

# Disney, Wincome Group Could Abandon Future Projects In Anaheim If Minimum Wage Measure Passes

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The **Walt Disney** Co. and Wincome Group might walk away from planned projects in **Anaheim** if voters pass a ballot measure in November that would **increase the minimum wage for workers** in hotels that receive city subsidies, the companies said Thursday.



*Bisnow/Joseph Pimentel*

*Allen Matkins' William Devine and Wincome Group's Paul Sanford at Bisnow's Future of Anaheim, Placentia and Santa Ana event.*

The move could be a blow to future development in the area. Wincome and Disney have operated in the city for more than 25 and 60 years, respectively, and have plans for more projects as Disneyland expands with Star Wars: Galaxy's Edge.

The Wincome Group has approval to build two four-diamond luxury hotels in Anaheim. The \$250M, seven-story Westin Anaheim Resort is under construction next to the Anaheim Convention Center, and a second luxury hotel is planned on the site of the company's The Anaheim Hotel at 1700 Harbor Blvd., right across the street from Disneyland.

But Wincome has put the development of its second hotel, which sits on a 9-acre lot and is entitled for 700 rooms, on hold to see if the measure passes, Wincome Group CEO Paul Sanford said at *Bisnow's* Future of Anaheim, Placentia and Santa Ana event Thursday morning at the Anaheim Marriott.

Unions representing hotel workers, Disney employees and other low-wage workers collected 20,000 signatures in early May to get the measure on the November ballot to raise the minimum wage for those workers from the city's current \$11/hour.

The measure would require businesses that receive city tax subsidies to pay their employees a \$15/hour minimum wage starting in 2019. The wage would rise \$1 a year to \$18/hour by 2022.

Sanford said the way the minimum wage measure is written, anyone associated with luxury hotels that receives city subsidies also may have to raise their employee minimum wage. This could pose a problem for hotel owners attempting to lure retail brands. The Westin Anaheim has plans for 23K SF of retail and restaurant space along Katella Avenue.

"If this initiative passes, how are you going to convince a national brand or shop to come here with the confusion?" Sanford said. "It is poorly written and it could be interpreted that it could affect businesses adjacent to the subsidized hotel."

Disney is building a 700-room four-diamond luxury resort and parking structure on its Downtown Disney property.

A Disney spokeswoman said the company is in discussions with the nearby city of Garden Grove about possible future hotel projects and other developments.

"Anaheim has become an increasingly hostile business environment, which is disappointing given our investments have created thousands of jobs and driven millions of tax dollars into the city," Disneyland Resort spokesperson Lisa Haines said in a statement. "While Orange County will always be our home, the company has a choice on where it will invest and we are in active conversations about moving a wide range of investments elsewhere given the challenging dynamics."

Disney and Wincome's frustrations come amidst a tense labor negotiation with the unions representing Anaheim Resort District hospitality workers.

Union officials have previously said the rising cost of homes, rent and food in Orange County is making it more difficult for their members with their current wages.

An email to a UniteHere Local 11 union spokeswoman was not returned as of press time.

The Coalition of Labor Resorts Union, which includes 11 unions, sent the signatures collected for the ballot item to the city, which sent them to the Orange County Registrar of Voters for verification.

Once verified, the Anaheim City Council is expected to discuss the measure in July and determine if it wants to pass it or send it on for a vote in November.

“We always are interested in future economic development in and around the Anaheim Resort, but for now we are watching as the initiative process plays out,” Anaheim spokesman Mike Lyster wrote in an email.

In 2013 and 2015, in an effort to lure more upscale tourists and visitors, the city of Anaheim awarded an estimated total of \$700M in transient occupancy tax subsidy over 20 years to help three developers — Wincome, Disney and a JV of Prospera Group and developer Bill O’Connell — build five four-diamond luxury hotels in the Anaheim Resort District.

Email to Prospera Group and O’Connell was not returned as of press time. The JV is currently constructing a JW Marriott at the GardenWalk. A second luxury development near that site is also on hold.

Wincome's Sanford said the new luxury accommodations would help attract high-income people, who often spend more at Anaheim hotel rooms, shops and restaurants, and lure high-spending medical and pharmacy groups to host their conventions at the recently expanded Anaheim Convention Center.

“What I worry about is that this is going to raise the bar for everybody and how that is going to push businesses out of Anaheim,” Sanford told *Bisnow*. “How are we going to attract a hotelier or developer to Anaheim with an already difficult political environment and tell them that it is going to cost you 20% to 30% more to run your business here? I don’t see this as a solution.”

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