



For Immediate Release
October 28, 2016

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SOARING HOUSING COSTS MAY THREATEN L.A.'S ABILITY TO COMPETE FOR HIGHLY-SKILLED WORKERS

Survey of leading employers finds housing costs becoming barrier for attracting top talent to LA-area

LOS ANGELES (October 28, 2016) – The skyrocketing real estate market, high cost of living, and long commute times are raising concerns among the region’s major employers about their ability to compete for senior talent from other markets, according to the preliminary findings of a new USC survey released at today’s Mayoral Housing, Transportation & Jobs Summit.

The problem is most critical in recruiting “high performer” talent for mid- and upper-level jobs that require specialized skills or technical expertise. To compete, major employers must increasingly offer housing cost assistance and financial incentives, or risk losing out to competitors in cities with lower costs of living.

A majority of major Los Angeles businesses surveyed had some assistance programs in place to sweeten job offers for mid-to-upper-level candidates, and private employers were more likely to view cost as a barrier than public employers. Collective bargaining agreements and civil service salaries incorporate concerns about higher costs of living into the salaries paid to workers, making public employer respondents feel less impacted, the survey showed.

“What we are observing is that businesses are bearing the high cost of housing one way or another, either by developing special packages for higher level employees, offering transit support for workers, or covering the transition costs of moving to a new region,” said lead study author Raphael Bostic, a USC Price School of Public Policy Professor and former HUD assistant secretary under President Obama. “Though we have not seen a stampede of businesses relocating, they will increasingly view this as a viable option if housing and living expenses continue to become more and more expensive.”

Recent high-stakes examples of major companies moving out of Los Angeles include SpaceX relocating its satellite development facility to Seattle and Boeing’s move to stop producing the C-17 military cargo jet in Long Beach.

The Southern California Association of Governments recently reported that 44 percent of households in the region are cost burdened by their housing, meaning more than 30 percent of their income goes to housing. The problem is a byproduct of steadily increasing housing costs coupled with stagnated incomes.

“Los Angeles – with our wealth of creative talent, unending spirit of entrepreneurship and our technical resources – is one of the most attractive markets for employers,” said Kelli Bernard, chief executive of the LA Metro region for AECOM, one of the region’s largest employers and a participant in the study. “However, until we address the housing affordability crisis, Los Angeles will be at a competitive disadvantage in terms of job creation and economic growth.”

The USC survey was commissioned by the Los Angeles Business Council to determine how the high cost of housing is affecting the business community in the L.A. region. The final report, which will be released in the coming months, will help identify policy solutions from within both the private and public sectors to help stimulate job growth and attract top workforce talent to Los Angeles.

“The fact that escalating home prices is hindering major employers from recruiting the best possible workforce raises serious concerns about our ability to maintain a diverse, vibrant economy,” said LABC President Mary Leslie. “That’s why LABC supports passage of Propositions HHH and Measure M because they have the power to increase our housing supply and create a modern transportation network to make our region more economically competitive.”

The Los Angeles Business Council and USC are conducting the study in partnership with JPMorgan Chase, California Community Foundation, Enterprise Community Partners, Inc., Federal Home Loan Bank of San Francisco and Habitat for Humanity.

About the LABC Institute

The LABC Institute is a forward-thinking research and education organization dedicated to strengthening the sustainable economy of California, particularly the Southern California region. Founded in 2010, the LABC Institute provides a bridge between the business, government, environmental, labor and nonprofit communities of Southern California to develop policies and programs that promote investment, jobs and business development. We are the research and education arm of the Los Angeles Business Council, one of the most respected business advocacy organizations in Southern California.

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