COMMUNITIES AND THE GIG ECONOMY

How cities can benefit from America's fastest growing workforce trend

BY PATRICK TUOHEY, LINDSEY ZEA
OWEN PARKER AND SCOTT TUTTLE

4700 W. ROCHELLE AVE., SUITE 141, LAS VEGAS, NEVADA | (702) 546-8736 | BETTER-CITIES.ORG

MISSION

Better Cities Project uncovers ideas that work, promotes realistic solutions and forges partnerships that help people in America's largest cities live free and happy lives.

WHAT DOES A NEW WAY OF WORKING MEAN FOR CITIES?

The gig economy is big and growing — even if there is not yet an agreed-upon definition of the term. For cities, this offers the prospect of added tax revenue and economic resilience. But often, legacy policies hold back gig workers.

Given the organic growth in gig work and its function as a safety net for millions of workers impacted by the pandemic, it's reasonable to expect gig-work growth will continue and even speed up; cities with a permissive regulatory structure may be more insulated from economic chaos.

Key areas for city leaders to focus on include:

- **THE GAP BETWEEN REGULATION AND TECHNOLOGY CAN HOLD CITIZENS BACK AND COST SIGNIFICANT TAX REVENUE.** Regulation often lags behind technological innovation and, in the worst circumstances, can threaten to snuff it out. City leaders should ensure their policies provide people the opportunity to choose between different models of work — including models that may provide flexibility and opportunity but maybe not the stability and benefits of traditional employment. Having choices can encourage individual innovation for workers and for municipal economies.
- **SOME CITIES ARE LEVERAGING THE GIG ECONOMY SIGNIFICANTLY BETTER THAN OTHERS DUE TO INTENTIONAL POLICY DECISIONS.** The rankings shown in this report have a lot of inputs — state policy and local economic conditions, to name but two. It's important to ask: Is your city's position the result of demand for gig work? Or have policies discouraged flexible work options for some even if they were well-intended?

Gig work is neither a fad nor something policymakers should reject in pursuit of undefined "good jobs." Any workforce trend that has been embraced by millions of workers across the country deserves thoughtful, enabling policy from local leaders. And any city, armed with the recommendations in this report, has the tools to help its gig economy thrive.

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INTRODUCTION

The gig economy — loosely defined here as individual business establishments with no paid employees and who earn at least $1,000 annually — is big and growing. In this report, BCP set out to rank U.S. cities by various measures relating to the gig economy. These measures include number and percentage of workers engaged in gig work, growth in receipts, as well as the growth of both over time and the comparison of those data points to traditional U.S. businesses based on data from the years 2012 and 2017. According to recent surveys of gig workers, it appears they are satisfied with their experiences, especially the flexibility it affords.

Two important events occurred during this study:

- California enacted legislation meant to classify ridesharing drivers as employees rather than independent contractors. It was a lesson in how difficult it is for legislatures to adopt gig work related restrictions. Uber and Lyft claimed the requirements of the legislation (entitled AB5) were unworkable and threatened to pull out of the state entirely. And the law, meant to affect only ridesharing drivers, had numerous unintended consequences, including among freelance writers. The measure was partially overturned by voters in a November 2020 referendum.
- The COVID-19 pandemic forced business closings and municipal lockdowns across the country. One result was a spike in the use of food delivery services like Uber Eats and Doordash, operated by drivers acting as independent contractors. Gig workers delivered meals which, in turn, helped keep some restaurants afloat and at-risk people in their homes. Researchers will study the role the gig economy played in helping limit the damage of lockdowns in coming years, but one study from June 2020 concludes[1], “Our findings underscore the critical role that digital will play in creating business resilience in the post-COVID economy.” Even Airbnb, which initially saw losses at the start

of the pandemic, was able to retool their service and find success offering people the ability to quarantine safely when they chose to travel.

Data from the U.S. Census Bureau's non-employer statistics (NES) data set is not yet available for 2020, but it is reasonable to expect the growth in gig work trends that existed before the pandemic will continue and even speed up. It is equally reasonable to expect cities with permissive regulatory structures that allowed these entrepreneurs to flourish may be more insulated from economic chaos and collapse.

As municipal lockdowns drive down tax revenue, cities will need every available dollar to provide basic services. City leaders may find the best driver of economic growth is providing people the flexibility to pursue opportunities that help them — and the cities they live in — thrive.

COVID-19 should remind policymakers that in providing public safety and basic services, they cannot afford to completely restrict technological innovation. Innovators and entrepreneurs regularly challenge old methods of doing business; municipal leaders must adopt a policy of permissiveness not merely as good public policy, but increasingly as an existential requirement for a stable economy.

HOW DOES YOUR CITY RANK?

These rankings aren't static – they're a roadmap to changes that may increase economic resilience. Is your city's position the result of demand for gig work? Do the people in your community have less demand for gig workers than in other cities? If you are below average in the number of gig workers in your area, is it due to a below average unemployment level? Have city and state regulations dissuaded people from choosing gig work?

> **"If you think about it, the reason we have the gig economy is because of huge macroeconomic forces, like globalisation of work, global trade, outsourcing and technology shifts like the rise of smartphones. I don't think anyone thinks that any of those trends are going away certainly, and so I think the gig economy is not either."**
>
> **ELIZABETH WOYKE**
> BUSINESS REPORTER AND CO-AUTHOR OF
> SERVING WORKERS IN THE GIG ECONOMY

THE STATE OF THE GIG ECONOMY

In 2012, *Fortune Magazine* reported on the plight of Debra Giusti[2], who left the workforce to care for her ailing mother. Unable to find a job when ready to return to the workforce, Giusti was able to maintain her mortgage by renting out rooms in her house and her mother's house. She is not alone in using home sharing to help meet living expenses.

While the apps we are familiar with are new, home sharing is not—it's as old as civilization itself. What changed recently is the technology that expanded the marketplace by increasing the amount of information available to the consumer.

Home sharing platforms are a large and well-known aspect of the growing gig economy, but they are not the entirety of it.

Online platforms such as AirBnb and its ridesharing cousin Uber have captured a lot of the headlines because they have leveraged technology in a way that makes the services of gig workers — from short-term housing to ridesharing; handymen and dog walkers — much more available to would-be clients. The number of gig workers is growing (by 17.2% from 2012-2017), even when compared to total labor growth (8.2% over the same period)[3,4].

An estimate from the McKinsey Global Institute shows that by 2025 "online talent platforms" (including Uber) could add as much as 2% to global GDP. This would increase employment by the equivalent of 72 million full-time workers[5]. In the national scope, a 2019 Freelancers Union and Upwork survey reported that freelancing contributes almost $1 trillion to the economy, about 5% of national GDP[6].

The size, growth and nature of gig work has challenged policymakers and upset existing service providers such as taxi cab companies, hotel owners and suburban communities. Reactions range from rethinking regulation to restricting service providers — or even banning them altogether.

Using data from the U.S. Census, this paper uses a broad definition of the gig economy over the past few years, examines the impact of this unique sector of the economy on the top 100 U.S. metropolitan areas (MSAs), and demonstrates that it is a growing and positive part of the economy — consisting of 18 million gig workers in 2017 just in our nation's largest 100 MSAs.

American workers are creative and resilient; cities that leverage those characteristics by encouraging their local gig economies to flourish are more likely to overcome challenges like the COVID-19 pandemic and thrive for years to come. But cities hoping to benefit from these innovations must be careful to design policies that respect worker preferences for flexibility and self-direction. This is critical not only for the platforms already operating — but for new technology innovations that have yet to arrive.

THE CHALLENGE FOR POLICYMAKERS: CONSISTENT, RELIABLE DATA

One challenge in understanding gig work is the different standards used for defining it. Gig work is difficult, if not impossible, to quantify.

An example: In contrast to claims that gig work is growing, in May of 2017, the Bureau of Labor Statistics (BLS) suggested 10.1% of the U.S. workforce participated in "alternative arrangements" for their primary source of income and noted that this was a decrease from previous studies; however, the BLS survey notably leaves out income that is merely supplemental[7]. Nowhere in the 2017 survey did BLS use the word 'gig,'

METHODOLOGY

To analyze gig work, BCP used the U.S. Census Bureau's nonemployer statistics (NES) database for 2012 and 2017 (the latest years of data available from the NES). The NES is a timeseries of economic statistics of businesses that have no paid employees, have earned at least $1,000 and are subject to federal income tax. Non-employers make up the majority of registered U.S. businesses, yet account for less than 4% of all sales and receipts nationally[10]. The NES is the only national survey of non-employers. In this report, "gig worker" and "NES establishment/individual" are used interchangeably.

To form a picture of the real and potentially uneven success of the gig economy, this study compiles a list of the 100 most populous MSAs using both NES data and the Census Bureau's Survey of U.S. Businesses (SUSB), also from 2012 and 2017 (the last two periods for which SUSB collected data), to measure the number and earnings of "regular" employees against the number and earnings of gig workers. BCP analyzed the gross receipts and number of non-employer establishments for each relevant MSA through data provided by the NES database[11]. In short, it examines the total amount of money spent on the gig economy and the number of gig workers by MSA.

and this is despite identifying and quantifying "contingent workers," "independent contractors," "on-call workers," and "workers provided by contract firms," all of which represent varying degrees of gig work. Nowhere in the BLS report did the government specify that they sought to quantify the gig economy or gig labor force, nor should they have tried to quantify gig work. Even the idea behind gig work is ambiguous, as it is a style of work rather than an industry unto itself.

Gig work is also not mutually exclusive to regular work; the McKinsey study stated that 56% of independent gig workers use gig work as supplemental income to their regular jobs, which vastly increases the quantity of potential gig workers[8]. The "low barriers to entry" structure of gig work means that anyone with a car and some spare time and who meets Uber's fairly lenient standards can become an Uber driver, and anyone who likes painting can become an amateur artist on commission.

Gig work is accessible to a wide audience: It is cheap to operate and often quick to learn. In the language of economists, gig work has exceptionally low fixed costs (it does not take much to begin as a gig worker) and low variable costs (day-to-day operations of a gig worker do not cost an egregious amount).

Low barriers to entry are a boon as much as they are a curse; everyone can become a gig worker at the consequence of everyone being paid less than their employed counterparts. Both forces push the cost of gig work down, resulting in both low prices for consumers and low wages for gig workers.

However, gig economy jobs are not accompanied by traditional job benefits such as minimum wage, overtime pay, safety regulations, workers' compensation insurance, health insurance and retirement savings[9]. Some employees prefer these benefits to those that come from a more flexible, gig centered work model. In many cases a worker's decision between a gig economy job and a traditional job is less about which job is objectively "better" and more about what the worker values most.

The McKinsey-BLS discrepancies only go to show how little is known about the gig economy.

AMERICA'S GIG ECONOMY IS IN A TUG OF WAR ACROSS THE NATION

Over the last couple of years, U.S. cities and states have responded in a range of ways to the growing gig economy. As a result, central players such as Uber, Lyft and Airbnb were left playing a legal tug of war regarding the legal status of workers who use their platforms.

Many state legislatures have preempted local policy. Florida and California offer different lessions.

FLORIDA

NES data indicates many metropolitan areas with the greatest growth in nonemployer establishments or in their receipts between 2012 and 2017 are in Florida. Two of the top five cities with gig economy workforces that are growing faster than their traditional workforces are in Miami and Lakeland. Additionally, four of the five cities with the highest gig receipts compared to overall business receipts (indicating demand for gig work) are Cape Coral, North Port, Deltona and Port St. Lucie.

Cities in Florida also rank high in indices of communities that have the most gig economy workers by population. The Miami and Orlando metropolitan areas rank number one and number three for cities with the most gig workers per capita, with approximately 17% and 10% of their total populations respectively participating in gig work.

A closer look at the state's policies and support systems for businesses reveal several likely factors for its gig-economy success. Although aspects of Florida's pro-business atmosphere were not designed with the gig economy in mind (they were established years ago) they have become the foundation for a successful state

economy overall. It's an entrepreneur-friendly policy environment that put the state in a position to naturally support the gig-economy business model.

First, the Florida tax structure is rare; it is one of only seven states with no personal income tax. In fact, Florida's constitution protects the state from ever establishing an income tax[12]. This was passed as an amendment to the state constitution in 1924[13]. The state also has a limited corporate tax. One state website highlights Florida's financial success policies by stating, "Thanks to a history of responsible spending decisions and high financial reserves, Florida has earned a AAA bond rating – the highest available – while enjoying this low-tax climate."[14]

The state also provides legislative certainty for gig workers. Legislation (HB 221) passed back in 2017 by the Florida legislature put app-based platforms on the fast track to success. This bill prepared a legal pathway for the gig economy to take off by ensuring that drivers for rideshare companies such as Uber and Lyft would be categorized as independent contractors[15]. This was a first-of-its-kind legislative measure intended to encourage rapid growth of the gig economy in Florida while retaining public safety. Some regulations in the legislation included car insurance coverage minimums for rideshare drivers and also a zero-tolerance

WORKERS LIKE GIG WORK

Worker flexibility is among the most appealing aspects of gig work, and gig-economy growth is possible in part because many traditional jobs cannot offer the flexible hours and location that a gig economy job typically offers. For many, gig economy jobs are a better personal fit for their lifestyle than the best traditional job[16]. This also creates greater personal satisfaction and fulfillment for workers, which is harder to measure, but is doubtlessly present. For example, it could lead to increased productivity per hour spent working. The gig economy will change fundamentally what work is and magnify life-purpose in the lives of many workers[17].

A 2017 study by McKinsey Global Institute, found that 27% of the U.S. labor force engaged in some form of independent work, where workers cite a high degree of autonomy, payment designated on a task-by-task basis, and a short duration[18]. The same study suggests that nearly 45% of the independent workforce relies upon gig work as their primary source of income, and that 70% of the independent workforce prefers gig work to traditionally-employed work.

The 2019 State of Independents in America report conducted by MBO Partners, made a similar finding that not only was the number of gig workers growing — defined as those working at least 15 hours a week — but that those involved are, "an increasingly satisfied, optimistic, passionate, and engaged core. A telling trend: Those who pursue work as full-time gig workers are largely doing so by choice. In 2019, 67% said it was their choice completely to work in this way, up from 63% in 2018, and up from the low of 53% in 2016."[19]

drug and alcohol policy for drivers. The legislation dictates that, in order for the rideshare companies' drivers to qualify for an independent contractor status, the companies must comply with the following four rules[20]:

1. Let drivers choose their own hours
2. Permit their drivers to offer driving services for multiple rideshare platforms
3. Not restrict any other co-existing business or occupation the driver may have
4. The ridesharing company and the driver agree on the independent status in writing

In this win-win partnership between government and business, Florida established minimal regulations that allowed nonemployer rideshare giants the flexibility to maintain their innovative business model while also protecting the public.

In addition to Florida's preemptive policy to avoid a status crisis for independent contractors, the state put together a data-driven report assessing the state of the gig economy[21]. The report was created by CareerSource Florida, a government agency, and is titled "The Gig Economy and Florida's Workforce system."

According to the report, "To anticipate future shifts and to meet the demands of businesses, local workforce development boards are generally supportive of shifting federal and state policy and program and performance guidelines to reflect the change from jobs to work, to encourage entrepreneurship among youth and underserved and underemployed workers, and to expand training programs that emphasize transferable skills and alternative employment outcomes."

Florida is listening as its workforce and business sector express their needs and is encouraging the gig economy to grow while acknowledging and mitigating accompanying challenges.

CALIFORNIA

No discussion of the gig economy and city and related state regulation would be complete without mentioning California's Assembly Bill 5 (AB5) and the ensuing passage of Proposition 22.

AB5, passed in September 2019, sought to reclassify as employees workers who may have previously been classified as independent contractors. The intent was to provide workers with greater labor protections (i.e.: minimum wages, unemployment and workers compensation, sick leave) as well as increase state payroll tax income that companies often avoided by classifying workers as independent contractors.

HOME SHARING: GOOD FOR HOME OWNERS

Jamila Jefferson-Jones of the University of Missouri — Kansas City School of Law argues in the Hasting Constitutional Law Quarterly that income from home sharing can not only help keep people in their homes, but improve the quality of them, too.

The sharing of this burden, through the consequent sharing of the burden of homeownership — use and enjoyment in particular — can help to avoid or at least mitigate instances of blight due to disrepair, distressed sales at below market rate sales prices, and even foreclosures. Thus, allowing owners to share homeownership can protect a community's property values by helping to insulate individual owners from the effects of negative housing market downturns."[22]

Ridesharing companies such as Uber and Lyft were the targets of the legislation[23]. In one example of unintended consequences, Vox.com, an online news and opinion website, cheered AB5, writing that, "Gig workers' win in California is a victory for workers everywhere."[24] But just three months later, Vox — which owns SB Nation and other online properties — announced it was laying off hundreds of freelance writers due to the new AB5 initiated regulations. According to CNBC,

> *[SB Nation executive director John] Ness said that California contractors can apply for a full-time or part-time position in California. Contractors who wish to continue contributing can do so but "need to understand they will not be paid for future contributions," he said. "We know this may be a difficult decision, so we're giving everyone affected 30 days to decide what works for them," Ness added.*[25]

Ridesharing companies Uber and Lyft, as well as food delivery service Doordash, each pledged $30 million to a successful November 2020 ballot initiative[26] that exempted them from the legislation. Prior to the proposition being passed, Uber and Lyft refused to comply with the law and were sued by California Attorney General Xavier Becerra. A judge sided with the state and ordered them to reclassify their workers[27]. Just as Uber and Lyft threatened to suspend their operations rather than reclassify their drivers as employees, a state appeals court halted the previous order, which gave the companies more time to prepare their appeals[28].

The impact to ridesharing providers in California, had AB5 achieved its intent, would have been widespread. Uber claims to have more than 200,000 drivers in the state, Lyft over 300,000[29]. And as the example of Vox makes clear, impacts would have been felt well beyond the rideshare community.

The chief problem with California's AB5 was also identified in analysis by the Bureau of Labor Statistics: Gig work may not be a primary source of income for many of its drivers. Efforts to strip workers of the opportunity to operate as independent contractors hurts those earning supplemental income and greatly reduces opportunities for those who do use the service as a primary income.

COVID-19 AND THE GIG ECONOMY

Due to the COVID-19 pandemic and the economic lockdowns that ensued, millions of American workers were denied the opportunity to work their traditional jobs. Unemployment reached a high of 14.4%, and the federal government acted quickly to encourage businesses to keep employees on payroll and supplement state unemployment payments.

But thanks to the availability of gig work such as Uber Eats and Doordash, people whose existing line of work was eliminated in the economic fallout were able figuratively to put food on their table by literally putting food on the tables of others.

Even before the pandemic, research indicated that Americans were using gig work to insulate themselves against financial uncertainty. According to the 2019 State of Independents in America study,

> *For a large chunk of the American population, part-time independent work has become crucial to making ends meet and to shore up shaky finances. The market is supplying a solution in the form of platforms and marketplaces that enable occasional work or side gigs. And so even as the other categories (Full-Time and Part-Time Independents) have been falling slightly in recent years, the number of Occasional Independents—those working irregularly or sporadically as independents at least once per month — has continued to boom.*

In a June 2020 paper, Manav Raj, Arun Sundararajan and Calum You studied the impact digital platforms had on the success rates of small independent restaurants. They concluded, "the critical role that digital will play in creating business resilience in the post-COVID economy… [will] provide new managerial insight into how supply-side and demand-side factors shape business performance on a platform."[30]

Some gig-economy platforms — Uber, Lyft, Airbnb — took initiative to provide personal protective equipment (PPE), sick pay, access to health services and other assistance to their workers over the last year. There is concern that these good acts, however, will be seized upon by opponents of these companies as concessions that in fact these workers are employees. Federal legislation such as the Helping Gig Economy Workers Act of 2020[31] seeks to protect companies from such reclassifications.

74%

Of gig workers surveyed said gig work is "as important or more important" to their financial security because of COVID-19.

78%

Said they expect to perform as much or more gig work in 2021.

56%

Of those participating in the gig economy in the past 18 months identified as Gen Z and millennials; 28% as members of Gen X; and 16% as baby boomers.

Sources: Survey by daVinci Payments and U.S. Cencus Bureau data, https://www.freightwaves.com/news/covid-didnt-kill-gig-economy-the-pandemic-accelerated-it

POLICY PROPOSALS

1

ABSTAIN FROM ESTABLISHING ANY MUNICIPAL HOME SHARING POLICY

The most welcoming stance cities have taken regarding home sharing (also called short-term rentals and vacation rentals) through platforms like Airbnb, VRBO and others, is no regulation or policy at all.

This allows homeowners flexibility to easily use their home to bring in supplementary income. Where there is no policy regarding home sharing, some locations still require taxes to be collected on the rental transaction, which can be set up in a manner that enables simple and quick compliance.

Because cities already have established nuisance ordinances that regulate noise level disturbances and other similar problems, there is an existing legal process to address neighborhood complaints whether the disturbance is caused by a long-term resident or a rental guest.

2

AVOID RESTRICTIONS THAT UNDERMINE SHORT-TERM RENTAL SUCCESS

Cities should stay clear of restrictions that will hurt their ability to bring in greater tax revenue.

According to the official Airbnb website, the most common restrictions on short-term rentals include:

- **Owner presence required:** In Los Angeles, New York, Las Vegas, Santa Monica and San Francisco, property owners can only rent out a portion of their home while they are there.
- **Restrictions on rental investments:** Some cities lim¬it the number of properties that a single owner can advertise at the same time. These regulations are meant to inhibit real estate investors from utilizing home sharing.

Others such as zoning laws restricting short-term rentals to specific areas and rules requiring business licenses and special permits to rent out a residence.

5

STATE REFORM: APPROPRIATELY CATEGORIZE WORKERS

A government classification of gig workers that facilitates gig economy growth can be established in multiple ways.

One option is to create a new category for individuals participating in gig work and for entities (usually called platforms) that coordinate workers with a job. Some have suggested a new category of “flexible workers” who would have a legal status somewhere between those of full-time workers and contractors (what some experts are calling a “third status”), and these flexible

3

RESTRICT ONLY HIGHLY COMMERCIALIZED HOME SHARING – THE SEATTLE MODEL

One way to minimally establish regulations is to regulate only the most commercialized aspect of the industry.

Seattle proposed some minimal regulations on home sharing based on whether the rental transaction was in a primary home or a secondary home and if the residence was rented out for more than 90 days per year[32]. This allows homeowners to continue home sharing without heavy restrictions, but prohibits individuals who were using a non-primary residence from renting on Airbnb if they surpassed the 90-day threshold.

This focused regulation may offer a middle ground for cities concerned about commercialized short-term rentals while preserving for homeowners the economic benefits.

4

SUSPEND ZONING RESTRICTIONS FOR HOME-BASED BUSINESSES

A timely recommendation in the context of the coronavirus pandemic is a suspension of city zoning restrictions for home-based businesses with no potential for a negative impact to the surrounding neighborhood.

Model legislation for the Home Based Business Fairness Act defines a "no-impact home business" as one that has three or fewer employees, doesn't garner additional street parking or traffic and complies with health and safety regulations, along with a few other limitations.

As cities try to recover from COVID-related hits to the local economy, leaders should consider, for now if not indefinitely, suspending zoning restrictions for home based businesses while traditional work is difficult to maintain.

workers would interact with job platforms that provide them work. Examples of such workers might include drivers for Uber and Lyft and "taskers" for TaskRabbit, while Uber, Lyft, and TaskRabbit would legally become "job platforms" or "platforms."[33]

Another option would be to classify all gig workers under the existing category of independent contractor. This allows gig platforms like Uber and Lyft to operate their unique business model unhindered.

MODEL ORDINANCE: HOME-BASED BUSINESS FAIRNESS ACT

SECTION 1. DEFINITIONS

- "Goods" means any merchandise, equipment, products, supplies or materials.
- "Home-based business" means any business for the manufacture, provision or sale of goods or services that is owned and operated by the owner or tenant of the residential dwelling.
- "No-impact home-based business" means a home-based business for which all of the following apply:
  1. The total number of on-site employees and clients do not exceed the municipal occupancy limit for the residential property.
  2. The business activities are characterized by all of the following:
     - Are limited to the sale of lawful goods and services;
     - Do not generate on-street parking or a substantial increase in traffic through the residential area;
     - Occur inside the residential dwelling or in the yard;
     - Are not visible from the street.

SECTION 2.

That the use of a residential dwelling for a home-based business is a permitted use, except that this permission does not supersede any of the following:

- Any deed restriction, covenant or agreement restricting the use of land;
- Any master deed, by-law or other document applicable to a common interest ownership community.

SECTION 3.

The City shall not prohibit a no-impact home-based business or otherwise require a person to apply, register or obtain any permit, license, variance or other type of prior approval from the City to operate a no-impact home-based business.

SECTION 4.

The City may establish reasonable regulations on a home-based business if the regulations are narrowly tailored for any of the following purposes:

- The protection of the public health and safety, as defined in [STATE CODE] including rules and regulations related to fire and building codes, health and sanitation, transportation or traffic control, solid or hazardous waste, pollution and noise control.
- Ensuring that the business activity is:
  1. Compatible with residential use of the property and surrounding residential use;
  2. Secondary to the use as a residential dwelling;
  3. Complying with state and federal law and paying applicable taxes.
- Limiting or prohibiting the use of a home-based business for the purposes of selling illegal drugs, liquor, operating or maintaining a structured sober living home, pornography, obscenity, nude or topless dancing and other adult-oriented businesses.

SECTION 5.

The City shall not require a person as a condition of operating a home-based business to:

- Rezone the property for commercial use;
- Install or equip fire sprinklers in a single family detached residential dwelling or any residential dwelling with not more than two dwelling units.

SECTION 6.

The question whether a regulation complies with this section shall be a judicial question, and the City shall establish by clear and convincing evidence that the regulation complies with this section.

THE GIG ECONOMY BY THE NUMBERS

MUNICIPAL GIG WORKERS

The gig economy is a large portion of the workforce in American cities. And not all cities are leveraging this equally.

Having established a framework to define the general gig economy among America's largest cities, one can compare high and low gig-quantity cities. Using NES data and total MSA population, it is clear that the gig workforce comprised an average of about 8.8% of the entire population of the 100 largest MSAs in 2017, ranging from 16.1% (Miami-Ft. Lauderdale, FL) at the high end to 5.3% (Buffalo-Cheektowaga, NY) at the low end. Nationally, gig workers per capita have grown by 12.0% between 2012 and 2017.

The Miami-Fort Lauderdale metro area boasts the largest per capita population of gig workers in the nation, at 16.1% of the entire resident population of the state. A significant gap exists between Miami-Fort Lauderdale and the next contenders, with the Atlanta and Los Angeles metro areas both at about 10%. After Miami and starting with Atlanta and LA, the rest of the list gradually decreases in gig workers per capita, suggesting that Miami is exceptional among comparable metro areas. Figure 1 identifies the 10 highest metro areas in terms of gig workers per capita.

Fig 1: 10 Highest MSAs in Gig Workers per Capita 2017

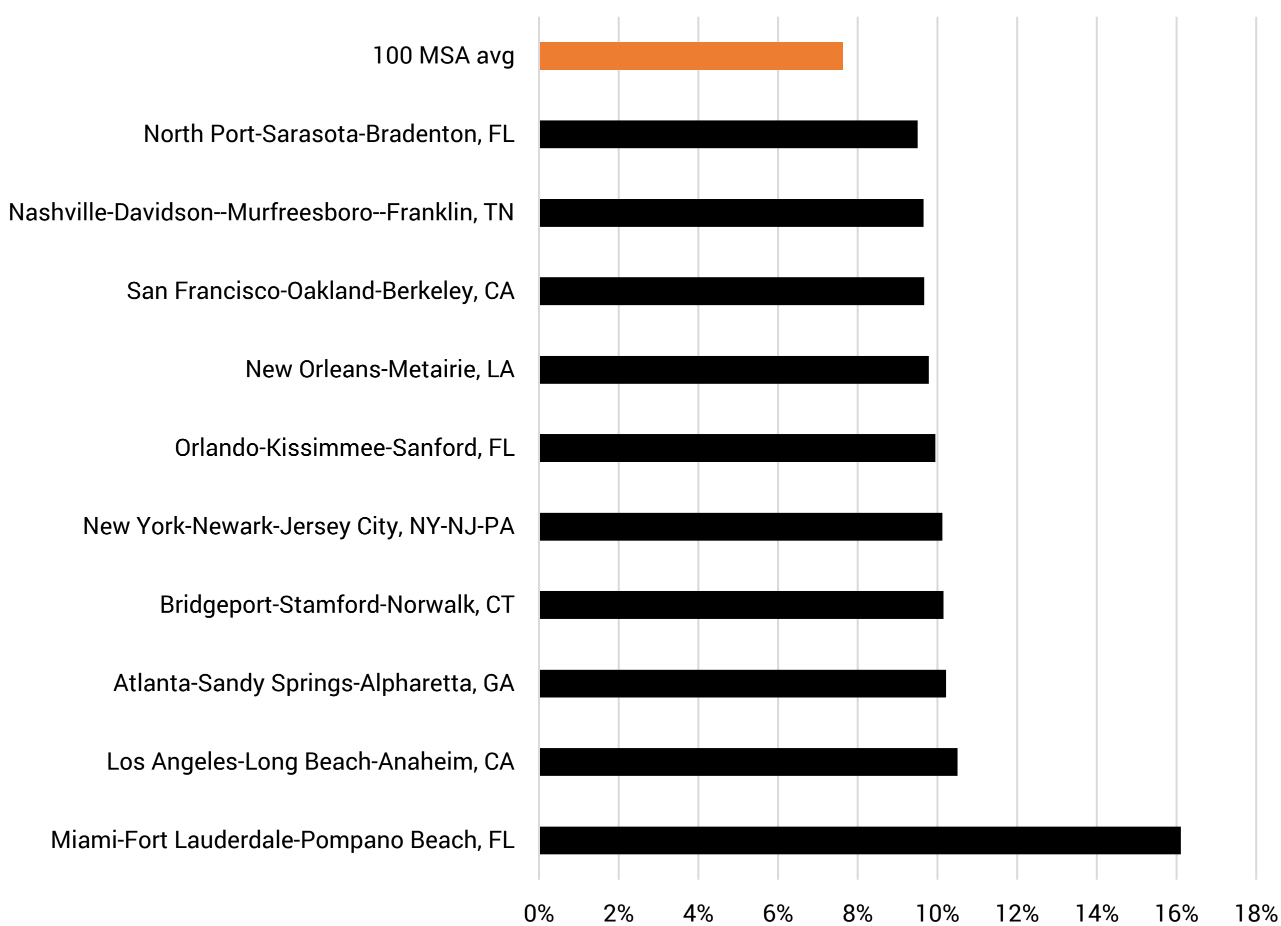


Table 1: Percent of Workforce in Nonemployer Arrangement - 2017

Miami-Fort Lauderdale-Pompano Beach, FL	16.1%
Los Angeles-Long Beach-Anaheim, CA	10.5%
Atlanta-Sandy Springs-Alpharetta, GA	10.2%
Bridgeport-Stamford-Norwalk, CT	10.2%
New York-Newark-Jersey City, NY-NJ-PA	10.1%
Orlando-Kissimmee-Sanford, FL	9.9%
New Orleans-Metairie, LA	9.8%
San Francisco-Oakland-Berkeley, CA	9.7%
Nashville-Davidson-Murfreesboro-Franklin,TN	9.7%
North Port-Sarasota-Bradenton, FL	9.5%
Austin-Round Rock-Georgetown, TX	9.5%
Cape Coral-Fort Myers, FL	9.4%
Denver-Aurora-Lakewood, CO	9.4%
Dallas-Fort Worth-Arlington, TX	9.2%
Washington-Arlington-Alexandria, DC-VA-MD-WV	9.1%
Houston-The Woodlands-Sugar Land, TX	9.1%
Tampa-St. Petersburg-Clearwater, FL	8.7%
San Diego-Chula Vista-Carlsbad, CA	8.6%
Boston-Cambridge-Newton, MA-NH	8.6%
Memphis, TN-MS-AR	8.5%
McAllen-Edinburg-Mission, TX	8.5%
Jackson, MS	8.4%
Chicago-Naperville-Elgin, IL-IN-WI	8.4%
Charleston -North Charleston, SC	8.3%
Oxnard-Thousand Oaks -Ventura, CA	8.2%
Las Vegas-Henderson-Paradise, NV	8.2%
Raleigh-Cary, NC	8.2%
Oklahoma City, OK	8.1%
Provo-Orem, UT	8.1%
Deltona-Daytona Beach-Ormond Beach, FL	8.1%
Charlotte-Concord-Gastonia, NC-SC	7.9%
Detroit-Warren-Dearborn, MI	7.9%
Jacksonville, FL	7.8%
Boise City, ID	7.8%
Baltimore-Columbia-Towson, MD	7.7%
San Antonio-New Braunfels, TX	7.7%
Birmingham-Hoover, AL	7.7%
Colorado Springs, CO	7.7%
Minneapolis-St. Paul-Bloomington, MN-WI	7.7%
Salt Lake City, UT	7.6%
Portland-Vancouver-Hillsboro, OR-WA	7.6%
---100 MSA avg---	**7.6%**
Baton Rouge, LA	7.6%
Tulsa, OK	7.6%
Palm Bay-Melbourne-Titusville, FL	7.6%
Sacramento-Roseville-Folsom, CA	7.5%
San Jose-Sunnyvale-Santa Clara, CA	7.5%
Durham-Chapel Hill, NC	7.5%
Columbus, OH	7.5%
Cleveland-Elyria, OH	7.5%
Greensboro-High Point, NC	7.4%
El Paso, TX	7.4%
Knoxville, TN	7.4%
New Haven-Milford, CT	7.2%
Phoenix-Mesa-Chandler, AZ	7.2%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	7.2%
Richmond, VA	7.2%
Greenville-Anderson, SC	7.2%
Providence-Warwick, RI-MA	7.2%
Louisville/Jefferson County, KY-IN	7.1%
Little Rock-North Little Rock-Conway, AR	7.1%
Madison, WI	7.1%
Indianapolis-Carmel-Anderson, IN	7.1%
Chattanooga, TN-GA	7.1%
Seattle-Tacoma-Bellevue, WA	7.1%
Grand Rapids-Kentwood, MI	7.1%
Kansas City, MO-KS	7.1%
Riverside-San Bernardino-Ontario, CA	7.0%
Winston-Salem, NC	7.0%
Urban Honolulu, HI	7.0%
Akron, OH	6.9%
Columbia, SC	6.9%
Hartford-East Hartford-Middletown, CT	6.8%
St. Louis, MO-IL	6.8%
Des Moines-West Des Moines, IA	6.8%
Lakeland-Winter Haven, FL	6.7%
Worcester, MA-CT	6.7%
Cincinnati, OH-KY-IN	6.6%
Omaha-Council Bluffs, NE-IA	6.6%
Tucson, AZ	6.6%
Ogden-Clearfield, UT	6.6%
Augusta-Richmond County, GA-SC	6.6%
Wichita, KS	6.5%
Pittsburgh, PA	6.4%
Allentown-Bethlehem-Easton, PA-NJ	6.3%
Harrisburg-Carlisle, PA	6.2%
Albany-Schenectady-Troy, NY	6.2%
Virginia Beach-Norfolk-Newport News, VA-NC	6.1%
Rochester, NY	6.1%
Syracuse, NY	5.9%
Albuquerque, NM	5.9%
Milwaukee-Waukesha, WI	5.9%
Springfield, MA	5.7%
Scranton--Wilkes-Barre, PA	5.6%
Toledo, OH	5.5%
Fresno, CA	5.5%
Stockton, CA	5.4%
Bakersfield, CA	5.4%
Buffalo-Cheektowaga, NY	5.3%

GIG RECEIPTS

Gig receipts per capita – a number that represents demand for services rather than gig-worker compensation – generally follow the overall health of a local market's gig economy. But gig-worker pay doesn't rise as rapidly as that of traditional employees.

Receipts earned by gig workers noticeably lag behind compensation increases earned by regular employees. Receipts per gig worker grew by 7.3%, or at an annualized rate of 1.39% between 2012 and 2017. Gig receipts represent demand for gig services and not earnings of gig services or workers, though gig earnings are clearly highly dependent upon the demand for services. Figure 2a identifies the five greatest and five lowest MSAs in terms of gig receipts per capita in 2017.

Figure 2b is the same data but adjusted for cost of living. By doing so, we can better compare individual cities against each other and determine a national average. A higher cost-of-living-adjusted receipt value reflects a real and significant demand within an MSA.

For context, regular employment compensation grew by 21% during the same period at an annualized rate of 4.1%. As stated, gig receipts include more than just income to the worker — who must pay overhead and fees to corporate entities. However, one can safely assume that the annual 1.39% receipt growth translates into a much smaller year-on-year gig income growth, which is vastly overshadowed by the annual increase of 4.1% experienced by regular employees.

It's likely an increase in the quantity of workers causes the price of work to decrease. More workers mean both cheaper services and less compensation per worker.

Figure 2a: Gig Receipts per Capita 2017

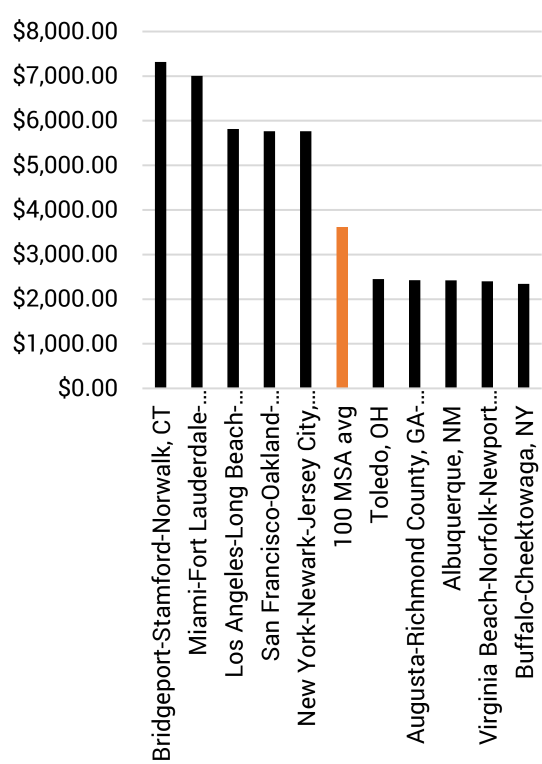
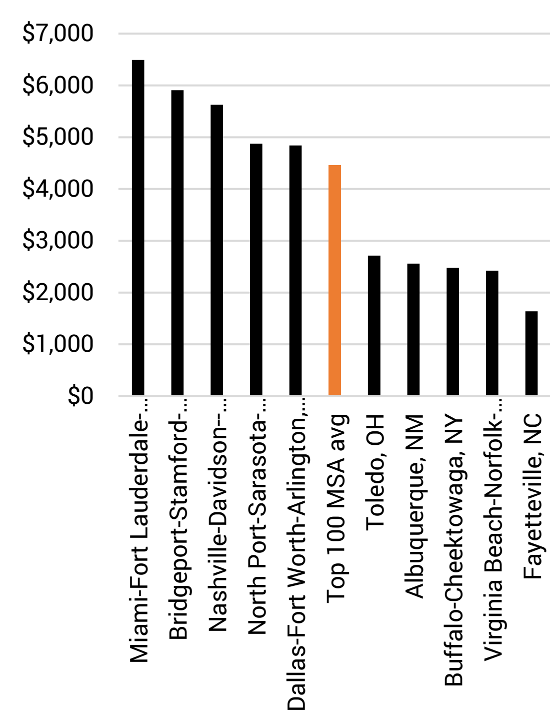


Figure 2b: Gig Receipts per Capita (Adjusted for Cost of Living) 2017



GROWTH OF GIG EARNINGS

Money spent on gig services, a sign of increasing demand, went up across the country between 2012 and 2017. Some cities are doing a better job of encouraging this — many of which are in Florida.

Another way to measure the gig economy is by comparing total business receipts to gig receipts. Data on all businesses receipts is provided by the Census Bureau's Survey of U.S. Businesses (SUSB) for the most recently available years, 2012 and 2017. The survey tabulates earnings and receipt data for most U.S. businesses (it notably excludes self-employment) every five years. The 10 MSAs whose gig economies compare most favorably to their overall business receipts are listed in Figure 3a.

Cape Coral's gig economy is 8.6% the size of the aggregate business receipts. Florida and Texas metro areas demonstrate a remarkably strong and growing gig presence, occupying four of the top ten MSA spots for gig receipts compared to total business receipts.

Figure 3b shows the fastest growing metropolitan areas in the U S by spending on the gig economy between 2012 and 2017. Average growth for the top 100 cities is 22%, but Florida's Orlando-Kissimmee and Miami-Ft. Lauderdale lead with 38% and 36% respectively.

3a: Gig Receipts Compared to Aggregate Business Receipts

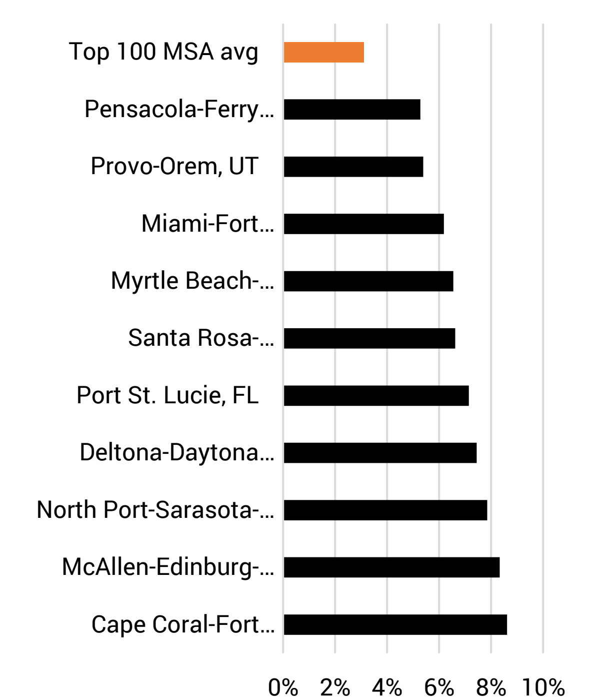
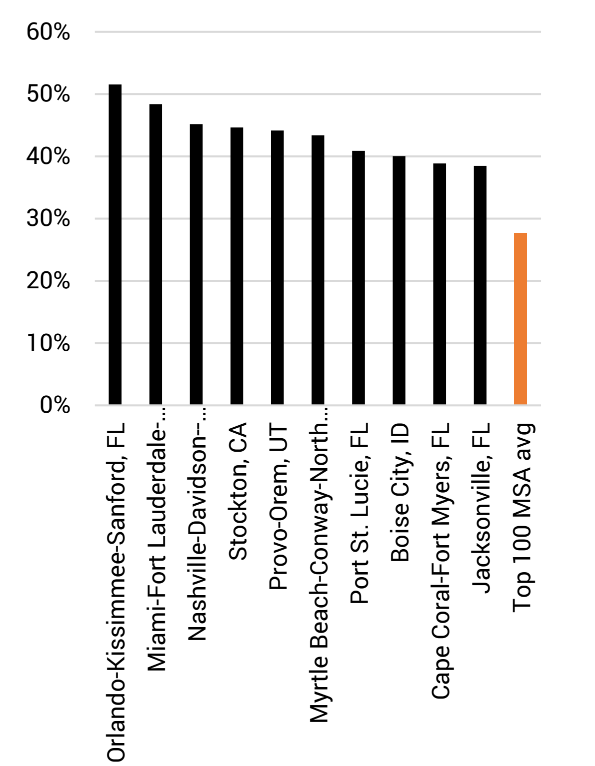


Figure 3(b): Growth in Gig Receipts



GROWTH OF THE GIG WORKFORCE

Summary: The number of people working in the gig economy is increasing — and at a faster rate than the regular workforce. While true nationally, it's not true of every major American city.

The gig workforce is growing much faster than the regular workforce. Between 2012 and 2017, the number of gig establishments grew by 10.1% more than the number of regular employer establishments[34] . Additionally, the gig workforce grew by 9% more than the total labor force[35].

The Sunshine State holds a significant proportion of the MSAs with the fastest growing gig workforces, taking four of the top 10 spots (Figure 4).

Measuring the difference between gig workforce growth figures and regular business establishment growth figures highlights MSAs that are particularly adept at encouraging gig growth. The difference between the two growth figures creates a more accurate picture of which MSAs have the fastest growing gig workforces. Figure 5a shows the five greatest and five smallest differences between gig establishment growth and regular establishment growth by MSA. Miami's gig workforce is growing the fastest relative to its business growth.

Figure 5b subtracts an MSA's total growth in employment from an MSA's growth in gig employment, reflecting the difference between regular employed labor growth and gig growth. An MSA may see a negative number (such as that of Detroit) both if their employed labor growth is high and if their gig labor growth is low. In the case of Detroit, for example, not only did the MSA have relatively low gig establishment growth (about 5% from 2012-2017), but it had a high increase in employment (it halved its unemployment rate from 2012-2017), leading to a large difference between regular labor growth and gig growth.

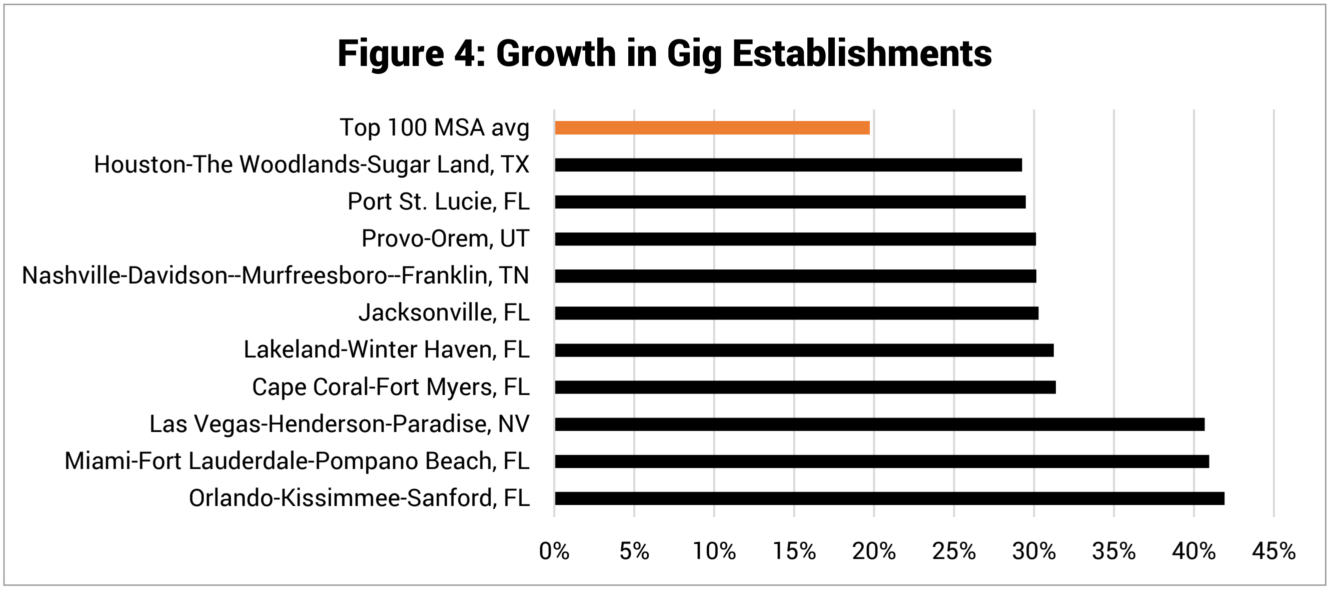


Figure 4: Growth in Gig Establishments
Top 100 MSA avg
Houston-The Woodlands-Sugar Land, TX
Port St. Lucie, FL
Provo-Orem, UT
Nashville-Davidson--Murfreesboro--Franklin, TN
Jacksonville, FL
Lakeland-Winter Haven, FL
Cape Coral-Fort Myers, FL
Las Vegas-Henderson-Paradise, NV
Miami-Fort Lauderdale-Pompano Beach, FL
Orlando-Kissimmee-Sanford, FL
0%
5%
10%
15%
20%
25%
30%
35%
40%
45%

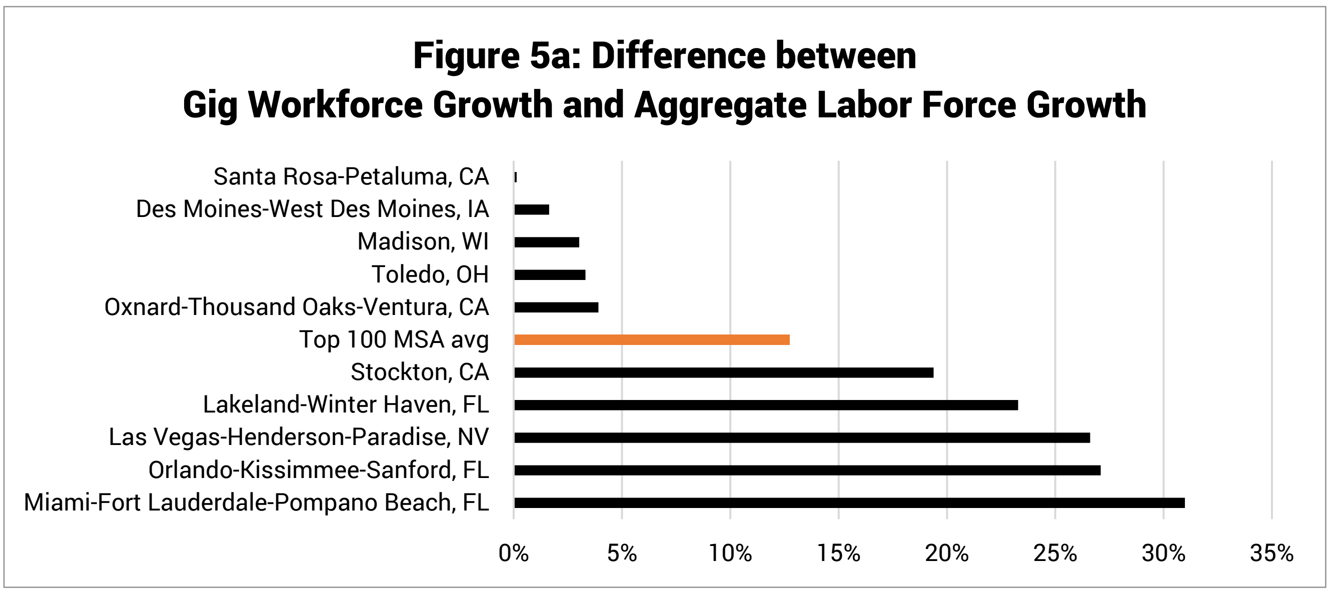


Figure 5a: Difference between
Gig Workforce Growth and Aggregate Labor Force Growth
Santa Rosa-Petaluma, CA
Des Moines-West Des Moines, IA
Madison, WI
Toledo, OH
Oxnard-Thousand Oaks-Ventura, CA
Top 100 MSA avg
Stockton, CA
Lakeland-Winter Haven, FL
Las Vegas-Henderson-Paradise, NV
Orlando-Kissimmee-Sanford, FL
Miami-Fort Lauderdale-Pompano Beach, FL
0%
5%
10%
15%
20%
25%
30%
35%

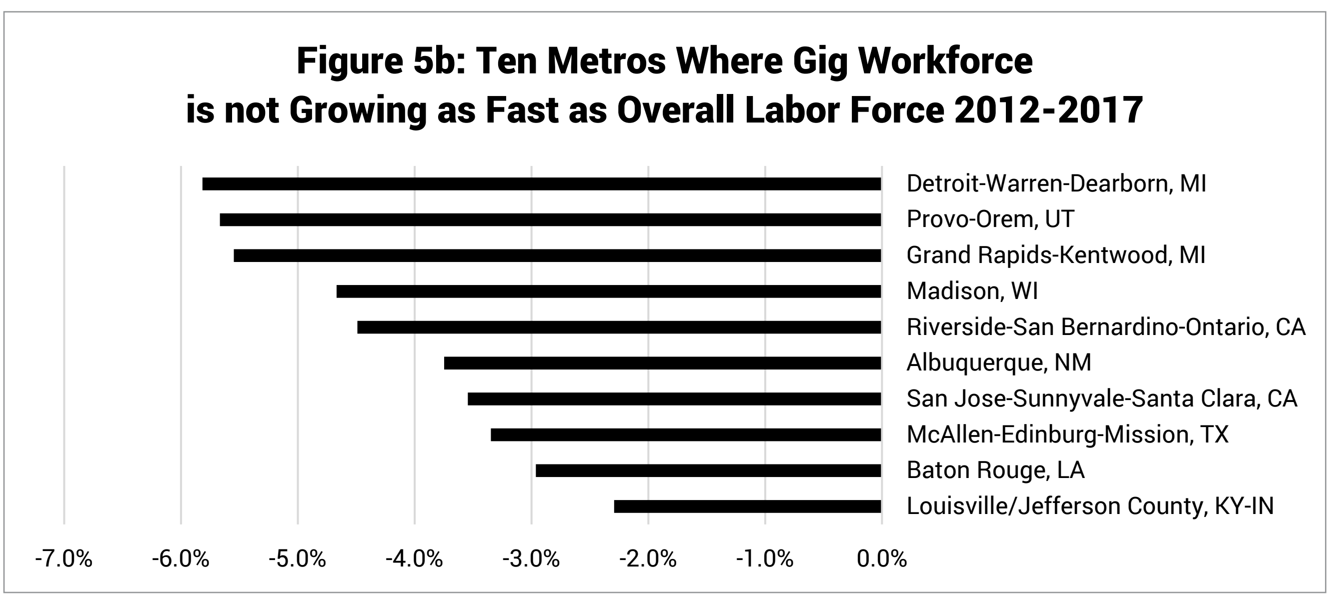


Figure 5b: Ten Metros Where Gig Workforce
is not Growing as Fast as Overall Labor Force 2012-2017
Detroit-Warren-Dearborn, MI
Provo-Orem, UT
Grand Rapids-Kentwood, MI
Madison, WI
Riverside-San Bernardino-Ontario, CA
Albuquerque, NM
San Jose-Sunnyvale-Santa Clara, CA
McAllen-Edinburg-Mission, TX
Baton Rouge, LA
Louisville/Jefferson County, KY-IN
-7.0%
-6.0%
-5.0%
-4.0%
-3.0%
-2.0%
-1.0%
0.0%

GIG WORK AND POPULATION GROWTH

In some cities, the gig workforce is growing faster than the population.

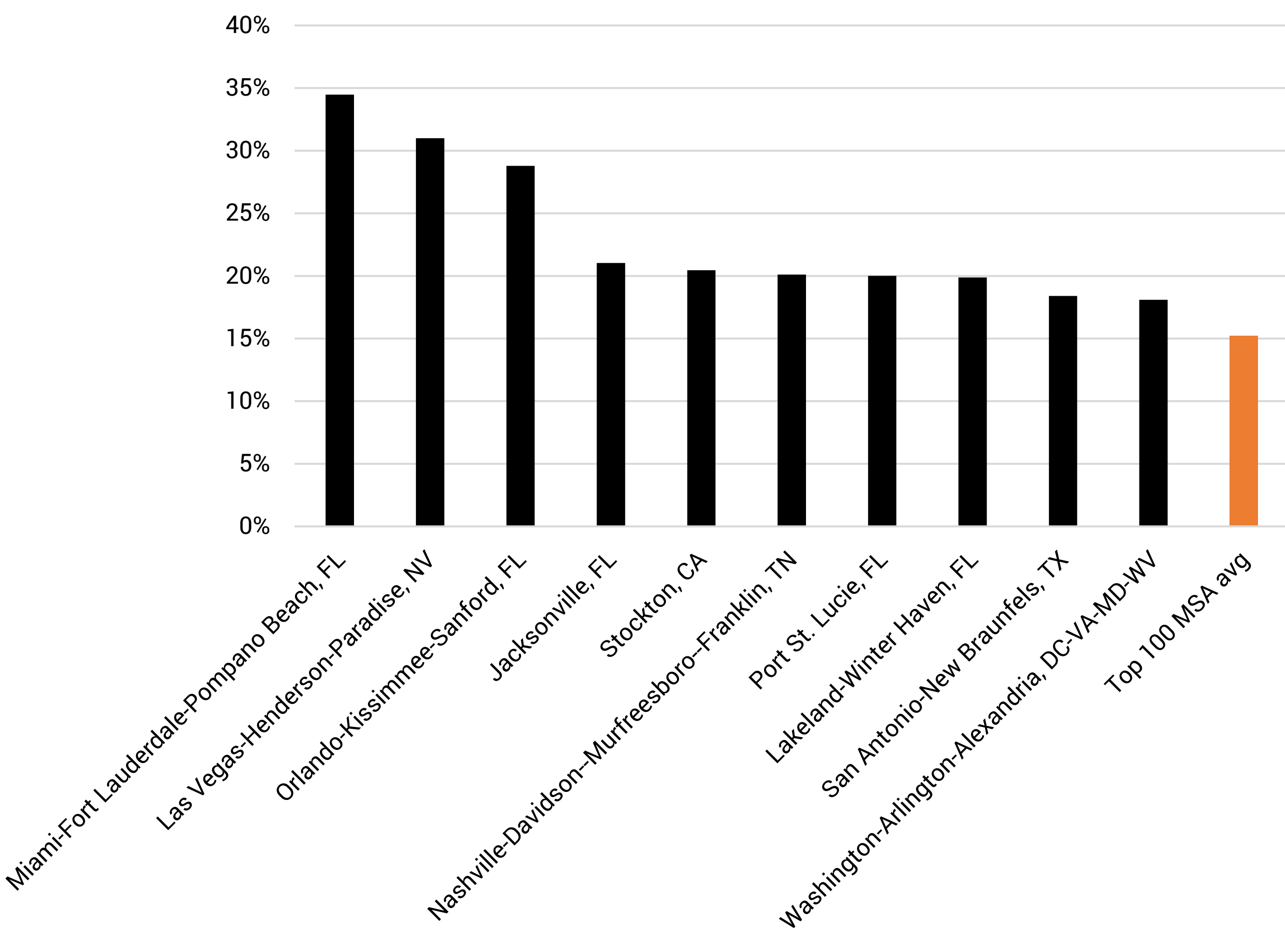
Figure 6 shows the 10 greatest MSAs by differences between gig establishment growth and overall population growth. Miami-Fort Lauderdale leads the top 100 MSA and Florida again has three of the top five spots.

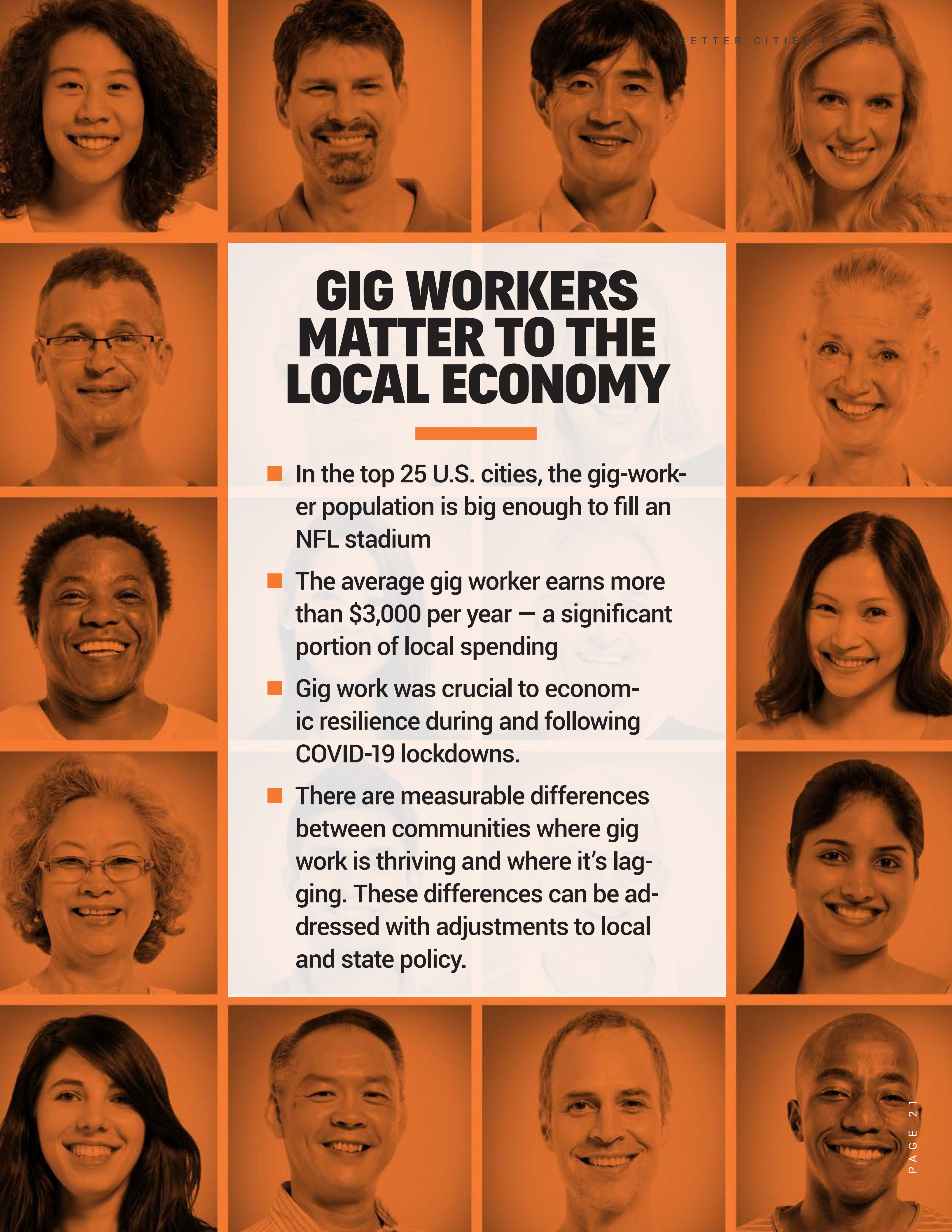
In the 2019 State of Independents in America report cited earlier,

> *The changes over the past several years reveal a core of Full-Time Independents that is solid, optimistic, persistent, and thriving. The number of Full-Time Independents who work this way by choice has remained quite steady, and rose marginally last year, from 12.36 million to 12.4 million.*

As the pandemic requires more people to either work as and rely upon gig workers, the metropolitan areas with the least obstacles will continue to benefit the most. As of 2017, Florida seemed to already be primed to support the gig economy.

Figure 6: Difference in Gig Workforce Growth and Population Growth 2012-2017





GIG WORKERS MATTER TO THE LOCAL ECONOMY

- In the top 25 U.S. cities, the gig-worker population is big enough to fill an NFL stadium
- The average gig worker earns more than $3,000 per year — a significant portion of local spending
- Gig work was crucial to economic resilience during and following COVID-19 lockdowns.
- There are measurable differences between communities where gig work is thriving and where it's lagging. These differences can be addressed with adjustments to local and state policy.

ENDNOTES

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17. The nature and meaning of work will be most affected, which may be the most hopeful aspect of this economic transformation. The Uber-All Economy of the Future

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NEXT STEPS

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About the authors:

Patrick Tuohey is co-founder and policy director of Better Cities Project. He works with taxpayers, media, and policymakers to foster understanding of the consequences of policies regarding economic development, taxation, education and transportation.

Lindsey Zea is a policy analyst at Better Cities Project. She studies the why behind problems that large cities encounter and develops policy solutions that improve cities. She also serves as a policy and research associate with the Madison Liberty Institute (MLI).

Scott Tuttle is a Ph.D. candidate in sociology at the University of Kansas, where he also works as a research associate with the Institute for Policy and Social Research. He has also worked as a policy intern for the Show-Me Institute in Kansas City and as an adjunct professor at Park University, Metropolitan Community College, and the University of Kansas.

Owen Parker is a policy and data-analysis intern with BCP. He is a student at the University of Richmond, where he studies Philosophy, Politics, Economics, and Law, with a concentration in economic development. He has worked on civil advocacy with the ACLU of Oregon and Common Cause.

Phone (702) 546-8736
Email info@better-cities.org
Web better-cities.org

4700 W. Rochelle Ave.
Suite 141
Las Vegas, NV 89103

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