

Los Angeles Times

Mayor Villaraigosa urges business leaders to support half-cent sales tax

Addressing the Los Angeles Business Council, the mayor says transit funding on the Nov. 4 ballot is essential to making the city more livable and affordable for middle-class workers.

By Phil Willon, Los Angeles Times Staff Writer
September 6, 2008

Los Angeles Mayor Antonio Villaraigosa today urged business leaders to support a half-cent sales tax increase for mass transit and other transportation projects, saying it's an essential component to making Los Angeles a more affordable and livable city.

The mayor, speaking at the Los Angeles Business Council's summit on housing, also gave a brief preview of a housing plan he plans to unveil later this month, calling for more affordable housing near the city's job centers and public transportation corridors.

Villaraigosa emphasized that for any housing plan to succeed, the region must also alleviate traffic and provide more public transit.

"We can't shirk our responsibilities and leave residents with nowhere to turn but an unstable housing market and second-class transit system," the mayor told a packed ballroom at the Hyatt Regency Century Plaza hotel in Century City.

A new study by the Business Council on the city's need for more affordable housing for middle-class buyers reached the same conclusion. Less than 11% of homes in the Los Angeles-Long Beach area are considered affordable to families earning the median income of \$57,700, the study found. Because of that, skilled employees are looking elsewhere for jobs, especially younger workers.

The business organization has already endorsed the proposed transportation sales tax increase, which will be on the Nov. 4 ballot. The measure could raise from \$30 billion to \$40 billion for new rail lines and to fix freeway bottlenecks.

"The vast majority of our members know how important this is," said Mary Leslie, president of the Business Council. "Employees know economic opportunities will be limited if we don't improve the transit system."

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Housing costs in L.A. region push many away

By Kerry Cavanaugh, Staff Writer

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The continued high cost of housing hurts young workers, the middle class and businesses by forcing employees to live far from their jobs, according to a report released Tuesday by the Los Angeles Business Council.

Despite a recent building boom that created more supply and the current foreclosure crisis that has pushed down prices, too few residents can afford to live near their work.

"A lack of housing near job sites consistently serves as one of the major obstacles to doing business in this region, and the situation is getting worse," said Antonio Manning, a vice president for Washington Mutual and one of the report's authors.

The Workforce Housing Scorecard marks the first time the council has attempted to quantify the number of homes versus jobs created in Los Angeles County.

It found that the county added more than 1.4million residents from 1990 to 2007 but only built about 195,000 housing units.

The San Fernando Valley, the Westside, Santa Clarita, Santa Monica and Pasadena all boosted home construction to keep pace with new jobs.

But the report doesn't say whether the new homes in those communities were affordable for the people working in those new jobs.

"Where it gets tricky is when you talk affordable housing," said Mary Leslie, the council's president.

Fewer than 11 percent of the homes for sale during the first quarter of 2008 were affordable to families earning the median income of \$53,000.

Since many employees move away from their jobs to find cheaper housing, the council is also pushing the proposed half-percent sales tax that would pay for the "subway to the sea" from downtown to the Westside, the Gold Line extension through the San Gabriel Valley and other public transit improvements.

Legislation was passed over the weekend to allow the sales tax increase. It needs the governor's signature to go on the November ballot.

"We have a sizable group of employers on the Westside that know that transportation infrastructure is critical for future growth," Leslie said.

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Los Angeles Population Booms Amid Housing Shortage, Study Says

By Daniel Taub

Sept. 2 (Bloomberg) -- The Los Angeles area faces an "unprecedented housing crisis" as its population grows and affordable homes remain in short supply, according to a study by the Los Angeles Business Council, a trade group.

From 1990 through last year, Los Angeles County added 1.43 million residents and only 194,554 housing units, the group said in its Workforce Housing Scorecard, released today. The county is projected to add a further 2 million people, a 20 percent increase, by 2035, the report said.

The housing shortage is boosting home prices and commute times, leading to increased traffic congestion, and leaving many businesses struggling to attract and retain workers, the Council said. It's also left many schoolteachers, police officers, health-care workers and childcare workers unable to buy homes, the report noted.

"Los Angeles is facing a historically unprecedented housing crisis," the group said. "It also threatens the region's continued economic growth."

The median price for a single-family home in Los Angeles County is \$396,560 this year, the Los Angeles Business Council said, citing data from the California Association of Realtors. That's almost double the \$198,980 median in 1999.

Los Angeles area residents are spending an increasing percentage of their income on housing, the study said. Last year, the median household paid 53 percent of its income to purchase a home in Los Angeles County, a percentage that exceeds the national rate by almost 30 percent, according to the study.

The Los Angeles Business Council, an advocacy and education group, offered recommendations for easing housing problems, including investment in public transportation to make long commutes easier and mortgage assistance by employers.

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THE JOBS-HOUSING GAP; L.A. MUST PLAN TO KEEP REGION COMPETITIVE AND VITAL

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A new report by an employer advocacy group paints a grim picture about the lack of housing for workers around the Los Angeles region.

The report released last week by the Los Angeles Business Council finds that limited housing choices undermine the region's economic competitiveness. Insufficient public transportation, long freeway commutes and a lack of qualified workers only make things worse.

Los Angeles County added more than 1.4 million residents between 1990 and 2007 but only built about 195,000 homes during that time, according to the report.

The report laments that the high cost of housing, even in the wake of rising foreclosures and sluggish sales, continues to squeeze lower- and middle-income residents.

Families, earning the median income of \$53,000, could afford to purchase fewer than 11 percent of homes on the market during the first quarter of 2008.

During 2007, nearly 49 percent of Santa Clarita households spent 30 percent or more of their monthly income on their mortgages, according to the report. In Palmdale, that percentage was nearly 45 percent. Glendale trailed just behind Palmdale at 44.5 percent.

More than half of the renters in Palmdale and Lancaster spent more than 30 percent of their monthly incomes on rent during 2007.

The high cost of housing is forcing younger residents -- between the ages of 25 and 34 -- to leave the county. Between 1990 and 2005, that age group declined by nearly 19 percent, the report concluded.

The places where much of the new housing is expected to be built over the next 20 years, such as Palmdale, Carson and Paramount, will not be the biggest job-generators.

The Business Council supports the proposed half-percent sales tax to fund mass-transit projects, such as a subway and light rail, as a way to ease commuting. Such projects might relieve some of the stress on the region's infrastructure, but it's not the solution.

Private employers need to consider creative compensation packages that include mortgage and rental assistance. Regional land-use planning would help coordinate housing and job growth along manageable lines.

One thing is clear: If we continue on the path we are on, Southern California's lifestyle will continue to deteriorate.

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Los Angeles Times

L.A. LAND

THE RAPIDLY CHANGING LANDSCAPE OF THE LOS ANGELES REAL ESTATE MARKET AND BEYOND.

Business lobby sees "unprecedented housing crisis" in L.A.



The Los Angeles Business Council says in a new report that **Los Angeles is being squeezed by an "unprecedented housing crisis"** that is hurting the region's economy.

The council's "Workforce Housing Scorecard" argues that the gap between wages and housing prices in Southern California is the largest in the country and "has caused many middle-income workers to move farther away from job centers, enduring longer and more arduous commutes or forcing them to leave the region altogether."

More: "According to the Scorecard, nearly two decades of rising housing costs have squeezed low and middle income residents, causing many to sink an increasingly large share of their income into their place of residence. In 2007, a family earning the countywide median income of \$53,000 per year spent more than 50 percent of their earnings to purchase a home in Los Angeles County — far greater than the 30 percent recommended by experts."

Analysis/bloviation: *The controversy, if there is one, in the report is that it blames the region's high housing costs not on the recent housing bubble but on a lack of new housing supply. New home construction, the report argues, has not kept pace with population growth and job creation in the region. The council: "For example, between 1990 and 2007, Los Angeles County reported a net gain of 1,433,531 new residents but added only 194,554 housing units — a seven-fold differential."*

The business council generally supports the development of more housing in Los Angeles, which is a tough sell right now, given the weakness of the housing market, and in particular the market for newly built homes. It's hard to convince financial institutions that this is a good time to lend money to homebuilders.

-- Peter Viles

Web Link: <http://latimesblogs.latimes.com/laland/2008/09/business-lobby.html>

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Mark Lacter on Los Angeles business

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L.A.'s housing shortage

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There's nothing mysterious about what's going on: Between 1990 and 2007, Los Angeles County had a net gain of 1.4 million new residents, but added only 194,554 housing units. This jobs/housing imbalance is one of the reasons why the city is so fixated on mixed use projects near public transit corridors (forgetting about the impact such development would have on existing congestion, and ignoring existing rules prohibiting much of the building, and sidestepping the slim odds of expanded rail service). Anyhoo, the Los Angeles Business Council says in a new report that the lack of workforce housing undercuts the area's competitiveness and squeezes out low and middle income residents. In 2007, according to the council, a family earning the countywide median income of \$53,000 spent more than 50 percent of their earnings to purchase. That compares with the recommended 30 percent. So yes, there is a big housing problem, but the city still hasn't the first clue on how to effectively deal with it. The council's findings will be laid out at Friday's Mayoral Housing Summit.

Web Link: http://www.laobserved.com/biz/2008/09/post_175.php