

# Propel L.A. 2020 Targets

*2016-2020 Countywide Strategic Plan for  
Economic Development*

**Propel**  **7 GOALS.  
MANY VOICES.  
1 PURPOSE.**

**LAEDC** **LOS ANGELES COUNTY**  
ECONOMIC DEVELOPMENT CORPORATION  
*Advancing Opportunity and Prosperity for All*

# Propel L.A. 2020 Targets

*2016-2020 Countywide Strategic Plan for Economic Development*

March 2019



Propel L.A., Countywide Strategic Plan for Economic Development  
Los Angeles Economic Development Corporation (LAEDC)  
444 S. Flower Street, 37th Floor, Los Angeles CA 90071  
Tel: (213) 622-4300 | Fax: (213) 622-7100  
Web 1: [propel.la](http://propel.la) | Web 2: [laedc.org](http://laedc.org) | Email: [strategicplan@laedc.org](mailto:strategicplan@laedc.org)

## 2020 TARGETS

### PREPARED & RESEARCHED BY

Pisacha Wichianchan, Data Analyst

### EDITED AND REVISED BY

Marianne Haver Hill, Executive Director  
Collette Hanna, Communications Manager  
Samuel Marquez, Program Manager

### ABOUT PROPEL L.A.

Propel L.A. is the 2016-2020 Countywide Strategic Plan for Economic Development.

Developed by over 500 regional stakeholders throughout Los Angeles County, the Strategic Plan is centered around seven aspirational goals and with one purpose: to capture the power of many to propel economic impact and equity.

### WHY DO WE NEED TARGETS?

Propel L.A.'s 2020 targets are a regional call to action to raise the standards of living in Los Angeles County through work related to and in the furtherance of the implementation of the seven goals.

The pursuit of these targets aims to empower our stakeholders to close the gap between where we started in 2016, year one of the Strategic Plan, and our proposed 2020 targets, which represent the minimum standards given the local cost of living, inflation and other considerations. Propel L.A.'s targets are interconnected and aspirational. They do *not* serve as a forecast, but rather as a guiding set of target "guideposts" that align with the successful implementation of the current Strategic Plan. Through our partnership with over 500 regional stakeholders, we aspire to see LA County advance further towards the 2020 targets outlined in the report.

We invite you to review the research that informed the development of these targets.

### FORMAT

There are six 2020 target sections in this report. The format of each section is as follows:

- Issue area
- Methodology
- Target (in **blue**)

# TARGET 1: MEDIAN HOUSEHOLD INCOME

## Issue area

Household income is the aggregate income of all the people who occupy a housing unit.<sup>1</sup> Median household income<sup>2</sup> refers to the "middle" value (i.e., 50 percent below / 50 percent above) in the list of households. Traditionally, this economic measure provides information about whether an *average* household can afford the cost of living, dominated primarily by housing costs, in a region.

## Methodology

To set a target for median household income, we first used the U.S. Census data to identify the most common household composition in LA County and its employment characteristics. Here, the "most common" value refers to the statistical mode.

*Household Composition<sup>3</sup>*

Category per Census	Population Estimate	Percentage	Average Size
Total households	3,295,198	100%	3.01
Married-couple family	1,477,624	45%	3.80
Male head-of-household family	224,702	7%	3.90
Female head-of-household family	501,596	15%	3.88
Nonfamily household	1,091,276	33%	1.37

**(Figure 1)** Married couple is the most common household type in LA County.

Since the average size of a married couple household is 3.80, Propel L.A. rounded the value to the nearest integer (i.e., 4) and assumed that the married couple household is composed of two parents and two children.

*Employment Characteristics of Married-Couple Families<sup>4</sup>*

Category per Census	Population Estimate	Percentage
Married-couple families	1,477,624	100%
Both husband and wife in labor force	743,436	50%
Husband in labor force, wife not in labor force	394,700	27%
Wife in labor force, husband not in labor force	109,104	7%
Both husband and wife not in labor force	220,692	15%

**(Figure 2)** Two working parents is the most common employment characteristic of married-couple families in LA County.

Since "married-couple family with two working parents and two children" is the most common household composition and respective employment characteristics in LA County, we then identified the total income required cover their basic needs. For this, we used the California Budget & Policy Center's estimated family budget, taken from *Making Ends Meet: How Much Does It Cost to Support a Family in California?* (December 2017).

<sup>1</sup> A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live with any other persons in the structure and there is direct access from the outside or through a common hall. (<https://www.census.gov/programs-surveys/cps/technical-documentation/subject-definitions.html#household>)

<sup>2</sup> Median income is the amount which divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The medians for households, families, and unrelated individuals are based on all households, families, and unrelated individuals, respectively. (<https://www.census.gov/programs-surveys/cps/technical-documentation/subject-definitions.html#medianincome>).

<sup>3</sup> Table S1101, 2013-2017 American Community Survey 5-Year Estimates

<sup>4</sup> Table S2302, 2013-2017 American Community Survey 5-Year Estimates

## Family Budget to Make Ends Meet<sup>5</sup>

CALIFORNIA BUDGET & POLICY CENTER | MAKING ENDS MEET

### Los Angeles County Monthly Family Budget Expenses Per Month and as a Percentage of Budget

This budget represents the total income required to cover a family's basic needs in this county through earnings only, without government benefits or supports.

	Single Adult	Single-Parent Family	Two-Parent Family (One Working)	Two-Working-Parent Family
Housing and Utilities	\$988 40.6%	\$1,545 29.0%	\$1,545 31.7%	\$1,545 24.8%
Food	\$268 11.0%	\$577 10.8%	\$773 15.9%	\$773 12.4%
Child Care	\$0 0.0%	\$1,246 23.4%	\$346 7.1%	\$1,246 20.0%
Health Care (Employer-Based)	\$115 4.7%	\$435 8.2%	\$454 9.3%	\$454 7.3%
Transportation	\$334 13.7%	\$480 9.0%	\$480 9.9%	\$624 10.0%
Miscellaneous	\$361 14.8%	\$463 8.7%	\$787 16.2%	\$787 12.7%
Taxes	\$368 15.1%	\$589 11.0%	\$485 10.0%	\$794 12.8%
<b>MONTHLY TOTAL</b>	<b>\$2,435</b>	<b>\$5,336</b>	<b>\$4,870</b>	<b>\$6,223</b>
<b>ANNUAL TOTAL</b>	<b>\$29,217</b>	<b>\$64,036</b>	<b>\$58,438</b>	<b>\$74,679</b>
Monthly Total With Unsubsidized Marketplace Health Care	\$2,555	\$5,305	\$5,082	\$6,439
Annual Total With Unsubsidized Marketplace Health Care	\$30,663	\$63,656	\$60,987	\$77,270

Note: All family types except "single adult" are assumed to have two children, one preschool-aged and one school-aged. Main budget totals include health care costs with employer-based health insurance, while totals with unsubsidized marketplace health care include health care costs with unsubsidized health insurance purchased on the individual marketplace (Covered California). Amounts correspond to calendar year 2017. Numbers and percentages may not sum due to rounding.

(Figure 3) Propel L.A. used the two-working-parent family's budget of \$74,679 to identify the amount of money required to cover a common household's basic needs in LA County.

<sup>5</sup> [http://www.calbudgetcenter.org/wp-content/uploads/Fact-Sheet\\_Making-Ends-Meet-2017\\_Los-AngelesCty.pdf](http://www.calbudgetcenter.org/wp-content/uploads/Fact-Sheet_Making-Ends-Meet-2017_Los-AngelesCty.pdf)

Starting with the California Budget & Policy Center’s two-working-parent family budget of \$74,679, we used the Consumer Price Index (CPI) to analyze and compare inflation-adjusted median household incomes across a multiple year reference period. We found that, overall, real median household incomes have just started (in 2017) to surpass their pre-recession values. Even so, this is still well below the \$74,679 that the California Budget & Policy Center estimates that a family would need to cover its most basic needs.

*Nominal vs. Real Median Household Income<sup>6</sup>*

Year	Nominal Value	2017 Inflation-Adjusted Value
2005	\$48,248	\$61,257
2006	\$51,315	\$62,488
2007	\$53,573	\$63,155
2008	\$55,499	\$63,195
2009	\$54,467	\$62,517
2010	\$52,684	\$59,754
2011	\$52,280	\$57,754
2012	\$53,001	\$57,382
2013	\$54,529	\$58,405
2014	\$55,746	\$58,914
2015	\$59,134	\$61,933
2016	\$61,338	\$63,052
2017	\$65,006	\$65,006

**(Figure 4)** Despite the nominal value increasingly annually, real median household incomes are overall below the values before and during the Great Recession. The first year that real median household income exceeded the values before and during the Great Recession is 2017.

### Target

Propel L.A. consequently set our 2020 median household income target:

- 1) to cover the basic needs of the most common household (\$74,679) as identified by the California Budget & Policy Center; and
- 2) calculating the future value of the \$74,679 that is required today, assuming a 2.0 percent annual inflation rate, yields a real median household income value of \$79,249 at the end of 2020.

Here, we assume *ceteris paribus*, that is “all other things being equal” and “all else unchanged.” Although variables such as increased cost of living and inflation will change, we cannot predict these factors when setting our 2020 target.

**Altogether, we hope to see the median household income in Los Angeles County rise to \$80,000 by the end of 2020.** This value would cover the basic needs of a typical “two-working-parent family” and exceed the real median household incomes before and during the Great Recession.

<sup>6</sup> Table B19013, 2017 American Community Survey 1-Year Estimates and Propel L.A. Analysis. Versions of this table are available starting in 2005. The latest available data is from 2017 as of the time of publication.

## TARGET 2: MEDIAN PERSONAL INCOME

### Issue area

For our purpose, personal income refers to the income of a working person age 15 and over. Traditionally, median personal income provides information about whether the median wage earner can afford the costs of living within a region without family or external support.

### Methodology

To set a target for median personal income, we first identified the budget required today (2017) for a single adult to cover basic needs in LA County, using the California Budget & Policy Center's analysis (see Figure 3), which is \$29,217.

We then analyzed the adjusted median personal incomes, using the CPI. Like real median household income, real median personal income has just recently (2017) surpassed its pre-recession levels.

*Nominal vs. Real Median Personal Income<sup>7</sup>*

Year	Nominal Value	2017 Inflation-Adjusted Value
2005	\$23,302	\$29,585
2006	\$23,132	\$28,168
2007	\$24,259	\$28,598
2008	\$25,049	\$28,523
2009	\$23,833	\$27,355
2010	\$23,582	\$26,747
2011	\$23,273	\$25,710
2012	\$23,855	\$25,827
2013	\$23,876	\$25,573
2014	\$24,706	\$26,110
2015	\$26,010	\$27,241
2016	\$26,661	\$27,406
2017	\$28,608	\$28,608

*(Figure 5) Like real median household incomes, real median personal incomes are overall below the values before and during the Great Recession of 2007-09. Real median personal income has not exceeded the 2005 value of \$29,585.*

### Target

Propel L.A. consequently set our 2020 median personal income target:

- 1) to cover the basic needs of a single adult (\$29,217) as identified by the California Budget & Policy Center; and
- 2) calculating the future value of the \$29,217 that is required today, assuming a 2.0 percent annual inflation rate, yields a real median household income value of \$31,005 at the end of 2020.

<sup>7</sup> Table B06011, 2017 American Community Survey 1-Year Estimates and Propel L.A. Analysis. Versions of this table are available starting in 2005. The latest available data is from 2017 as of the time of publication.

Again, we assume *ceteris paribus*, that is “all other things being equal” and “all else unchanged.” Although variables such as increased cost of living and inflation will change, we cannot predict these factors when setting our 2020 target.

**Taken together, we hope to see the median personal income in Los Angeles County rise to at least \$31,000 by the end of 2020**, which would cover the basic needs of a typical “single adult”.

## TARGET 3: POVERTY RATE

### Issue area

There are multiple ways to measure poverty.

The official poverty measure, while updated for inflation using the CPI,<sup>8</sup> does not take geographical variation into consideration. Therefore, it does not account for LA County’s high housing and transportation costs, along with other critical living expense differentials between regions. In other words, the official poverty measure underestimates the severity of poverty in our region.

For this reason, we used the California Poverty Measure (CPM). Jointly produced by the Public Policy Institute of California and the Stanford Center on Poverty and Inequality, the CPM is a comprehensive index that improves upon conventional poverty measures and accounts for geographic variation in the costs of living. Accordingly, the CPM is a more accurate reflection of poverty in LA County than the official poverty measure.

### Methodology

To set a target on poverty rate, we established a baseline by comparing the poverty rates in both California and Los Angeles County, using the CPM.

*CPM Poverty Rates<sup>9</sup>*

Year	California	Los Angeles County
2011	22%	26%
2012	21%	25%
2013	21%	26%
2014	21%	25%
2015	19%	23%
2016	19%	24%

**(Figure 6)** Poverty remains a greater issue in Los Angeles County than the state although poverty rates, on average, have decreased for both regions since 2011.

<sup>8</sup> <https://www.census.gov/topics/income-poverty/poverty/guidance/poverty-measures.html>

<sup>9</sup> For more about homeless count, see Lorin Kinney, Senior Analyst of Data & Research at Los Angeles Homeless Services Authority (LAHSA). Versions of this table are available starting in 2011. The latest available data is from 2016 as of the time of publication.

## Target

Between 2011 and 2016, the average percentages of residents living in poverty in California and Los Angeles County are 21 percent and 25 percent, respectively. **Using the state's average as our longer-term target, which is currently four points below the county's rate, we hope to see our poverty rate in Los Angeles County decrease by at least two points to 23 percent or less by the end of 2020.**

## TARGET 4: HOMELESSNESS

### Issue area

Homelessness is a chronic and salient issue that impacts all 88 cities and 100+ unincorporated areas within LA County. While sustainable solutions may seem inaccessible given the severity of homelessness in the county, recent public policy and objective data show signs of hope.

In March 2017, the county voted to pass Measure H to fund homeless services and prevention through an increased sales tax. A major goal of Measure H is to permanently house 45,000 homeless people by 2022. According to results from the 2018 Los Angeles Homeless Services Authority (LAHSA) homeless count, countywide homelessness decreased in 2018 – the first time since 2009.

*Homeless Count Results<sup>10</sup>*

Year	Sheltered	Unsheltered	Total
2007	13,788	39,168	52,956
2008	13,788	--	--
2009	16,745	21,857	38,602
2010	16,995	--	--
2011	18,587	20,827	39,414
2012	15,426	--	--
2013	14,492	24,969	39,461
2014	13,112	--	--
2015	13,334	31,025	44,359
2016	12,173	34,701	46,874
2017	14,966	40,082	55,048
2018	13,369	39,396	52,765

*(Figure 7) Homeless count decreased for the first time since 2009 in 2018.*

*Prior to 2015, the Los Angeles Continuum of Care (CoC) only did full homeless counts (sheltered and unsheltered) in odd years. However, they have conducted sheltered counts every year since 2005.*

<sup>10</sup> For more about homeless count, see Lorin Kinney, Senior Analyst of Data & Research at Los Angeles Homeless Services Authority (LAHSA). Data for 2005 only includes LA CoC and excludes the cities of Glendale, Pasadena and Long Beach while data for 2006 does not exist in the HUD Homelessness Data Exchange (HDX) system; therefore, Propel L.A. did not include 2005 and 2006 in our research. Data for 2014 is inaccurate per Los Angeles Times (<http://www.latimes.com/local/la-me-homeless-numbers-20140705-story.html>).

## Methodology

Los Angeles County's Homeless Initiative and United Way of Greater Los Angeles, Propel L.A.'s lead partners on the homelessness issue, used July 1, 2017 as the time of reference for measuring progress under Measure H.<sup>11</sup> Given the 4.5 years between July 1, 2017 and January 1, 2022, Propel L.A. has determined that LA County must move 10,000 homeless people to permanent homes per year to stay on track for Measure H.

## Target

Based on Measure H, we hope to see at least 35,000 homeless people housed permanently by the end of 2020.

## HOUSING AFFORDABILITY (RENTING AND HOMEBUYING)

Affordable housing is important to both residents and businesses. Not only does it fulfill a basic human need for shelter, but it also contributes to the well-being of families and individuals as well as to the economic vitality of communities, including:

- Competitive advantage for employers to attract and retain employees in the region
- Reduced traffic, pollution, and expenditures on roads resulting from shorter commutes
- More time for activities that support overall wellness

Despite the importance of affordable housing, renting and homebuying in California and especially in Los Angeles County remain unaffordable for most local households. We hope to see more homes being built to meet the market demand. A healthy mix of housing options, from affordable to market-rate, renting to owning, single-family homes to duplexes to mixed-use development, as well as senior homes, will ensure opportunities for our residents to improve their vitality and contribute to their communities.

## TARGET 5: RENTING

### Issue area

In Los Angeles County, 54 percent of residents<sup>12</sup> rent the homes in which they live. Data reveals that more than half of renters in the region are *rent-burdened*, which means they spend 30 percent or more of their household income on rent.

There are two levels, ranking the severity of rent burden. *Moderately burdened* households are those that spend 30 to 50 percent of household income on rent, while *severely burdened households* are those that spend more than 50 percent of household income on rent.

### Methodology

To set a rent target, we compare the percentages of households that are severely rent-burdened in California and Los Angeles County.

<sup>11</sup> <http://everyoneinla.org/progress/>

<sup>12</sup> Table S2502, 2013-2017 American Community Survey 5-Year Estimates

### Severely Rent-Burdened Households<sup>13</sup>

Year	California	Los Angeles County
2005	26%	28%
2006	26%	28%
2007	25%	27%
2008	27%	28%
2009	27%	29%
2010	28%	30%
2011	29%	32%
2012	29%	31%
2013	28%	31%
2014	28%	31%
2015	27%	30%
2016	27%	30%
2017	27%	29%

(Figure 8) Los Angeles County has a higher percentage of severely rent-burdened households than the state.

#### Target

Between 2005 and 2017, the average percentages of severely rent-burdened households in California and Los Angeles County are 27 percent and 30 percent, respectively. **Using the state's average as our target, we hope to see the number of severely rent-burdened households in Los Angeles County decrease to 27 percent or less by the end of 2020.**

## TARGET 6: HOMEBUYING

#### Issue area

Homeowners utilize about 46 percent of occupied housing units in Los Angeles County.<sup>14</sup> Buying a home anywhere in California may be expensive, but affordability remains an even more acute problem in Los Angeles County.

#### Methodology

Homebuying affordability is measured by the Traditional Housing Affordability Index. To set homebuying affordability target, we compare the housing affordability indexes in California and Los Angeles County.

<sup>13</sup> Table B25070, 2017 American Community Survey 1-Year Estimates and Propel L.A. Analysis. Versions of this table are available starting in 2005. The latest available data is from 2017 as of the time of publication.

<sup>14</sup> Table S2502, 2013-2017 American Community Survey 5-Year Estimates

### Traditional Housing Affordability Index<sup>15</sup>

Year	California	Los Angeles County
2006	12%	10%
2007	13%	11%
2008	33%	24%
2009	51%	38%
2010	48%	42%
2011	53%	46%
2012	51%	46%
2013	36%	34%
2014	31%	29%
2015	30%	28%
2016	31%	28%
2017	29%	26%
2018	28%	25%

**(Figure 9)** The percentages refer to the proportions of local households that can afford to purchase the median priced home in the respective region.

#### Target

Using the data above, the average percentages of households that can afford to purchase the median priced home in California and Los Angeles County from 2006 to 2018 are 35 percent and 30 percent, respectively. **Using the state's average as our target, we hope to see at least 35 percent Los Angeles County households able to afford the median priced home within the county by the end of 2020.**

<sup>15</sup> California Association of Realtors' Traditional Housing Affordability Index (HAI) and Propel L.A. Analysis. Versions of this table are available starting in the first quarter of 2006. The latest available data is from the fourth quarter of 2018 as of the time of publication.

## CONCLUSION

Propel L.A. is calling our stakeholders to collectively work towards raising the standards of living in Los Angeles County through their support and commitment to the implementation of the seven aspirational goals and related strategies in the 2016-2020 Countywide Strategic Plan for Economic Development.

Propel L.A. and our partners are working towards the fulfillment of the above targets. Here are some examples:

- Through the [Citi Foundation's Community Progress Makers Grant](#), Propel L.A. has partnered with local community colleges and nonprofits to recruit historically underserved residents into a short-term job training program to advance their economic opportunities and incomes.
- With community college Strong Workforce support, Propel L.A. developed an original video series - called [HireEd](#) - to introduce middle and high school students to good-paying and high-demand career pathways that align with the future workforce research of the Center for a Competitive Workforce (<https://ccworkforce.org>).
- We also understand that economic disparity begins at early childhood and have supported the work of our friends at [First 5 LA](#) to improve outcomes for children from age 0 to 5 and their families.
- Along with our partners at the County's Homeless Initiative and United Way of Greater Los Angeles, Propel L.A. has recognized LA County's 50,000+ homeless residents as part of our community and supported Measure H initiatives and the ["Everyone In"](#) campaign.
- Finally, Propel L.A. has acknowledged that much of the county's housing woes stemmed from the lack of supply amidst high demand. Therefore, we support our partners at Metro and Los Angeles Housing + Community Investment Department to develop more housing units, including affordable options and transit-oriented development throughout the County.

If programs such as these are successfully implemented, along with the collective progress of our partners, we will surely see a more sustainable and widely prosperous Los Angeles County for all residents.