

## **Gold-medal jobs: Los Angeles leaders will decide who wins—and who loses—the economic contest of the 2028 Olympic Games**

The 2028 Olympics presents Los Angeles a once-in-a-generation opportunity to transform our city and promote economic equity for the tens of thousands of hospitality workers who will make the Games succeed. The 32,000 hospitality worker members of UNITE HERE Local 11 call upon City leaders and others involved to ensure that the Olympic Games create quality, family-sustaining hospitality jobs, advance Black workers, and protect affordable housing. City leaders are set to make decisions on key issues that could negatively impact our communities without sufficient transparency or public input: airport expansion, handouts to billion-dollar airport companies, adding a vacation rental loophole for the wealthy to our Home Sharing Ordinance, and signing an Olympics Games Agreement that will burden the City and its residents with myriad new obligations. These decisions will determine whether Los Angeles takes advantage of our golden opportunity or repeats the history of displacement, homelessness, environmental degradation, and disrespect that have marred recent past Olympic Games.

## Introduction

Over the next seven years, some of the world's most monumental athletic events are coming to Los Angeles. Between the Super Bowl LVI, Major League Baseball All Star Game, College Football Playoff National Championship, NCAA, US Open Golf Tournament, FIFA World Cup, and Olympic and Paralympic Games, these global events will spark a massive building boom in tourism infrastructure and have lasting impacts on the fate of our city. This tumult of new infrastructure, policies, and jobs presents an unprecedented opportunity to commit our collective resources to transform Los Angeles. It is up to our city leaders to decide who wins and who loses in the process—and by how much.

The 32,000 members of UNITE HERE Local 11, many of whom are also renters in a city ravaged by a housing crisis, believe that the professional tourism workers who will make these events successful must be among those who benefit from these decisions.

The Olympics Games must improve the lives of Angelenos in three key areas:

1. **Good hospitality jobs:** The COVID-19 pandemic has made the difference between good and bad hospitality jobs clearer than ever. On the one hand, some hospitality companies—particularly those where workers have a voice at work through a union—recognized veteran workers' right to return to work, accommodated workers' COVID-19 safety needs, and extended health insurance. On the other hand, numerous other employers terminated long-tenured employees *en masse*, leaving them without job security or health insurance in a global pandemic. Many employers have also paid poverty wages and failed to provide health and safety protections. If the Olympics are going to benefit our communities, which are made up of working people, we need to ensure that the workers whose labor will make the Games possible have good, family-sustaining jobs.
2. **Hiring and retention of Black workers:** Black workers are underrepresented in accommodation and food service jobs.<sup>1</sup> Even when they are employed in hotels, Black workers often work in out-of-sight positions, such as telephone operators, who work behind the front desk, or bell attendants, who are guest-facing but conform to long-held racial stereotypes. Black workers are less likely than white workers to serve in high-paying positions, such as bartenders and servers. As has been highlighted by recent pending lawsuits brought by Black workers alleging race discrimination and sexual harassment at the iconic Chateau Marmont hotel on Sunset Boulevard, workers are demanding change. The leaders of Los Angeles and of the Olympic Games must heed their calls.
3. **End the housing crisis:** The City of Los Angeles is facing an unprecedented housing crisis that acutely impacts the working poor. In decisions they make around the Olympics, city leaders can either exacerbate this problem, by converting housing into short-term rentals (STRs) through an official partnership with Airbnb and continuing the unfettered upward pressure on housing costs, or they can stand with working

people by protecting existing renters and forcing the Olympics to meaningfully contribute to affordable housing production.

We are deeply concerned that these goals will not be met. City leaders are set to make decisions in three key areas that could negatively impact our communities without sufficient transparency or public input, setting a disturbing trend for similar decisions in the coming months and years.

In the immediate term, the Los Angeles City Council must (1) reject the proposed vacation rental loophole for the wealthy, (2) reject the LAX expansion and unnecessary handouts to concessions companies, and (3) delay the vote on the Olympic Games Agreement until the public has had ample opportunity to weigh in on an agreement that thus far has been shrouded in secrecy. This paper explains the context and implications of each of these upcoming issues.

In the longer term, City Council must heed our calls for transparency and work with community groups and working people to plan for these upcoming events. If City Council refuses to put affirmative protections in place, Los Angeles is at risk of the same lasting harms that other Olympic host cities have suffered over the past few decades.

### **(1) Reject the Proposed Vacation Rental Loophole**

#### **a. The Legacy of the Olympic Games: Vulnerable Residents Lose When Their Hometown Hosts the Olympics**

Olympics-related development has displaced thousands of residents from host cities around the world. In preparation for the 1996 Atlanta Olympics, the city demolished 2,000 public housing units to build the Olympic village. The city evicted more than 3,000 residents, but only 40% received relocation assistance.<sup>2</sup> Gentrification displaced an additional 30,000 residents.<sup>3</sup>

Attempting to avoid contributing to the history of displacement, London 2012 organizers promised a legacy of affordable housing for the low-income neighborhoods where the Games were located. The city invested \$70.75 million to build 1,550 units of housing for Olympic athletes that would become affordable units after the Games. However, post-Olympics gentrification drove area housing prices up by 25% per year, quickly transforming the once-affordable units into unaffordable ones.<sup>4</sup> By 2017, homelessness in the area was 60% higher than a year before the Games.

The pattern of displacement has only continued: at the Rio de Janeiro 2016 Games, more than 22,000 people were displaced by Olympics projects,<sup>5</sup> and at least 300 households were displaced in Tokyo to make way for the most recent Olympic Games.<sup>6</sup>

#### **b. A Boom in Short-Term Rentals Has Long-Term Consequences for Rent-Burdened Residents**

The pattern of displacement in Olympic host cities looms over Los Angeles and our unprecedented housing crisis—driven in part by an industry of short-term rentals on platforms

like Airbnb.<sup>7</sup> Los Angeles estimates that 6,000 to 10,000 housing units have been taken off the market and converted into short term rentals in recent years.<sup>8</sup>

In heavily rent-burdened cities like Los Angeles, a shrinking housing supply has been linked to a rapid rise in homelessness.<sup>9</sup> According to researchers at USC, 73% of Los Angeles households are rent-burdened, meaning that they spend more than 30% of their income on rent and utilities.<sup>10</sup> Furthermore, 48% of households are *severely* rent-burdened, spending 50% or more of their income on housing.<sup>11</sup> Even before the start of the pandemic, more than 41,000 people were unhoused in LA—an 8.6% increase from the same time in 2019.<sup>12</sup> Tens of thousands more are currently at risk of homelessness due to the skyrocketing cost of rent. A 2018 study found that if housing affordability worsens in LA by even two percentage points, meaning that renters spend of 2% more of their income on housing, an additional 4,227 people will likely become homeless.<sup>13</sup>

In 2018, recognizing that “the conversion of long-term housing units to short-term rentals reduces housing stock and contributes to increased rents and decreased availability of affordable housing,” the Los Angeles City Council passed the Home-Sharing Ordinance (HSO). The HSO protects rental housing stock by limiting short-term rentals to a host’s primary residence, so that hosts cannot maintain multiple properties as short-term rentals and effectively remove those units from the long-term rental market.

However, the city has not yet enforced this ordinance adequately. In 2021, McGill University researchers found that as of the start of the pandemic, short term rentals—over a third of which were illegal—had removed 7,300 units from LA’s long-term housing market.<sup>14</sup>

Despite the negative impacts of STRs on our communities, Airbnb and the International Olympic Committee (“IOC”) launched an official partnership in 2019, promising accommodations over the next nine years in the selected host cities, including in Los Angeles.<sup>15</sup> As LA prepares for millions of visitors during the 2028 Olympics and other events, decisions about STRs will define how the Games will reshape the Los Angeles rental market.

The City Council this fall will vote on a proposed loophole in the HSO that would create vacation rentals for the wealthy by allowing hosts to rent a second home in addition to their primary residence. If passed, the proposed vacation rental ordinance would remove more than 14,000 housing units from the long-term market and make enforcement of the HSO even more difficult.<sup>16</sup> Because of these urgent concerns, City Council should vote no on the HSO loophole.

## **(2) Reject the Proposed Expansion at LAX and Handouts to Concession Companies**

### **a. Expanding the Airport Will Not Improve Current Problems**

Los Angeles World Airports (LAWA) and the Los Angeles City Council are rapidly pushing for an expansion of LAX in preparation for the 2028 Olympic and Paralympic Games.

The proposed expansion would construct Concourse 0 and Terminal 9, adding more than two dozen gates and reconfiguring runways and taxiways. The City has not done enough to ensure

that this significant investment in the nation's second busiest airport will benefit its workers as much as it will benefit the corporations who do business there. The expansion will produce additional air travel that will negatively impact air quality in precisely the flight-path communities where many airport workers currently reside.

While LAWA estimates this expansion will create 4,700 new long-term jobs, there is no guarantee that these jobs will pay workers enough to live near their workplace in the increasingly unaffordable housing market described above. This could lead to increased traffic and subsequently increased negative impacts on air quality for the very workers who would be most impacted by the project.

#### b. Billionaire Companies Do Not Need More Bailouts

In addition to the benefits that corporate entities stand to gain from the proposed airport expansion, the LAWA Board of Airport Commissioners (BOAC) provided concessionaires at LAX more than \$160 million in relief since April 2020. Throughout the pandemic, BOAC suspended the minimum annual guarantee (MAG), which is a method by which rent is calculated for tenants at the airport. This had the effect of drastically reducing rent for concessionaires from April 2020 through June 2021. In addition, concessionaires received a 24-month term extension to their leases, automatically giving these companies an opportunity to generate more sales without having to re-bid. Now, these corporations are lining up to receive their share of an additional \$36.78 million in American Rescue Plan Act funding. Later this fall, the City Council will decide whether to approve the BOAC's plan to allocate this grant money.

One of the concessionaires that greatly benefited from the relief provided by BOAC is HMS Host, the largest concessionaire at LAX and the largest concessionaire in North America. HMS Host is owned by Italian billionaires through their holding company, Edizione, which had a net asset value of \$12.5 billion in 2020. At LAX, the MAG abatement for HMS Host's two direct contracts saved the firm \$4.4 million, equivalent to HMS Host paying no minimum rent for nine out of the 15 months between April 2020 and June 2021. The company likely saved a similar amount in the relief passed on to them from terminal manager URW, with whom HMS Host has additional private leases.

Meanwhile, HMS Host has not passed this relief on to their workers, instead dragging out a labor dispute that started well before the pandemic to save money that should have been in workers' pockets during their time of most need. Hundreds of long-term workers have gone without a raise for over three years. HMS Host is a wealthy corporation and the largest airport concessionaire in North America, yet the Los Angeles Bureau of Contract Administration found that HMS Host violated the City's living wage ordinance by paying workers less than the law requires. Finally, while companies like HMS Host have seen LAX domestic passenger return in August of this year to 73% of August 2019 passenger traffic levels, these same companies have not staffed their food-service outlets at commensurate levels. In August, workers wrote to the Starbucks Corporations raising these staffing concerns. At a Starbucks in Terminal 2, sales increased by 36% from June 2019 to June 2021, but staffing hours decreased by 13% over the same period, meaning that this location increased their sales but with less staff. A second

location in Terminal 2 (in pre-security) recovered 100% of their sales from June 2019 to June 2021, but staffing hours decreased by 25% over the same period.

Airport workers, over 90% of whom are people of color who live in the neighborhoods hardest hit by the pandemic, are overworked and frustrated with having to attend to long lines of often angry customers – if they have been called back to work at all. Our city should not give out even more handouts to wealthy companies that do not need them.

**(3) Delay the delay the vote on the Olympic Games Agreement until the public has had ample opportunity to weigh in on an agreement has thus far been shrouded in secrecy.**

No later than November 1, 2021, the Los Angeles City Council is scheduled to vote to enter into the Olympic Games Agreement with the United States Olympic and Paralympic Committee and LA28—the private nonprofit responsible for financing, organizing, and delivering the 2028 Games. Similar agreements for past Olympics have contained detailed descriptions of each entity’s obligations, financing, timelines, and legacy projects. Disturbingly, the City Council, Mayor and LA28 appear bent on signing this landmark agreement without any public input or transparency.

Previous comparable agreements have contained issues of significant public interest. As one example, the Tokyo Games Foundation Plan for the 2020 Olympic Games outlined duties for “Marketing Partner Services” that included “ensur[ing] that various rights, including supply rights [for Marketing Partners] are executed.”<sup>17</sup> As mentioned above, one official Olympic partner is Airbnb. Given the potential impacts of short-term rental expansion outlined above, this kind of arrangement would be an issue of great public concern. Another area of potential public concern is security planning: previous agreements outlined host cities’ commitments to security measures.<sup>18</sup> The Olympics has a history of expanding police budgets and increasing the surveillance and criminalization of host cities’ marginalized communities – including in Los Angeles after the 1984 Games. Given this history, the public deserves an opportunity to provide input on these matters and others that will be proposed in the agreement.

Over the past several months, members of the public, including representatives of UNITE HERE Local 11 and NOlympics LA, have attempted without success to obtain copies of the draft of the Games Agreement or related records from various city offices through formal Public Records Act requests. This lack of transparency renders it nearly impossible for the people of Los Angeles to know exactly what the city’s leaders and bureaucrats are planning on behalf of its residents, choking off their ability to advocate for or against specific decisions.

## **Conclusion**

The Olympics tourism infrastructure boom can be transformative for LA’s working poor, but only if City Council heeds workers’ calls and acts immediately. Together, the upcoming infrastructure-related decisions outlined above – the vacation rental loophole, LAX expansion and relief, and the Olympic Games Agreement – represent a crucial turning point for Los Angeles at a time when rising inequality threatens the city’s prosperity.

Decisions like these around the Olympics have the potential to stem the rising tide of inequality by making our region a place where working people have access to good jobs and affordable housing. Olympic planners estimate that the 2028 Olympics will support more than 74,000 jobs—but if these 74,000 jobs are not good jobs, they will only fuel the cycle of poverty for LA’s working poor.<sup>19</sup> New hospitality jobs must include and protect Black workers, who have been historically displaced and excluded from better, higher-paying jobs. Finally, the Olympics must contribute to solving the city’s affordable housing crisis.

An equitable and just 2028 Olympics is possible if the City centers these three principles: good, family-sustaining jobs for hospitality workers; the hiring and retention of Black workers; and addressing the housing crisis for workers who welcome visitors to our city. If LA and Olympics decision-makers follow these three principles, the Olympics can transform the City for the better for its most vulnerable residents.

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<sup>1</sup> UCLA Labor Center, UCLA Institute on Labor and Employment, and Los Angeles Black Worker Center (Los Angeles), *Ready to Work: Uprooting Inequality: Black Workers in Los Angeles County*, May 2017, [https://www.labor.ucla.edu/wp-content/uploads/2017/03/UCLA\\_BWC\\_report\\_5-3\\_27-1.pdf](https://www.labor.ucla.edu/wp-content/uploads/2017/03/UCLA_BWC_report_5-3_27-1.pdf)

<sup>2</sup> Centre on Housing Rights and Evictions (Geneva), *Fair Play for Housing Rights: Mega-Events, Olympic Games and Housing Rights*. (Geneva: Centre on Housing Rights and Evictions, 2007), p. 120. <https://www.ruigian.org/ressources/Report%20Fair%20Play%20FINAL%20FINAL%20070531.pdf>

<sup>3</sup> Centre on Housing Rights and Evictions (Geneva), p. 125.

<sup>4</sup> Matthew Ponsford, ‘Five Years after London Olympics, Games’ Legacy Is off-Track for Locals’, *Reuters*, 27 July 2017 <<https://www.reuters.com/article/us-britain-olympics-housing-idUSKBN1AB32H>> [accessed 21 May 2021].

<sup>5</sup> *Rio 2016: The Exclusion Games* (World Cup and Olympics Popular Committee of Rio de Janeiro, November 2016), p. 36.

<sup>6</sup> Michael McDougall and Ross MacIntosh, ‘Perspective | The Olympics Is a Disaster for People Who Live in Host Cities’, *Washington Post*, 29 July 2021 <<https://www.washingtonpost.com/outlook/2021/07/29/olympics-is-disaster-people-who-live-host-cities/>> [accessed 12 August 2021].

<sup>7</sup> Dayne Lee, ‘How Airbnb Short-Term Rentals Exacerbate Los Angeles’s Affordable Housing Crisis: Analysis and Policy Recommendations’, *Harv. L. & Pol’y Rev.*, 10 (2016), 229.

<http://blogs.ubc.ca/canadianliteratureparkinson/files/2016/06/How-Airbnb-Short-term-rentals-disrupted.pdf>

<sup>8</sup> Los Angeles Department of City Planning, ‘REPORT BACK RELATIVE TO PROPOSED HOME-SHARING ORDINANCE (COUNCIL FILES 14-1635-S2, 14-1635-S3)’, 2017, 34.

[https://clkrep.lacity.org/onlinedocs/2014/14-1635-S2\\_rpt\\_PLAN\\_10-20-2017.pdf](https://clkrep.lacity.org/onlinedocs/2014/14-1635-S2_rpt_PLAN_10-20-2017.pdf)

<sup>9</sup> Chris Glynn and Alexander Casey, ‘Homelessness Rises Faster Where Rent Exceeds a Third of Income’, *Zillow, Seattle, WA, USA, Tech. Rep.*, 2018. <https://www.zillow.com/research/homelessness-rent-affordability-22247/#:~:text=of%20Applied%20Statistics,-,Communities%20where%20people%20spend%20more%20than%2032%20percent%20of%20their,of%20the%20nation's%20homelessness%20challenge.>

<sup>10</sup> Jovanna Rosen and others, *How Do Renters Cope With Unaffordability* (University of Southern California, Sol Price Center for Social Innovation, 2020), p. 31 <[https://socialinnovation.usc.edu/wp-content/uploads/2020/12/Price-Center\\_RentertUnaffordability\\_Report\\_Final.pdf](https://socialinnovation.usc.edu/wp-content/uploads/2020/12/Price-Center_RentertUnaffordability_Report_Final.pdf)>.

<sup>11</sup> Jovanna Rosen and others, ‘How Do Renters Cope with Unaffordability?’

<sup>12</sup> Los Angeles Homeless Services Authority, *Homelessness Statistics by City*, March 2021, p. 100 <<https://www.lahsa.org/documents?id=5201-homelessness-statistics-by-city.pdf>>.

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<sup>13</sup> Glynn and Casey.

<sup>14</sup> Davie Wachsmuth, *Short-Term Rentals in Los Angeles: Are the City's Regulations Working?* (Urban Politics and Governance research group, School of Urban Planning, McGill University, July 2021).

<https://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2021/strs-in-los-angeles-2021.pdf>

<sup>15</sup> Sofia Lotto Persio, 'Airbnb Signs '\$500 Million' Olympic Sponsorship Ahead Of IPO', *Forbes*, 18 November 2019 <https://www.forbes.com/sites/sofialottopersio/2019/11/18/airbnb-olympic-partnership-ahead-ipo/> [Accessed June 8, 2021].

<sup>16</sup> *Vacation Rentals Ordinance Fact Sheet* (Los Angeles City Planning External Affairs Unit, Updated 22 January 2020).

<sup>17</sup> *Tokyo 2020 Games Foundation Plan* (Tokyo Organizing Committee of the Olympic and Paralympic Games, February 2015), p. 87 <<https://gtimg.tokyo2020.org/image/upload/production/v7j7kdylknkpgaosrndx.pdf>>.

<sup>18</sup> *Tokyo 2020 Games Foundation Plan*, p. 109.

<sup>19</sup> *Impacts of the 2024 Olympic and Paralympic Games in Los Angeles* (University of California Riverside, School of Business Center for Economic Forecasting and Development, and Beacon Economics, 2017), p. 41 (p. 21) <[https://ucreeconomicforecast.org/wp-content/uploads/2017/05/LA2024\\_ImpactAnalysis\\_2017.pdf](https://ucreeconomicforecast.org/wp-content/uploads/2017/05/LA2024_ImpactAnalysis_2017.pdf)>.