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(310) 689-7535

Media Contact

Nate Miller or Jason Greenwald

Housing Price Declines Fail to Stem Workforce Housing Crisis; Los Angeles Working Families Continue to Struggle with Cost, Quality of Life

LA Business Council report highlights continued affordability gap, proposes Employer

Assisted Housing programs to meet local housing needs in the short-term

Los Angeles, Calif. (October 29, 2009) — Despite recent declines in Los Angeles County's median rental and home prices, the local workforce continues to face overwhelming challenges finding affordable housing near employment centers, which undermines the competitiveness of businesses and diminishes the quality of life for area residents, according to a report issued today by the Los Angeles Business Council (LABC).

This report finds that falling rents and a nearly 14 percent decline in LA County's median home prices since 2008 have not significantly affected the affordability of workforce housing, given that housing costs rose by more than 150 percent between 2000 and 2008 and have not fallen substantially in many of the job-rich areas of the county. The high cost of workforce housing impairs businesses' ability to recruit and retain employees, causes long commutes and traffic congestion and adds to the burden of families now struggling with declining incomes, tight access to credit and an unemployment rate nearing 13 percent.

A number of California employers — from Google to LAUSD to Cedars-Sinai Medical Center — have determined that the high-cost of housing is something that their businesses can no longer afford, and have instituted housing assistance programs for employees, which range from company-provided housing to assistance for employee down payments to financial education programs.

The LABC report, titled *the Los Angeles Employer Assisted Housing Handbook*, highlights these efforts, collectively termed Employer Assisted Housing (EAH), arguing that EAH programs can play a pivotal role in improving regional economic competitiveness and jobs/housing balance in the short-term, and work as part of a long-term economic development strategy that includes encouraging smart growth, investing in public transportation and building a vibrant clean-tech economy. To help spur the adoption of EAH programs, the LABC is working with the National Housing Conference to advocate for the passage of H.R. 1850, Housing America's Workforce Act, which would provide a \$0.50 tax credit to any employer for every eligible dollar of housing benefit made available to their employees.

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“Closing the housing affordability gap for our region will require close cooperation between the public and private sectors, but local businesses are not waiting any longer for government solutions to meet immediate housing needs for their employees,” said LABC President Mary Leslie. “The LABC is working to expand the number of businesses offering housing assistance programs in our region and urging policymakers to leverage public incentives and programs, like those contained in Housing America's Workforce Act, with innovative private-sector efforts already underway to create more affordable workforce housing in Los Angeles County.”

Public and private employers across California have adopted a range of EAH programs to meet the needs of their employees and improve their bottom line. UCLA, for example, owns and operates about 3,000 off-campus apartments and homes, including 200 designated for faculty recruitment, and is currently examining the feasibility of developing more workforce housing on or near campus.

“UCLA’s array of housing assistance programs are essential tools in overcoming the challenge of recruiting and retaining top faculty and staff in a high-cost housing market like Los Angeles,” said Sam Morabito, an Administrative Vice Chancellor at UCLA.

UCLA also administers an innovative low-interest rate loan program that has provided faculty members with approximately \$400 million in financing for housing since the late 1980’s. “These programs are financially self-sustaining – and ultimately produce tremendous cost-savings for UCLA by reducing employee turnover and increasing the productivity of our workforce,” Morabito said.

Other employers offering EAH programs range from Los Angeles Unified School District, which unveiled a program to convert underutilized land assets into below-market rental apartments for its staff, to Google, which operates a shuttle service that transports 1,500 employees living throughout the Bay Area to its Mountain View headquarters.

A counterpart to last year’s *Workforce Housing Scorecard for Los Angeles*, which quantified the severity of LA County’s jobs/housing imbalance, the LABC’s new report will be the subject of in-depth discussion at the LABC’s Mayoral Housing, Transportation and Jobs Summit, taking place on Friday, October 30th, at UCLA’s Anderson School.

The Mayoral Summit will feature speeches and panel discussions by major policymakers and business leaders on subjects such as federal housing policy and the impact of stimulus dollars; transportation and transit-oriented development; and innovative ways that developers are building and financing affordable housing. Featured speakers include Mercedes Marquez, Assistant Secretary for Community Planning at HUD; Stuart Gabriel, Chairman of the UCLA Ziman Center for Real Estate; Los Angeles City Council President Eric Garcetti; and Los Angeles Mayor Antonio Villaraigosa.

Copies of the *Los Angeles EAH Handbook* and an agenda for the LABC Housing, Transportation and Jobs Summit can be found at labusinesscouncil.org.

About the Los Angeles Business Council

The Los Angeles Business Council is an advocacy and educational organization dedicated to serving local businesses while informing and impacting positive change at multiple layers of government. For over 70 years, the council has been an influential link between business and government and has had a major impact on public policy related to education, housing and environmental sustainability.