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Goals of Presentation

- ▶ Provide Education/Background
 - ► Statistics of Situation of Housing and Labor Shortage
 - ► Understanding Municipal Finance
- ▶ Provoke Thought Among Attendees on Issues of :
 - ► Housing Shortages
 - ► Labor Shortages
- ▶ Ideas for Solutions





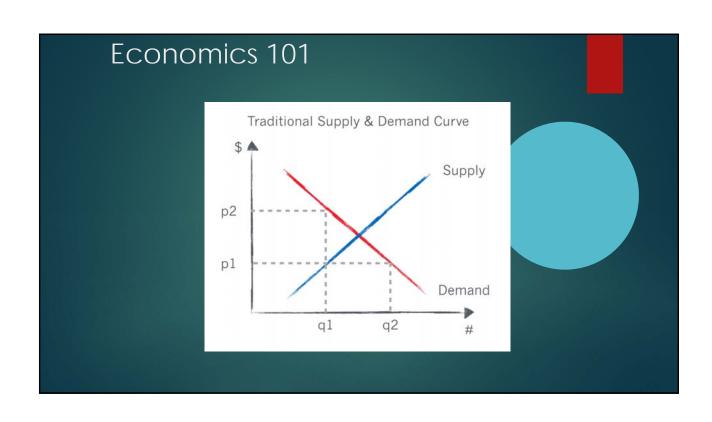
Myron Howell, Drummer for Jake Owen

Premise

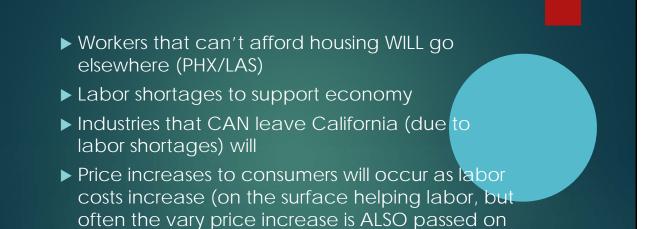
- Construction of Housing in California is not keeping up with demand (increasing population)
- ► Housing Affordability continues to decline (percentage of families that can afford a house or even basic housing costs)
- California relies on both immigrants and low-skilled workers as part of its labor force (agriculture, transportation, tourism and others)
- Fastest Growing professions in CA are service and lower pay professions
- ► Labor Force participation rates are generally on the decline (especially among younger workers)

Statistics

- ▶ 18% of Adults (25+) in California lack High School Education / GED
- ▶ 15.3% of Total California Population lives in Poverty
- ➤ Since 2010 1 Home Built for Every 5.25 Person Increase in Population (Historic Ratio Population/Home is 2.72)
- ▶ Median Income LA County: \$56,196 affords a \$235,000 home
- ► LA County Median Home Price (April, 2017): \$520,000 (Only one community is affordable: Littlerock (Unincorporated Area 30 min east of Palmdale along Highway 138)







Result

to workers)

Municipal Finance 101

- ► Cities Funded by:
 - ▶ 1% Local Share of Sales Tax (\$30,000 car = \$300 to City)
 - ▶ 8%-12% (Generally) Hotel Tax Rate (100% goes to Cities)
 - ► 10% (on Average) of Property Tax (\$500,000 home = \$5,000 in Prop 13 base property tax = \$500 to City)
- ▶ Cost of Local Government:
 - ▶ DMG, Inc. cities \$650-\$1,000 per person in municipal service costs (2/3 of which are public safety)
- ▶ Result
 - ► Each NEW Home generally means City loses: \$1,500-\$2,500 (expenses outpace revenue)

Municipal Finance 101 Part 2

- ► Cities Financially Struggle
 - ▶ Proposition 13
 - ► ERAF 1, ERAF 2 (Shifted Property Tax from cities to schools)
 - ► Loss of Redevelopment (\$7 billion a year total, \$1.4 billion a year dedicated to low to moderate income housing) @\$100 psf construction costs, enough for 10,000 1,400 square foot homes per year

Ideas for Solutions

- Recognize that ALL jobs propel the economy: Value contributions of immigrant labor (especially for lower pay lower skill jobs that are not desired)
- ► Reconstruct Tax Structure in California that rewards communities for low income / restricted income housing (larger share of property tax?)
- Recreate Redevelopment / Tax Increment Financing to produce infrastructure and low to moderate income housing
- Reinvent guest worker programs in specific industries (especially lower pay / lower pay) similar to Bracero Program of 1950's
- ► Economic System MUST reward work with pay.. If you do work, you do eat. Full-time employment MUST pay a wage for people to live on at a minimum level

