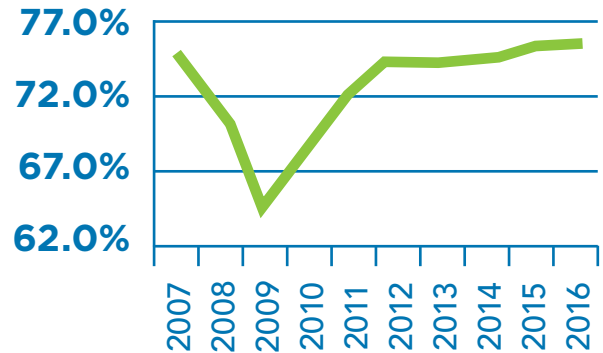
2012 was a record breaking year for Los Angeles's tourism industry. More than 41 million domestic and international travelers came to our city for business and pleasure, and hotel occupancy for Los Angeles averaged 75.4 percent - far better than the national average of 62 percent, and even better than pre-recession levels. Tourism is big business in LA, and last year those 41 million out-of-town guests brought with them more than \$16 billion which they spent in our local shops, restaurants, and at attractions across the city.<sup>13</sup>

At a recent Southern California Visitor Industry Outlook Conference hosted by the Collins College of Hospitality Management, the excitement about the state of LA's leisure and hospitality sector was palpable. Attendees celebrated the hotel industry's success in 2012 and sunny outlook for 2013 and beyond. Participants at this gathering of hoteliers, industry experts, and representatives from all of the major Southern California tourism bureaus were delighted to announce that the outlook for 2013 is "very good," while "across the board all sectors are doing very, very well..."<sup>14</sup>

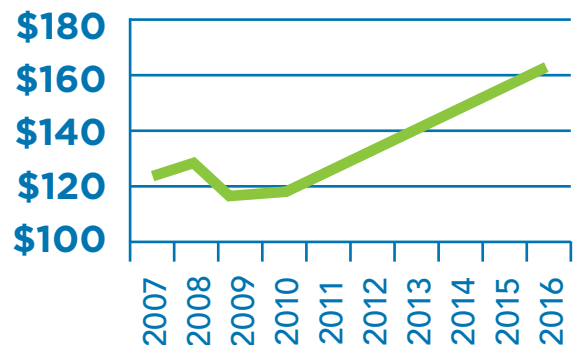
In fact, according to hotel industry analysts, tourism is recovering at a steady pace, both nationally and locally. Hotels are experiencing skyrocketing occupancy levels allowing for ample opportunity to increase room rates. These factors combined mean dramatic increases in revenues and healthy profit margins for hotels. Forecasting from PKF Hospitality Research backs this up and shows that all three of the primary measures of hotels' financial strength - occupancy, average daily rates (ADR), and revenue per available room (RevPAR) - are reaching record levels, and are on track to exceed pre-recession levels between by 2014.<sup>15</sup>

According to analysts at Smith Travel Research, 2012 was a very good year for the US hotel industry as a whole. During 2012, US hotel industry revenues totaled \$162.8 billion, besting the industry's previous peak in 2007 by four percent.<sup>16</sup> Here in

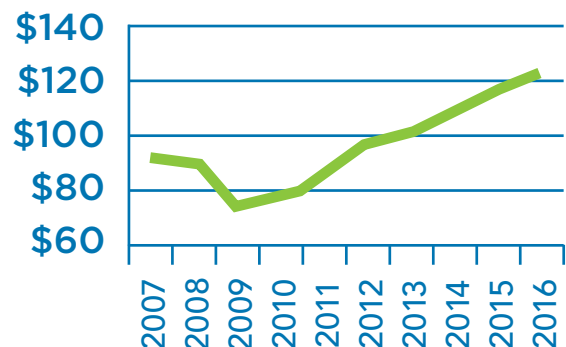
### LA Hotel Occupancy 2007-2016



### LA Hotel Average Daily Rates 2007-2016



### LA Hotel Revenue Per Available Room 2007-2016



Source: PKF Hospitality Research

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Los Angeles, looking forward to 2014 the city's largest hotels expect to see \$225 million more in room sale revenues than those received in 2007. Even after adjusting this increase for inflation, next year hotels that would be affected by Raise LA's policy proposal are projected to see \$109 million more in hotel room revenues than in 2007.<sup>17</sup> This is more than enough to cover the cost of wage increases for hotel workers under a hotel minimum wage policy. It is important to understand that these figures apply solely to revenues from hotel room sales and do not include increased revenues expected from sales of food, beverages, and other amenities which account for approximately one-third of a typical full-service hotel's total annual revenues.<sup>18</sup>

Thanks to the significant upturn in the hotel industry, LA's hotel industry is in position to remain profitable and healthy even while paying higher wages to workers.

### Who Owns LA's Large Hotels?

Most of LA's large hotels are not locally-based. For the full service hotel industry the days of family-run, locally-owned hotels are over. Today the majority of large hotels are owned by high-finance Wall Street conglomerates. About one-third of hotels are owned by real estate investment trusts, many of which are traded on stock exchanges. Roughly another third are owned by private equity firms, which pool money from institutional investors, university endowments, and pension funds. Another sizeable portion of large hotels is owned by foreign capital, like sovereign wealth funds, largely from Asia and the Middle East.<sup>19</sup>

### LA's Tourism Boom

In addition to benefiting workers at existing hotels in Los Angeles, a city-wide hotel worker minimum wage policy will guarantee good jobs at future hotels. Demand for increased hotel

room capacity in LA – especially downtown - is driving a competitive race to secure property and construction financing in a market that is described by industry insiders as "ripe for development."

Elected officials in the city are calling for upwards of 6,000 additional hotel rooms in the downtown area alone in order to help put Los Angeles in line with other cities with which it is competitive.<sup>20</sup> Los Angeles is falling behind potential demand in terms of capacity, which is a problem given the need for hotel rooms to accommodate downtown LA's convention center and a range of new projects in the works.

**Table 4**  
**Top 10 U.S. Hotel Markets by Number of Rooms**

Market	Rooms
Las Vegas, NV	150,481
Orlando, FL	119,556
Chicago, IL	107,675
Washington, DC-MD-VA	104,983
New York, NY	103,919
<b>Los Angeles-Long Beach, CA</b>	<b>96,643</b>
Atlanta, GA	93,340
Dallas, TX	78,149
Houston, TX	74,539
Phoenix, AZ	62,244

Source: Los Angeles Tourism and Convention Board

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With hotel occupancy and demand on the rise, developers are clamoring to move more major hotel brands into Los Angeles and will be focused heavily on building increased room capacity over the next 10 years. The stage is set for new large-scale hotel developments, positive returns for investors, and more money flowing into the city's general fund through transient occupancy taxes, which totaled \$180 million last year - an amount 20 percent higher than receipts for the City's 2011-2012 fiscal year. In this flurry of activity as various interests vie for a slice of the LA lodging pie, we must do all that we can to ensure that workers and our communities are not left behind.



**Table 5**

**Los Angeles Hotel Planned Development Projects**

Project	Number of Rooms	Project	Number of Rooms
Ace Hotel	180	Pico and Figueroa New Hotel	220
Argyle Hotel	226	Port of Los Angeles Hotel	Unknown
Artcote Hotel	226	Renaissance Hotel	200
City Market of Los Angeles	210	Residence Inn at LA Live	218
Courtyard by Marriott at LA Live	174	Selma Hotel	136
Downtown Carwash Site	Unknown	SPB Building Hotel	76
Empire Hotel	183	The Selma Hotel	136
Hilton Hotel	Unknown	The Village at Westfield Topanga	275
Hope St. Hotel	44	The Wilshire	75
King and Grove Hotel	348	Universal City Evolution Plan	500
Millennium Hollywood	200	USC Specific Plan	150
Palihouse Hotel	38	Wilshire Gayley	250

Source: UNITE HERE Local 11



## Good for Local Businesses, Good for Our Neighborhoods

It is projected that upon implementation of a hotel minimum wage policy, approximately **\$41 million per year** will be spent locally in neighborhoods across our city. This is money large hotels are expected to see in revenues as high occupancy rates continue to hold steady and as demand for hotel rooms in LA allows operators to continue to increase room rates. Rather than large hotel companies sending these dollars out of LA, we have an opportunity to keep that money here where, according to economists, workers will spend about 56 cents of every additional dollar earned.

It is also important to note that along with increased spending on goods and services comes sales tax revenue for the City and County of Los Angeles. Currently, Los Angeles County has a sales tax rate of 9 percent, which includes 0.75 percent that goes to the City's General Fund. This works out to an additional \$3.7 million in sales tax revenue of which about \$307,000 per year will go directly to the city of Los Angeles to help fund the core services residents rely on.

Finally, a significant increase in local spending on the part of LA's hotel workers will have further impacts related to the increased movement of goods and services. It is estimated that an additional \$30 million in related economic activity will result each year from a hotel worker minimum wage policy. These additional indirect impacts will come as local businesses increase the amount of business they do in order to accommodate rising consumer demand, which has the potential of generating modest job growth beyond the hotel industry.<sup>22</sup>

A booming tourism industry has the potential to benefit everyone: from the city, the industry and hotel workers to the communities and small businesses that gain from increased tourism revenue and consumer spending. A citywide minimum wage for hotel workers will serve not only to help lift families in our communities out of poverty, but will spark much-needed investment in our city's local businesses and our neighborhoods. When workers earn a family-supporting wage, they are more likely to invest in their local communities with their increased ability to pay for goods and services. This is the kind of economic stimulus that will uplift families and transform our communities.

Table 6

# Estimated Annual Impact from Wage Increases By City Council District<sup>23</sup>

Council District	Hotels with 100+ Rooms	Number of Workers	Additional Annual Income to Workers	Local Spending	Additional Impacts
1	3	948	\$4,749,087	\$2,659,489	\$1,947,126
2	3	999	\$5,004,807	\$2,802,692	\$2,051,971
3	5	774	\$3,879,639	\$2,172,598	\$1,590,652
4	4	1499	\$7,510,863	\$4,206,083	\$3,079,454
5	13	802	\$4,018,458	\$2,250,337	\$1,647,568
6	4	1121	\$5,618,535	\$3,146,380	\$2,303,599
7	3	1061	\$5,318,977	\$2,978,627	\$2,180,781
8	0	967	\$4,844,069	\$2,712,678	\$1,986,068
9	3	835	\$4,186,503	\$2,344,441	\$1,716,466
10	1	784	\$3,930,783	\$2,201,238	\$1,611,621
11	20	958	\$4,800,231	\$2,688,129	\$1,968,095
12	3	1053	\$5,275,139	\$2,954,078	\$2,162,807
13	5	675	\$3,382,811	\$1,894,374	\$1,386,953
14	16	1086	\$5,443,184	\$3,048,183	\$2,231,705
15	4	1018	\$5,099,789	\$2,855,882	\$2,090,913
<b>TOTALS</b>	<b>87</b>	<b>14580</b>	<b>\$73,062,873</b>	<b>\$40,915,209</b>	<b>\$29,955,778</b>

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Diep Tran was born in Vietnam and immigrated to Cerritos when she was just six years old. Her grandparents, who emigrated from Vietnam in 1975, eventually opened Pho 79, one of Orange County's first Vietnamese restaurants. Her grandparents also sparked her passion for food and entrepreneurialism as well as instilling in her a strong sense of social justice.

Diep mixed all of these ingredients for success together and created Good Girl Dinette, which is one of Los Angeles's more popular cafés. It has been cited for its great food and excellent service in publications including the LA Times, New York Times, the LA Weekly and numerous online blogs.

Diep says that one of the main elements that led to her success was her deep commitment to investing in her workers. "I'm in the business of pleasing people, that's how I survive as an entrepreneur and there is no way that my customers will be pleased if those who are servicing them are not happy and healthy themselves. It's really a very simple equation: happy workers equals happy customers equals happy owner. That's why I support Raise LA," says Diep.

There is also a very substantial financial benefit for local small businesses to support a living wage policy. "Not only does supporting this policy make sound social justice sense, but it also makes great business sense for me," says Diep. In Diep's Council District alone (District 1) it is estimated that more than \$2.6 million dollars per year would be spent locally by hotel workers benefiting from the minimum wage.

Hundreds of other small business owners share in Diep's commitment to provide workers with a fair wage and healthy working conditions and truly understand that when large hotels invest in their workers by providing a living wage to their employees, LA's communities and the numerous small businesses that serve them will also prosper.

Diep concludes, "A minimum wage increase is long overdue. It's not right or smart for such large scale businesses to pay a wage that impoverishes not only working men and women and their families, but also impoverishes our communities and our nation. Boosting the wages of low-paid workers who could then purchase the goods and services they need is the best medicine for our ailing economy."



*Diep Tran, owner of Vietnamese-fusion restaurant "Good Girl Dinette" in Highland Park*

## Conclusion

It is easy to understand why Los Angeles appeals to so many as a worldwide destination city that draws tens of millions of visitors every year. As record numbers of out-of-town guests come to Los Angeles, the hospitality industry plays an increasingly important role in our local economy.

However, with thousands of hard-working hotel employees in LA's largest hotels continuing to earn substandard wages and struggling to take care of themselves and their families, there is much to be done to ensure that our hospitality industry is a source of good jobs for our communities. As the city's hotels gain financial strength after recovering from the economic crisis of the past decade, the time has come to find sensible policy solutions that will help ensure the leisure and hospitality industry in Los Angeles is an effective economic driver that works for the benefit of all Angelenos stimulating the city's economy from the bottom up. A modest investment in LA's hotel workers will have an immense pay off for our communities in the long run.



# Council District 1

## 948 Hotel Workers



**Additional  
annual income to  
workers:** **\$4,749,087**

**Annual share of  
local spending:** **\$2,659,489**

**Additional Impacts** **\$1,947,126**

**No. of hotels with 3  
100+ rooms:**

### Neighborhoods:

Glassell Park, Cypress Park, Highland Park, Mt. Washington, Solano Canyon, Elysian Park, Echo Park, Westlake, Angelino Heights, Temple Beaudry, Lafayette Park, Chinatown, Forgotten Edge, Lincoln Heights, Montecito Heights, Pico Union, Adams-Normandie, Mid-City, MacArthur Park

# Council District 2

## 999 Hotel Workers



*Additional annual income to workers:* **\$5,004,807**

*Annual share of local spending:* **\$2,802,692**

*Additional Impacts* **\$2,051,971**

*No. of hotels with 100+ rooms:* **3**

### Neighborhoods:

*North Hollywood, Studio City, Sun Valley, Valley Village, Van Nuys, Valley Glen*

# Council District 3

## 774 Hotel Workers



*Additional  
annual income to  
workers:*                    **\$3,879,639**

*Annual share of  
local spending:*            **\$2,172,598**

*Additional Impacts*    **\$1,590,652**

*No. of hotels with  
100+ rooms:*            **5**

### Neighborhoods:

*Canoga Park, Reseda, Tarzana,  
Woodland Hills, Winnetka*



# Council District 4

## 1499 Hotel Workers



**Additional  
annual income to  
workers:** \$7,510,863

**Annual share of  
local spending:** \$4,206,083

**Additional Impacts** \$3,079,454

**No. of hotels with 4  
100+ rooms:**

### Neighborhoods:

*Atwater Village, Central Hollywood, Greater Griffith Park, Greater Toluca Lake, Greater Wilshire, Hollywood West Hills, Hollywood United, Mid-City West, Mid-Town North Hollywood, Silver Lake, Studio City, Wilshire Center-Koreatown*



# Council District 5

## 802 Hotel Workers



**Additional annual income to workers:** \$4,018,458

**Annual share of local spending:** \$2,250,337

**Additional Impacts** \$1,647,568

**No. of hotels with 100+ rooms:** 13

### Neighborhoods:

*Bel Air, Beverly Crest, Beverlywood, California Country Club, Carthay Circle, Century City, Cheviot Hills, Comstock Hills, Encino, Fairfax, Hollywood, Melrose, Oak Forest Canyon, Palms, Pico-Robertson, Roscomare, Sherman Oaks, Sherman Village, Studio City, Westwood, Valley Village, Westside Village*

# Council District 6

## 1121 Hotel Workers



**Additional  
annual income to  
workers: \$5,618,535**

**Annual share of  
local spending: \$3,146,380**

**Additional Impacts \$2,303,599**

**No. of hotels with 4  
100+ rooms:**

### Neighborhoods:

*Van Nuys, Lake Balboa, Panorama City, North Hills, Arleta, North Hollywood, Sun Valley, Pacoima*

# Council District 7

## 1061 Hotel Workers



**Additional  
annual income to  
workers:**            **\$5,318,977**

**Annual share of  
local spending:**    **\$2,978,627**

**Additional Impacts**   **\$2,180,781**

**No. of hotels with    3**  
**100+ rooms:**

### Neighborhoods:

*Pacoima, Lake View Terrace,  
Panorama City, Mission Hills, North  
Hills, Sylmar*



# Council District 8

## 967 Hotel Workers



**Additional  
annual income to  
workers: \$4,844,069**

**Annual share of  
local spending: \$2,712,678**

**Additional Impacts \$1,986,068**

**No. of hotels with 0  
100+ rooms:**

### Neighborhoods:

*Baldwin Hills, Chesterfield Square, Crenshaw, Leimert Park, Jefferson Park, West Adams, Hyde Park, Vermont Knolls*

# Council District 9

## 835 Hotel Workers



*Additional annual income to workers:* **\$4,186,503**

*Annual share of local spending:* **\$2,344,441**

*Additional Impacts* **\$1,716,466**

*No. of hotels with 100+ rooms:* **3**

### Neighborhoods:

*Exposition Park, Vermont Square, South LA*



# Council District 10

## 784 Hotel Workers



*Additional annual income to workers:* **\$3,930,783**

*Annual share of local spending:* **\$2,201,238**

*Additional Impacts* **\$1,611,621**

*No. of hotels with 100+ rooms:* **1**

### **Neighborhoods:**

*Palms, South Robertson, West Area Neighborhood, West Adams, Arlington Heights, Mid City, Mid City West, Olympic Park, Wilshire Center, Greater Wilshire*

# Council District 11

## 958 Hotel Workers



**Additional  
annual income to  
workers:** \$4,800,231

**Annual share of  
local spending:** \$2,688,129

**Additional Impacts** \$1,968,095

**No. of hotels with  
100+ rooms:** 20

### Neighborhoods:

*Brentwood, Mar Vista, Palms, Playa Vista, West Los Angeles, Del Rey, Pacific Palisades, Playa Del Rey, Venice, Westchester*

# Council District 12

*1053 Hotel Workers*



*Additional  
annual income to  
workers: \$5,275,139*

*Annual share of  
local spending: \$2,954,078*

*Additional Impacts \$2,162,807*

*No. of hotels with 3  
100+ rooms:*

## **Neighborhoods:**

*Chatsworth, Grenada Hills, North Hills, Northridge, Porter Ranch, Reseda, Sherwood Forest, West Hills*



# Council District 13

## 675 Hotel Workers



*Additional annual income to workers:* **\$3,382,811**

*Annual share of local spending:* **\$1,894,374**

*Additional Impacts* **\$1,386,953**

*No. of hotels with 100+ rooms:* **5**

### Neighborhoods:

*Atwater Village, East Hollywood, Echo Park, Elysian Park, Glassell Park, Historic Filipinotown, Hollywood, Little Armenia, Silver Lake, Thai Town*

# Council District 14

## 1086 Hotel Workers



**Additional  
annual income to  
workers: \$5,443,184**

**Annual share of  
local spending: \$3,048,183**

**Additional Impacts \$2,231,705**

**No. of hotels with 16  
100+ rooms:**

### **Neighborhoods:**

*Boyle Heights, Eagle Rock, El Sereno, Downtown Los Angeles, Garvanza, Glassell Park, Hermon, Rose Hills, Highland Park*



# Council District 15

## 1018 Hotel Workers



*Additional  
annual income to  
workers:*                    **\$5,099,789**

*Annual share of  
local spending:*            **\$2,855,882**

*Additional Impacts*    **\$2,090,913**

*No. of hotels with  
100+ rooms:*            **4**

### Neighborhoods:

*Harbor City, Harbor Gateway, San Pedro, Watts, Wilmington*

### References

1. US Census Bureau. (2011). 2007-2011 American Community Survey 5-Year Estimates. Retrieved from <http://www.census.gov/acs/www/>
2. City of Los Angeles Department of Public Works. (2013). Current and Prior Living Wage Rates for Airport Employees. Retrieved from <http://bca.lacity.org/site/pdf/lwo/LAWA%202010%20Wage%20Chart.pdf>
3. The approximate total number of hotel workers currently employed at hotels with 100 or more rooms is 14,580. Of those, about 5,918 are represented by UNITE HERE Local 11 and receive wages and benefits negotiated through collective bargaining agreements. For purposes of calculating multiplier effects for this report, all impact figures are for the remaining workers not covered by union contracts.
4. US Census Bureau, (2011). County Business Patterns. (N.B. Accommodation and Food Services are North American Industry Classification System (NAICS) code 72---. Hotels (except casino hotels) and motels are NAICS code 72111, with 40,726 paid employees reported.)
5. Economic Policy Institute. (2010). Analysis of 2008 US Census Bureau American Community Survey (ACS) Data.
6. Average wage was calculated using the Bureau of Labor Statistics' Mean and Median Hourly, Weekly, and Annual Earnings for Los Angeles-Long Beach-Riverside, CA CSA from April, 2010. Wage figures were adjusted for inflation, and a weighted average was arrived at for Cooks, Maids and Housekeeping Cleaners, and Hotel, Motel, and Resort Desk Clerks. Classifications were weighted according to data obtained from UNITE HERE Local 11, which were provided to the union by hotel employers as part of contract negotiations.
7. Williams, Claudia, "Analysis of Paid Sick Days Access Rates of Private Sector Workers in Los Angeles Metropolitan Area." Personal communication, Prepared by the Institute for Women's Policy Research. April 26, 2013.
8. Nicholls, Andrea. (2013). The Need for a Safe Housekeeping Standard in California. Presentation given to Cal/OSHA Advisory Committee on March 19, 2013 on behalf of LA Federation of Labor, AFL-CIO. Retrieved from [http://www.dir.ca.gov/dosh/doshreg/Hotel\\_Housekeeping\\_03-19-2013\\_docs.html](http://www.dir.ca.gov/dosh/doshreg/Hotel_Housekeeping_03-19-2013_docs.html).
9. According to a 2010 article in the American Journal of Industrial Medicine titled "Occupational Injury Disparities in the US Hotel Industry," working conditions at standard full-service hotels are commonly determined by corporate level-policies which define job tasks as well as standardized room quotas. These policies vary from hotel to hotel, and according to UNITE HERE Local 11, workers report that for many Los Angeles hotels housekeeping personnel are required to fill room-cleaning quotas as high as 20 or more per shift.
10. Kraus, Niklas. (2012). Work-Related Injury and Illness among Hotel Housekeepers. Presentation given to Cal/OSHA Advisory Committee on October 23, 2012. Retrieved from [http://www.dir.ca.gov/dosh/doshreg/Hotel\\_Housekeeping\\_Comments.html](http://www.dir.ca.gov/dosh/doshreg/Hotel_Housekeeping_Comments.html).
11. Wilson, Carter. (2013). US Industry Revenues Reached New High in 2012. Hotel News Now. Retrieved from <http://www.hotelnewsnow.com/Article/10699/US-industry-revenues-reached-new-high-in-2012>
12. Analysis of US Census Bureau County Business Patterns shows that between 2003 and 2011 after adjusting for inflation average salaries for workers classified under NAICS 72111 Hotels (except casino hotels) and motels in Los Angeles County increased by only five percent
13. Martin, Hugo. (2013, January 15). L.A. Posts Record Tourist Numbers in 2012. Los Angeles Times.
14. The 24th Annual Southern California Visitor Industry Outlook Conference sponsored by the Collins College of Hospitality Management and PKF Consulting took place at the Omni Hotel in Los Angeles on October 29, 2012. The conference featured panel discussions with representatives from several local convention and visitors boards including Anaheim Orange County, San Diego, Los Angeles, and Santa Monica.
15. PKF Hospitality Consulting LLC. (2013). Hotel Horizons: Los Angeles Edition [PDF Document]. December 2012 - February 2013 Edition.
16. Wilson, Carter. (2013). US Industry Revenues Reached New High in 2012. Hotel News Now. Retrieved from <http://www.hotelnewsnow.com/Article/10699/US-industry-revenues-reached-new-high-in-2012>
17. Figures arrived at by comparing RevPAR for Los Angeles hotels from 2007 to forecasted RevPAR for 2014. RevPAR figures are from PKF Hospitality Research.
18. Smith Travel Research. (2013). Host Almanac 2013. Retrieved from <http://www.strglobal.com/Samples/NA/>

HOSTHighlights.pdf.

19. Jones Lang LaSalle. (2013). 2013 Hotel Investment Outlook [PDF Document].

20. On January 30, 2013, LAHQ sponsored a panel discussion in Los Angeles focused on the city's hospitality industry and the "recent boom" and related development opportunities in downtown LA. Panel members included Tim Powell (Hilton Worldwide), Pen Collins (Gatehouse Capital Management) and Jeff Lagosi (PKF Hospitality Consulting).

21. Martin, Hugo. (2013, January 15). L.A. Posts Record Tourist Numbers in 2012. Los Angeles Times.

22. All impact figures exclude workers already covered by collective bargaining agreements. Total number of workers affected was arrived at by assuming .53 hotel workers per hotel room per Andrea Nicholls (see note 8 above). To calculate the additional annual income for hotel workers, the total number of hotel workers affected was multiplied by 1,750 hours and then by the difference between \$15.37 and \$10.55 (\$4.82). Estimated Local Spending and Estimated Additional Impacts were calculated based on previous modeling for Los Angeles County hotel workers performed by Economic Roundtable. This modeling was done in 2012, and is based on the assumption that 56 percent of increased income for hotel workers would be spent in Los Angeles with additional impacts generated equal to 41 percent of increased income. For purposes of individual City Council District Snapshots, the total impacts calculated using Economic Roundtable's multipliers were proportionally distributed throughout based on the methodology described in note 23. Impacts within Los Angeles assume that all of the workers reside in Los Angeles. To the extent that workers reside outside the city, the impacts within the city will be reduced proportionally.

23. Proportionate percentages of total hotel workers affected per LA City Council District were arrived at using the US Census Bureau's On the Map tool (found at <http://onthemap.ces.census.gov/>). This tool allows the user to locate the number of NAICS code 72--- Accommodation and Food Services residing within a specific zip code. For purposes of calculating the percent spread of hotel workers across the city of Los Angeles, all zip codes within each Council District were identified, then the total number of workers classified under NAICS 72--- were added together.



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