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Pat Brown Institute's State of the City Report highlights reasons for Los Angeles' stagnant economic recovery, need for housing solutions

Slow, steady total annual job growth is likely, with jobs returning to pre-recession levels in 2016

Los Angeles, CA — As the U.S. experiences spurts of slow economic growth, the Edmund G. "Pat" Brown Institute of Public Affairs' (PBI) [2011 Los Angeles State of the City Report](#) shows that the city still struggles with underemployment that impacts one-third of households, and rents double the national average that are largely paid by those with low incomes who often work far from home.

This year, PBI, located at California State University, Los Angeles, partnered with colleagues at The Economic Roundtable to produce the report, which paints a bleak picture of our employment opportunities in Los Angeles, and highlights the diversity of people facing hardship in the job market. Compounding the problem is significant issues in the housing market that are making the region unaffordable to many.

"Today's hard times call for strong spirits and frank analysis of where we are and where we are going. For Los Angeles to maintain its image of prosperity as the last stop on the highway to American Dreams, it must face socioeconomic realities and challenges," wrote PBI's recently-retired Executive Director Jaime Regalado in the report's introduction. Dr. [Raphael J. Sonenshein](#) will take over the position on Feb. 6.

Though L.A.'s economic future presents numerous challenges, the report also outlines opportunities for sustained long-term growth.

Regalado continued, "We believe that this report, in its entirety, functions as a wake-up call to our regional decision makers, offering them an array of policy options that are equitable in nature and progressive in spirit."

This year PBI divided the *State of the City Report* into three sections: state of the economy, state of rental housing, and the importance of balancing transit-oriented development with affordable housing.

Los Angeles is one of the most heavily populated cities in the nation and culturally diverse in the world. It provides a financial base for the nation's largest state economy. The report details the need for quick action in addressing the socioeconomic realities and challenges of the city.

Some of the report's highlights include:

- A quarter of L.A.'s labor force lacks sustainable work due to unemployment or underemployment. More than one-third of L.A.'s households are impacted by underemployment.
- Slow, steady annual job growth is likely, with jobs in the formal economy returning to the pre-recession level in 2018, and total employment (including informal and self-employed workers) returning to that level in 2016.
- Unemployment and underemployment rates for Los Angeles' labor force are 40 percent and 41 percent higher, respectively, than U.S. rates.
- Underemployment among college-educated workers in Los Angeles County is 80 percent higher than the national rate.
- African American workers have the highest underemployment rate of any ethnic group. Rates of disconnection from work have risen in 2011. Less than half of young African American men under the age of 25 who are not in school are employed.
- Workers under 25 years of age have the highest underemployment rate at 36.1 percent. Long-term economic stability depends on strong job connections for young workers.
- L.A.'s economy does not have enough jobs to provide employment for all of its residents who must support themselves and their families through work. Since 1990, Los Angeles' population has grown 19 percent, but the number of jobs in its formal economy has declined nine percent.
- Los Angeles has opportunities to nudge its economy toward sustainable long-term growth. The most important tools are local government's authority over land use, education, and the labor market. Successful use of these tools depends on understanding L.A.'s strengths and working in harmony with market forces to build on those strengths.
- In Central Los Angeles, 82 percent of units are rented. Residents rent their homes at about double the national rate. The rental housing market is a key benchmark of well-being in Los Angeles because renters typically have lower family incomes than owners, and typically housing that costs more than many households can afford to pay.
- For many Angelinos, time-consuming commutes to work or secure desirable housing are the norm, while for others it is paying higher costs for housing or renting overcrowded or unrepaired apartments to be closer to employment opportunities. This balance is difficult for low-income households to achieve, as lower levels of income limit their ability to obtain adequate and affordable housing and to access jobs.

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