

Economic Study Finds Ballot Measure Would Hurt L.A.

- ✓ \$279 Million in lost tax revenue
- ✓ \$1.8 Billion in lost tourism economic activity
- ✓ 14,100 lost jobs
- ✓ \$677 Million lost wages

“It is unlikely this ballot measure would help address the homelessness crisis in Los Angeles, but it would have negative ramifications for hoteliers and visitors to Los Angeles.”

– Beacon Economics

Impact of Responsible Hotel Ballot Measure on City of Los Angeles Tax Revenues March 2024 to June 2028, Cumulative			
Tax Type	Baseline Forecast	Policy Forecast	Policy Impact
Transient Occupancy Tax (TOT)	\$1.902 Billion	\$1.859 Billion	- \$43 Million
City Tourism Assessment Fee	\$0.194 Billion	\$0.189 Billion	- \$5 Million
Local Sales Tax	\$3.846 Billion	\$3.741 Billion	- \$105 Million
Local Business Tax	\$4.612 Billion	\$4.486 Billion	- \$126 Million
Total	\$204.044 Billion	\$198.539 Billion	- \$279 Million

Source: City of Los Angeles. Analysis by Beacon Economics

(Page 29)

In 2021, Unite HERE Local 11 filed The Responsible Hotel Ballot Measure (RHBM), which—among other things—would require L.A. hotels to shelter persons experiencing homelessness alongside paying guests. ([Read the RHBM.](#)) The Hotel Association of Los Angeles urged lawmakers to study the impacts of Local 11’s law before sending it to voters to decide. The City hired Beacon Economics to perform an independent analysis, which they’ve just released.

[Read Economic & Fiscal Impact Report.](#)

We knew the proposed laws were harmful—now there are numbers to prove it. The Report shows the RHBM would have negative impacts on L.A. residents, employees, small businesses, visitors, and the tourism industry as a whole.

After a successful campaign by the hotel industry, Local 11 pulled the ballot measure and agreed to a compromise ordinance that contains all the original components but changes the mandatory homeless voucher program to voluntary. This new ordinance can bring many of the same harms cited in the Impact Study—and it becomes law July 1. ([Read the Ordinance.](#))

The RBHM was proposed as an affordable housing solution.

“The Responsible Hotels Ordinance will help address the affordable housing crisis by ensuring that hotel developments do not displace affordable housing and establishing a program similar to the City’s successful Project Roomkey to provide temporary lodging for unhoused families and individuals.” – *Local 11*

But the study’s findings suggest otherwise.



The RHBM Impact:

14,100

Lost Jobs

The pandemic devastated L.A.'s employment picture, and our recovery has been slow. Employment here is down 15% since before the pandemic. Compare that with California (10.8%) or the nation as a whole (9.4%). **We want to grow jobs—not lose them.** (Page 28)

\$677M

Lost Wages

L.A. is an expensive place to live, and thousands of workers rely on the hotel industry for good paying jobs. Losing this much in earned wages will make things tougher for L.A. families who are already struggling. (Page 31)

\$279M

Lost Tax Revenue

Losing hundreds of millions of dollars in tax revenue will limit the City's ability to make much-needed infrastructure improvements, provide social services, and find a real, comprehensive solution to homelessness. (Page 29)

\$1.76B

Lost Tourism

L.A. is a top travel destination. We rely on tourism to fund our City's core functions, infrastructure improvements, and social services. Doing anything to drive visitors away **when we so rely on tourist dollars** goes against the City's best interests. (Page 28)

\$1.8B

Smaller City Economy

We're proud of Los Angeles, which enjoys a reputation as a global city. We'll continue to enjoy this seat at the table of great cities if our economy continues to grow. Shrinking the City's economy by billions of dollars will set us back. (Page iii)

5%

More Expensive Hotels

L.A. is not a playground for the ultra-rich. It is a place for everyone to come enjoy. We need to ensure our hotels stay affordable for hardworking families who want to come experience our City's magic. (Page 27)

Source: *Responsible Hotel Ballot Measure, Economic and Fiscal Impact Analysis*, February 2024, Beacon Economics

Furthermore...

The report finds additional problems with various components of the laws going into effect July 1:

Homelessness

Housing people experiencing homelessness in hotels is an expensive Band-Aid that will hurt hotels but won't solve the problem. People experiencing homelessness need real assistance, long-term housing, and wraparound care—not free nights in hotels.

Development

The new ordinance includes regulations that won't help L.A.'s affordable housing problem but will impede badly needed hotel development. The City needs more hotels to welcome our visitors and provide them affordable stays.

Police Permits

Permitting requirements demanded by the new ordinance will tax our already underfunded public safety resources. We want law-enforcement officials to keep our streets safe—not guard hotels.

It's clear: Local 11 shouldn't write our City's laws.