

28th Annual Demographic Workshop Immigration, Workforce & Housing



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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

If YOU Do Work, You SHOULD EAT?



Myron Howell, Drummer for Jake Owen

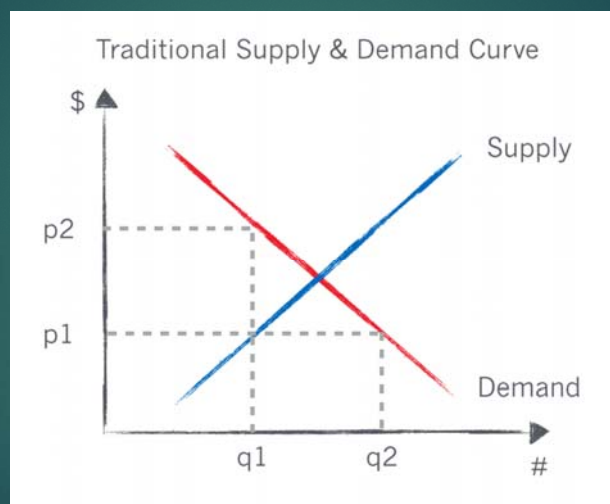
Premise

- ▶ 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

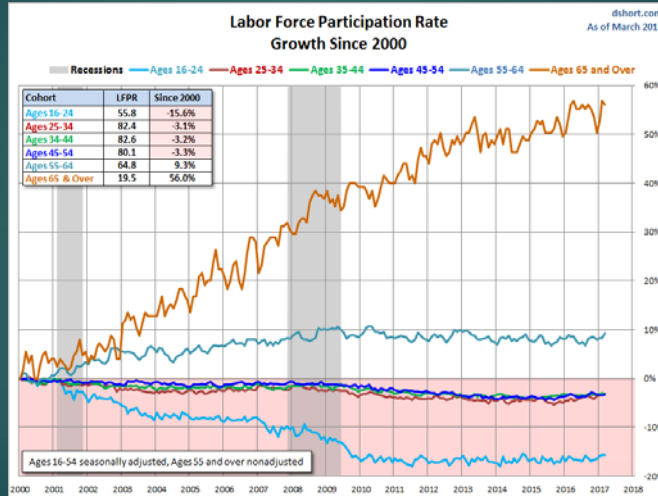
- ▶ 18% of Adults (25+) in California lack High School Education / GED
- ▶ 15.3% of Total California Population lives in Poverty
- ▶ Since 2010 1 Home Built for Every 5.25 Person Increase in Population (Historic Ratio Population/Home is 2.72)
- ▶ Median Income LA County: \$56,196 affords a \$235,000 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))

Economics 101



Labor Force Participation

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Result

- ▶ Workers that can't afford housing WILL go elsewhere (PHX/LAS)
- ▶ Labor shortages to support economy
- ▶ Industries that CAN leave California (due to labor shortages) will
- ▶ Price increases to consumers will occur as labor costs increase (on the surface helping labor, but often the vary price increase is ALSO passed on 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



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