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**Costs and Benefits of the Los Angeles 2028 Olympic Games:  
Mega-Events in a Post-Disaster Landscape**

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## ***Executive Summary***

This report presents a comprehensive discussion of projected costs and benefits of the 2028 Olympic Games, set to be hosted in Los Angeles, California. Prepared for Mayor Karen Bass and the Los Angeles City Council, it provides an updated assessment of the event's projected impact since Los Angeles was awarded the bid by the International Olympic Committee (IOC) in 2017. Through critical evaluation of existing literature and global case studies, the report assesses LA28 in the context of long-term city priorities and recent regional economic shocks.

In line with best practices in public economic appraisal, this analysis reviews academic studies and event-specific data from past Olympic Games and World Cup events. The report evaluates operational costs, direct and indirect investments, and intangible costs. Benefits are assessed in two key categories: income generated through event-related investment, and income from event-related consumption. The report also explores social and cultural benefits, such as enhanced regional pride and national morale.

LA28 promotes itself as a cost-conscious and legacy-focused event. Its operational model, built on the foundation of privately funded operations and the reuse of existing venues, significantly reduces the risk of overspending during the planning and execution phases. Indeed, these two pillars were cited by IOC President Thomas Bach as he awarded Los Angeles the 2028 bid. This model is largely inspired by the financial success of the 1984 Los Angeles Olympics, which was notable for its private sponsorships and minimal public expenditure.

Though the model significantly reduces public expenditures, it does not eliminate them entirely. Indirect costs tied to enabling infrastructure and the event, namely the expansion of the Los Angeles Metro, are substantial, and financed through tax increases. Importantly, the City of Los Angeles remains the financial backstop under the Host City Agreement with the IOC. Should the Games overrun its budget, public funds may be required, placing potential fiscal strain on residents and municipal services.

This concern has become more urgent as Los Angeles has faced multiple significant economic shocks since the bid was awarded. Most recently, the January 2025 wildfires produced widespread devastation, displacing thousands of residents and destabilising the local economy. Angelenos have been left economically and emotionally vulnerable. The city and state's public finances, too, are under strain. While the Games may offer a boost in morale, infrastructure improvements, and short-term economic activity, they can also burden host cities with long term debt, particularly if cost projections are overly optimistic. In the post-disaster landscape, these consequences are amplified. Residents are still recovering, having lost homes, jobs, or loved ones. Under these circumstances, tax increases or reductions in public services to offset an Olympic overspend could result in significant and enduring hardship. From a policy perspective, diverting funds from public services like disaster recovery, housing stability, and emergency preparedness measures to cover Olympic cost overruns would be fiscally irresponsible. Doing so could damage public trust and sour relationships between the local government and its constituents. As such, the margin for error is slim.

This report also considers the broader national and state-wide impact of LA28, though much of the financial focus is local. The Games may enhance the United States' global

profile, which has been sufficiently tested by President Trump's controversial global policies. At the state level, the influx of visitors could have positive spill over effects on tourism, with extended travel to other parts of California, such as coastal cities and national parks. Such gains, however, must be carefully weighed against localised financial risks.

This report supports the continuation of plans for LA28, contingent upon stringent risk management and renewed efforts to reduce current projected costs. Its commitment to using existing venues and reliance on private funding are key strengths of the plan, however, they may not be sufficient on their own. While the Games may bring meaningful benefits, it is essential that the city remains vigilant in anticipating volatility and cost escalation.

## ***Main Report***

### ***1. Introduction***

The purpose of this report is to discuss the costs and benefits of hosting the 2028 Olympic Games in Los Angeles. Produced for Mayor Karen Bass and the Los Angeles City Council, the report critically analyses Los Angeles' historical relationship with the Games, relevant cost-benefit analysis (CBA) literature, and modern case studies of other mega-event host cities. The result is a multifaceted cost-benefit report that emphasises financial risks inherent in hosting large-scale events such as the Olympics. This is particularly important in the context of today's volatile economic environment, where global and regional shocks have long-lasting consequences. To ensure a successful event that aligns with a favourable CBA outcome, Los Angeles must proceed with exceptional caution.

### ***2. Los Angeles as an Olympic Host City***

Los Angeles will host the Summer Olympics in 2028 for the third time in its history. The 1932 Games and 1984 Games managed to generate a surplus of 1.5 million USD and 235 million USD, respectively (Dyreson & Llewellyn, 2008). Both managed to do so by taking a financially prudent approach, which was particularly necessary in 1932 as the tight grip of the depression on the US and the world at large limited the spending scope. Dyreson and Llewellyn (2008) note that while the Games did not loosen the grip of the depression, it did provide an economic stimulus and produce some jobs across Southern California. With its record numbers of spectators, it produced the first profit in Olympic history, with the surplus eventually flowing back into the Los Angeles community for years to come.

Significantly, the 1984 Games came with very high risk; it followed a string of tumultuous Olympic Games, including the notorious Montreal Games which incurred a 1.2 billion USD shortfall that took thirty years for Montreal taxpayers to pay off (Müller et al., 2022). Following this financial failure, many potential host cities for 1984 were reluctant to pursue the bid, leaving Los Angeles the only suitor. Locally, Angelenos were hesitant to support hosting the games in 1984 if they would bear the burden of an overspend; in a city-commissioned poll, 70% of the 1,200 participants were in favour of LA hosting the Games. However, that number decreased to only 35% if city or county taxes were required (Yaroslavsky et al., 2021).

As such, the newly formed Los Angeles Olympic Organising Committee (LAOOC) negotiated with the IOC and earned several significant concessions from the group, utilising their leverage as the only willing host city. Concessions included LAOOC's full financial

independence and risk, a loosening of the IOC's usual demands for new built infrastructure, and a greater share of revenue from television broadcastings rights and sponsorships. Led by Peter Ueberroth, the LAOOC organised a privately funded plan dependent on television rights fees, exclusive corporate sponsor deals, and private donations. The concessions from the IOC, compounded by the private funding model and careful attention to overspending, generated a net gain of 232.5 million USD. Dyreson and Llewellyn (2008) report that approximately 60% of that profit was allocated to USOC, and the remaining 40% went towards the newly formed organisation Amateur Athletic Foundation of Los Angeles.

In a landscape of numerous financial cautionary tales surrounding the Olympic Games, the two rare successes of the 1932 and 1984 have created a sense of confidence in Los Angeles' ability to deliver a financially sustainable and culturally meaningful mega-event once again. The city had campaigned to host the 2024 Games but deferred to Paris in exchange for hosting rights in 2028. The IOC announced both bid awards in a dual announcement, granting Los Angeles a lead time of eleven years to implement its vision (LA Times, 2017). Los Angeles enters the 2028 planning cycle with a legacy to uphold.

### *3. Economic Appraisal Frameworks*

This paper employs economic appraisal frameworks grounded in cost-benefit analysis (CBA) methodologies. Foundationally, CBA evaluates whether a project produces a net increase in human wellbeing. Benefits are defined as "increases in human wellbeing", while costs are defined as "reductions in human wellbeing" (Pearce et al., 2006). In the context of LA28, the geographical boundary of the society in question is the City of Los Angeles, though the report considers potential spill over effects at the state and national levels. As hosting the Olympic Games typically involves significant public expenditure, the society in question can bear much of the financial burden.

The cost-benefit discussion in this report is informed by the usual elements of a CBA as discussed in the economic assessment of the London 2012 Olympics by Atkinson et al. (2008). It weighs the costs of hosting the event against both tangible and intangible benefits. Costs are categorised into operating costs, direct investments (e.g., stadiums), indirect investments (e.g., transport infrastructure), and intangible costs such as social disruption or environmental degradation. Monetary benefits are grouped into two categories: income from event-related investment, and income from event-related consumption. Each is assessed through direct, indirect, and induced impacts. Finally, intangible benefits pertain to social inclusion, feelings of regional pride, or benefits from achieving wider social goals. This report will discuss the categories that are most relevant to Los Angeles 2028.

Cost-benefit analysis differs from other forms of economic analysis primarily for its inclusion of intangible costs and benefits in its assessment. Other approaches, like input-output analysis, describe money flows; the value of an activity or event is assessed based on how the defined economy grows (Andersson et al., 2008). To incorporate intangible benefits into a CBA, the practice relies on non-market valuation. Utilising stated preference models, like surveying a resident's willingness to pay for the benefits of hosting a successful event, economists can assess the monetary value a society places on a given outcome. This practice essentially translates an intangible cost or benefit into the language of economics, allowing it to become part of a holistic model.

#### *4.1 Operational Costs*

LA28's operations will be privately funded, with revenue expected from "corporate partners, licensing agreements, hospitality and ticketing programs, and a significant contribution from the International Olympic Committee" (LA28). While operational costs are to be covered by private funding, the City of Los Angeles should be aware that the Host City Agreement makes the city financially liable if the current projected budget of 6.88 billion USD is overrun.

#### *4.2 Direct Investment Costs*

The largest expenses in mega-events like the Olympics and the World Cup typically arise from infrastructure development. Montreal's infamous budget overrun and consequential thirty-year debt was primarily due to the construction of the Montreal Olympic Stadium, which outgrew its original cost estimate from 134 million CAD to a total of 795.4 million CAD (International Olympic Committee, 2024). The stadium exists today, but does not host a resident sports team, calling into question the long-term benefits of the initial investment.

More recently, the 2022 FIFA World Cup in Doha saw a total investment of nearly 10 billion USD spent on stadium construction alone (Lyjak, 2023). Controversy also surrounded the event due to unethical labour practices. The Qatari government reported 37 worker deaths at stadium construction sites, though that figure likely underrepresents the true toll, as Qatar does not categorise deaths from heart attacks and respiratory failure as work-related (BBC, 2022). Such issues highlight the additional ethical concerns of building large-scale infrastructure for a single event, where organisers may be tempted to cut costs via unethical labour practice.

In contrast, LA28 relies entirely on existing infrastructure, which will significantly reduce costs associated with direct investment. Thirty venues across Los Angeles, including professional-grade stadiums which host teams across the NFL, NBA, MLS, and MLB, are in regular use, well-maintained, and offer sufficient capacity for Olympic events (Los Angeles Organizing Committee for the Olympic and Paralympic Games 2028). Like the 1984 Olympics, the Olympic Village will be located at UCLA in their dormitory buildings. UCLA has since built more accommodation, with its most recent 2021 expansion with the Olympics in mind that included a dormitory named "Olympic Hall." While it is unclear whether this expansion was explicitly undertaken for the 2028 Olympics, it will benefit the university regardless by increasing its capacity to house students in the long term. As a public university, UCLA receives funding from the state and private donations for projects and operational costs, and both income sources were used to fund the expansion (University of California, Los Angeles).

#### *4.3 Indirect Investment Costs*

LA's Metro system remains limited in geographic reach and usership. Despite efforts increase ridership, Los Angeles' sprawling layout, cultural dependence on cars, and public safety concerns regarding transit contribute to relatively low usage. A survey conducted at the University of Southern California found that in February 2024, 45% of L.A. County residents relied exclusively on their cars for transportation (Thomas et al., 2024).

Through tax Measure R and tax Measure M, implemented in 2008 and 2016 respectively, Los Angeles residents have been paying a one-cent sales tax increase to fund transportation improvements (Los Angeles County Metropolitan Transportation Authority). While these initiatives are not explicitly related to the Games, several are being accelerated for completing before 2028. The planned expansion will improve connectivity to areas, including areas like Long Beach, Pasadena, and the San Fernando Valley, aiming to mitigate congestion issues that may arise from increased tourism. This acceleration introduces additional indirect costs, such as the need for increased labour to meet deadlines.

#### *4.4 Intangible Costs*

Drawing from the assessment of London 2012 by Atkinson et al. (2008), intangible costs associated with mega-events can include crowding, increased risk of petty theft, increased safety and security risks, and excessive media coverage. Perhaps most pertinent to Los Angeles is the cost of congestion and delays due to an influx of tourists and athletes using the motorways and frequenting popular streets and attractions around the city. Andersson et al. (2008) suggests that this cost can be calculated in terms of how much extra time residents will need to spend in congested areas, multiplied by an average value of a work hour or leisure time if it is outside usual working hours; this calculation may prove valuable over the course of the games in the event of congestion issues.

Additional costs specific to Los Angeles include gentrification effects in areas that undergo infrastructure improvements for the Games. For instance, proximity to the newly expanded LA Metro lines could increase rental and home prices for residents. A spatial econometric analysis could quantify this relationship, and a temporal study tracking property value trends from the time of each project's announcement to its completion could reveal the scope of the impact.

Civic fatigue may also present a significant social cost. Growing concerns over displacement, housing security, and over-policing have given rise to activist groups like NOlympics LA, which opposes the Games. The group states that the Olympics contribute to the mistreatment of marginalised populations by accelerating displacement and exacerbating socioeconomic divides (NOlympics LA). Their Instagram account has amassed a significant following of 16,000 users, reflecting a popular stance in the matter.

#### *5. Benefits from Event-Related Investments*

One potential indirect impact of event-related infrastructure is the long-term benefit of improved transportation systems. For example, LA Metro could eventually reach a break-even point and begin to generate economic returns. However, this outcome depends on a significant cultural shift for Angelenos, as they would need to choose to embrace public transit over their traditional car-centric lifestyles (Thomas et al., 2024).

A commonly cited economic benefit of such developments is the associated rise in property values, though not without spatial equity concerns, specifically in the context of gentrification. Increased property values disproportionately benefit property owners while displacing long-time residents. Kavetsos (2011) evaluated the impact of the London 2012 announcement on property prices across the city. He found that the announcement of the Games induced a 2.1% to 3.3% increase in residential property prices in areas close to

Olympic venues, demonstrating the type of value appreciation that can result from urban investments.

#### *6. Benefits from Event-Related Consumption*

Consensus among economists states that projected income generated by event-related consumption is often overstated, contributing to overly optimistic estimations and subsequent overspending (Atkinson et al., 2008). In line with this consensus is the report from a handful of restaurants polled after the 1984 Los Angeles Olympics, with some reporting sales of between 20% and 40% below their summer average during the Games (Pyo et al., 1988). The idea that an influx of tourism will stimulate the economy by bringing greater footfall is not built on solid ground; economists consider that the service industry is usually dependent on local customers, and those customers and tourists alike may be less inclined during the Olympics to visit their local watering holes out of concern for congestion.

This positive benefit of event-related consumption, though minimal, has the potential to spill over outside of Los Angeles cities as international visitors may choose to extend their trips and visit neighbouring California cities or explore National Parks. This could also carry over into other states, bolstering United States tourism. However, the effect is projected to be minimal, and should not be considered with much weight as Los Angeles will be responsible for overrun costs – not the rest of the country.

#### *7. Indirect Benefits*

With public infrastructure improvements, namely the metro, Angelenos may experience the benefits that come with living in a city with more connectivity. As noted by Bergstad et al. in their 2010 study, access to well-connected and time-efficient travel options can have an indirect impact on life satisfaction. They note that it serves as a gateway to participating in out-of-home activities and improves the likelihood of social engagement. For Angelenos, efficient public transit may enable more residents to easily access the beach or visit family members on the other side of town without sitting through hours of traffic.

Other indirect social benefits, like improving regional pride and strengthening a sense of local community, are necessary considerations in the post-disaster landscape when morale is dampened. The 2025 LA Fires produced a considerable shock in the city – attitudes surrounding the city's recovery and whether it is likely to fully recover remain dubious. For a city recently demoralized by a large-scale natural disaster, opportunities for regional pride are more impactful. Provided LA28 does not overspend and impose costs on LA. If done right (provided, LA28 doesn't overspend and require a tax increase or diversion of public funds to account for overspend), feelings of unity and morale could come at a time where they are greatly needed.

Additionally, feelings of pride and an improved global image could be necessary for the United States. President Trump has been a controversial leader since taking office in January 2025, and has made global policy decisions that have not rested well with other national leaders; in fact, the IOC cited his potential presidency back in 2016 as a reason for hesitancy in holding the Games in the United States (LA Times, 2017).

## *8. Overrun Risk Amplification: Financial Vulnerability in Post-Disaster Landscape*

There is always present financial risk involved for cities hosting the Olympics. The need for ample risk-aversion measures in planning for mega-events after a significant economic shock is emphasized by Flyvbjerg et al. (2020), who note that government spending in response to shocks like Covid-19 creates an environment of economic austerity and frugality as their resources grow limited. As such, it becomes critical for governments to operate with caution and to not put further strain on already-limited resources. They note a trend in decreasing GDP growth in the 7 years leading up to hosting the games, with host countries struggling to rise after. While this is not a guaranteed outcome in every case, it is common enough to serve as a warning for an economic downturn after the Games.

The January 2025 Fires collectively destroyed over 16,000 structures and burned 37,000 acres of land (California Department of Forestry and Fire Protection, 2025). Thousands of residents were displaced, and many lost all they owned. Given the severe economic shocks to Los Angeles, it is important to consider that while the Olympics could offer an interesting opportunity for economic stimulus and rehabilitation, the consequences of exceeding the projected budget are amplified. Budgeting efforts should therefore be navigated with extreme care. In the interest of maintaining good relationships with its constituents, the Mayor and Los Angeles City Council should aim to safeguard welfare services or place them into a reserve to ensure that no essential public services are disrupted in a time when they are critical.

## *9. Conclusion*

This report affirms the continued pursuit of the LA28 Olympic Games, provided it is paired with robust risk-aversion and mitigation strategies and a concentrated effort to minimise projected costs. LA28 makes a commendable effort to minimise risk by reusing existing infrastructure and soliciting funding from private sources, but these choices alone are not enough to safeguard the city. City officials should continue to prioritise its constituents' financial and emotional wellbeing. Ultimately, the success of the games will depend on the city's ability to balance ambition with fiscal discipline, ensuring that the prioritisation of its constituents' wellbeing is looked after. With careful attention, the Games can serve as a catalyst for inclusive growth and long-term infrastructure improvements, rather than a burden on already-strained resources.



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