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NEW HOUSING REPORT:

L.A.'s High Housing Prices Threaten to Stifle Region's Fastest-Growing Industries, including Tourism, Healthcare and Food Services

New USC & LABC Institute report reveals high housing costs pose problems for industries with most job growth; companies offering housing-related assistance report more success maintaining workforce

LOS ANGELES (October 3, 2018) – A relentless rise in housing costs is hurting Los Angeles' fastest-growing industries by making it significantly harder to recruit and retain workers. Yet most employers have not taken steps to assist employees with housing or implement programs to reduce their financial burdens, according to a new study released today by the [USC Price Center for Social Innovation](#). The report, [The Affordable Housing Crisis in Los Angeles: Impacts to LA's Fastest Growing Companies](#), was released in partnership with the Los Angeles Business Council Institute and examines how the high cost of living in Los Angeles is impacting local industries experiencing the most job growth.

"Housing affordability is a significant concern for the Los Angeles workforce," said Dr. Gary Painter, director of the USC Sol Price Center for Social Innovation and the newly created Homelessness Policy Research Institute. "Commute times are increasing for homeowners who are unable to afford housing in the L.A. region, and housing costs are outpacing wage growth for renters. These conditions are especially burdensome for the region's entry-level and low-wage workers.

"Without direct and decisive action by employers to help their employees, we risk a situation where the rapid growth of our regional economy stalls and then stagnates as workers leave and pursue employment options elsewhere," said Painter.

The Price Center's report examined how the housing crisis is affecting employers in the region's three fastest-growing sectors: health care and social services; accommodation and food services; and professional, scientific and technical services.

The study found that wages in these three sectors are not keeping pace with the region's soaring housing costs and that commute times for workers in these industries are rising across the board – results that raise concerns about whether the region's current job growth is sustainable in the long run. As one example, L.A.'s booming tourism industry now accounts for more than 525,000 local jobs, yet 69 percent of workers in this sector earn less than \$25,000 annually. A similar situation exists in the field of home health aides, where the median annual wage is \$22,600, forcing a large portion of these workers to live in poverty.

"This trend is extremely worrisome because there will be a breaking point for employees forced to choose between sky-high rents, substandard conditions or long commutes – and they are likely to pick getting out of L.A.," said Mary Leslie, president of LABC. "As a business community, we need to acknowledge that housing is not a siloed issue – it has a domino effect far beyond the housing market.

To ensure continued success, employers should factor the cost of housing into their overall business strategy, in tandem with wages and traditional benefits.”

While most employers report that the high cost of housing is having a profoundly negative impact on employee recruitment, retention and quality of life, 61 percent of respondents said they didn’t have any programs in place to help reduce their employees’ housing burden. Just over half were unaware that housing-related assistance was a possible solution.

However, companies that have taken steps to assist employees in reducing their financial burdens, such as sweetening hiring packages, reported more success maintaining their workforce.

To ease employees’ financial burdens, *The Affordable Housing Crisis in Los Angeles* recommends that businesses provide a series of resources that are relatively low cost but carry high returns. Chief among them are homebuyer education, relocation reimbursement, mortgage assistance and financial education. The report also urges businesses to factor the cost of housing into their broader corporate strategy, influencing decisions on compensation, benefits packages and company policies, such as telecommuting or flexible hours.

On a policy level, the report encourages employers to seize opportunities to support and advocate for housing at all income levels and help build bridges between private, nonprofit and public entities to address housing costs.

“Frequently, employers are surprised to find that their employees have qualified to purchase a home through Habitat for Humanity. They are unaware their own employees and coworkers are struggling to find adequate and affordable housing.” said Erin Rank, president & CEO at Habitat for Humanity of Greater Los Angeles. “Through this report, we are encouraging businesses to have a conversation with their employees about the state of housing they experience in an effort to understand the basic needs of their workers and develop a plan of action to assist their employees who are in precarious

The Affordable Housing Crisis in Los Angeles: Impacts to LA’s Fastest Growing Companies will be formally released Friday at the Los Angeles Business Council’s 17th Annual Mayoral Housing, Transportation and Jobs Summit, held at UCLA. The event will feature panels of experts in housing and transportation policy; leaders in technology and business; and elected officials, including State Attorney General Xavier Becerra, Mayor Eric Garcetti, Sen. Scott Wiener, Assemblymember Laura Freidman and Assemblymember David Chiu.

The Los Angeles Business Council and the USC Price Center for Social Innovation conducted the survey with the support of the California Community Foundation, Enterprise Community Partners, Federal Home Loan Bank of San Francisco, FivePoint and Habitat for Humanity. More than 18 employers representing over 84,000 employees participated in the study.

About the Los Angeles Business Council

The Los Angeles Business Council is one of the most effective and influential advocacy and educational organizations in California. For over 70 years, the LABC has had a major impact on public policy by harnessing the power of business and government to promote environmental and economic sustainability in the Los Angeles region. To learn more, please visit www.labusinesscouncil.org.

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