

USC Dornsife  UnionBank®

# LA Barometer



## Top 5 Takeaways *from* The Livability Report

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# EXECUTIVE SUMMARY

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The goal of this Livability Report — our kick-off survey for the USC Dornsife-Union Bank LABarometer — is to better understand the character and quality of people’s lives in Los Angeles County. What are the opportunities and challenges Angelenos face? Who is struggling the most? What are the conditions of their neighborhoods? And what is unique about life in the county? How is it similar to or different from life in other parts of the United States?

Each year, LABarometer’s Livability survey will assess neighborhood quality of life in L.A. County, guided by the principle that a livable neighborhood is one in which residents feel happy, healthy, safe, socially connected, and with access to important goods, services and amenities. The results detailed in this report are based on survey questions that we fielded to our internet panel of 1,700 L.A. County residents. The report also features questions that we asked of our national internet panel, the Understanding America Study, of approximately 8,000 U.S. residents. Some of our results are therefore specific to L.A. County, while others allow for comparisons of L.A. County with California and the rest of the United States.

This survey covers a number of topics, from life satisfaction and experiences of stress to residents’ housing circumstances and plans, housing costs, neighborhood satisfaction, exposure to crime and social connectedness. The survey also includes our consumer sentiment index, a set of six questions designed to track optimism about individual finances and the economy.

In our review of the results, a single resounding theme is that the high cost of living in L.A. County permeates the lives of residents in a number of ways. It impacts Angelenos’ overall life satisfaction, their view of the economy, and their exposure to stress. It keeps some residents in their homes while pushing others out, and it shapes the very definition of affordability in L.A. County.

One of our key findings is that people in L.A. County are generally less satisfied with their lives and generally less optimistic about the economy than people living elsewhere in the United States. This is primarily because life satisfaction and consumer sentiment increase with income to a *lesser* degree in L.A. County than they do in the rest of the country, due in large part to the higher cost of living in L.A.. Likewise, we find that affordability is the number one reason why 79% of Angelenos plan to stay in their current residence this year, and it is the number one reason why 21% of Angelenos plan to move from their current residence, including 7% who plan to leave L.A. County altogether.

Of course, Angelenos, and Californians more generally, are unusual in how they define affordability. Compared to residents outside of California, Angelenos believe they can afford almost twice as much in rent, regardless of their income. This is a belief renters likely developed to cope with the high cost of housing in L.A. Affordability also matters very little to Angelenos when they are asked to assess the quality of their neighborhoods. Instead, we find that watchful neighbors and safe, clean streets top the list of neighborhood characteristics that matter most for overall neighborhood satisfaction.

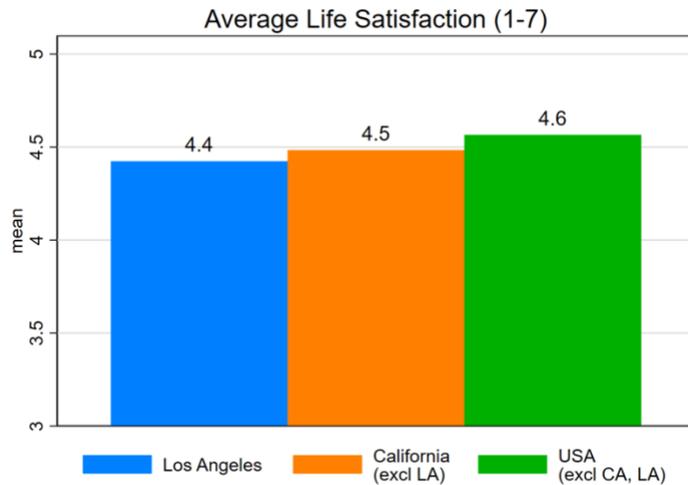
On the next page, you will find the top five takeaways from our Livability survey. For the full set of our results, please find our final report online at [https://cesr.usc.edu/labarometer/reports\\_releases](https://cesr.usc.edu/labarometer/reports_releases).

# TOP 5 TAKEAWAYS

## 1. Life satisfaction in L.A. County is lower than the national average.

According to our results, L.A. County residents feel slightly more satisfied than dissatisfied with their lives, with an average life satisfaction score of 4.4 out of 7 (where a score of 1 reflects strong dissatisfaction and 7 reflects strong satisfaction). This score is statistically no different from the average score for the rest of California. However, it is significantly lower than the average score for the rest of the United States.

Further analysis reveals that the life satisfaction gap between L.A. County and the rest of the U.S. is primarily explained by differences in the demographic composition of the two populations and regional differences in cost of living. For more information about this and related findings, see pages 5-9 of our full report.

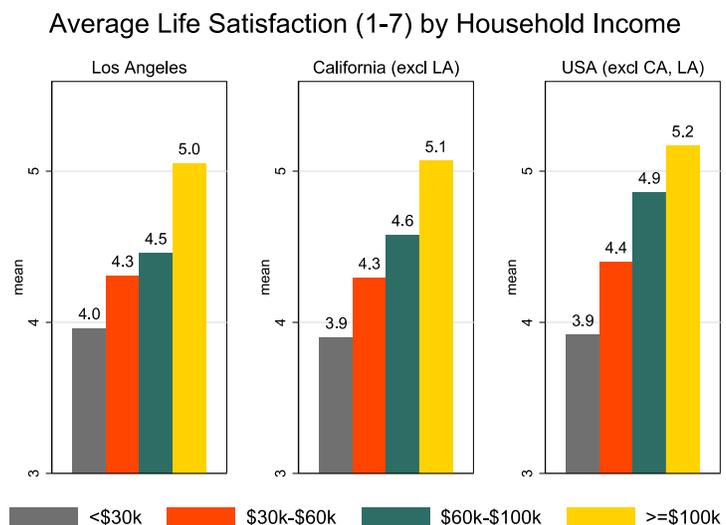


## 2. Money buys less life satisfaction in L.A. County than it does in the rest of the country.

It is well documented that life satisfaction generally improves as income increases – a pattern we observe in our survey. Yet, life satisfaction improves to a *lesser* degree in Los Angeles than it does in the rest of the country. Moving from a low to a high income group in L.A. County is associated with a smaller bump in life satisfaction than moving from a low to a high income group elsewhere in the U.S.

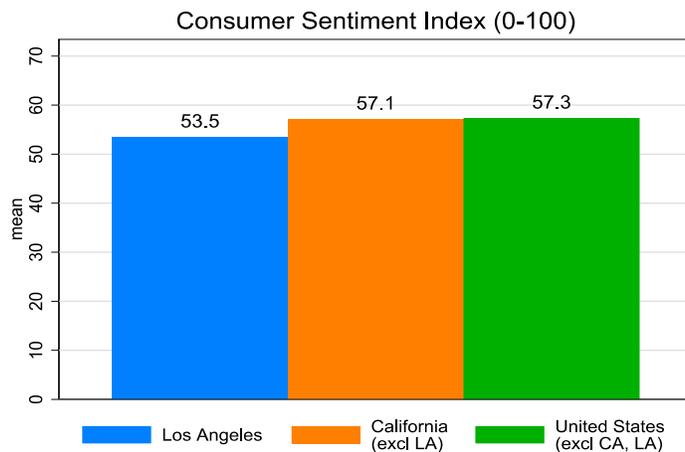
These results suggest that there is a life satisfaction penalty for living in L.A., and it exists primarily for higher income residents. One hypothesis to explain this

is the higher cost of living in L.A. To further explore the role cost of living might play in lowering levels of life satisfaction for higher income groups, we model a scenario in which California and U.S. residents would have the same cost of living as L.A. County residents. For more information about this and related findings, see pages 6-9 of our full report.



### 3. Consumer sentiment in L.A. is lower than the state and national averages.

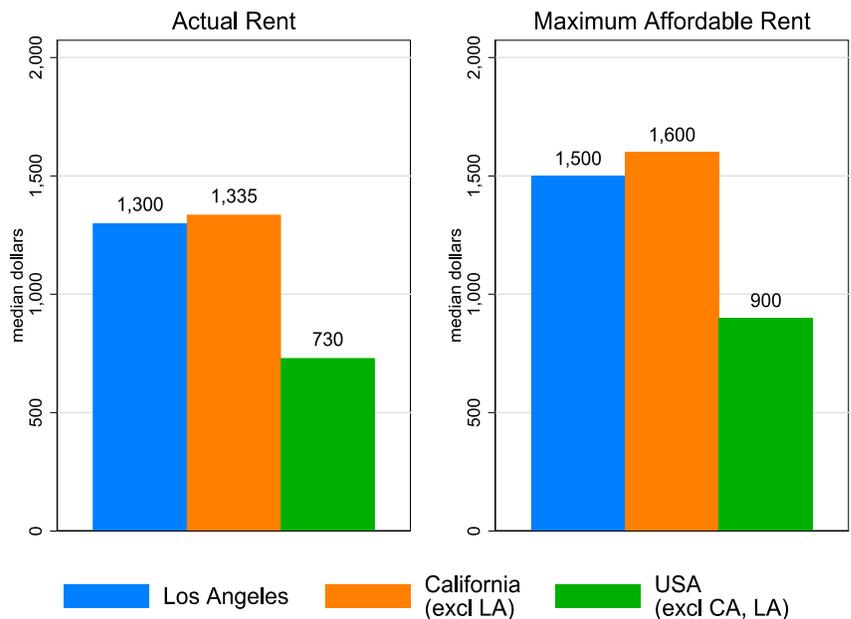
On a scale of 0 to 100, where 0 denotes low consumer confidence and 100 denotes high consumer confidence, average consumer sentiment in L.A. County is currently 53.5, reflecting a moderate level of confidence in the economy. This score is statistically significantly lower than the average scores for California and the rest of the country, indicating that L.A. County residents are slightly less optimistic than other U.S. residents about the current and future state of the economy.



Further analysis reveals that the consumer sentiment gap between L.A. County and California is primarily explained by differences in cost of living. Cost of living differences also contribute to the consumer sentiment gap between L.A. County and the rest of the U.S., though they do not fully explain it. For more information about this and related findings, see pages 10-11 of our full report.

### 4. L.A. County and CA renters believe they can afford more than other U.S. renters, regardless of their income.

In L.A. County, the median rent is \$1300 – 78% higher than the median rent in other parts of the country (\$730) and 44% higher than the median maximum rent that U.S. residents believe they can afford (\$900). In fact, we find that L.A. County and California renters generally believe they can afford more than other U.S. renters, regardless of their income. Across income groups, Angelenos report a maximum affordable rent that is substantially higher than the maximum affordable rent reported outside of California.



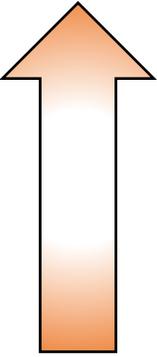
Additionally, we find that rents and affordability limits are more racially and ethnically stratified in L.A. County and California than they are in the rest of the U.S. For more information about this and related findings, see pages 12-15 of our full report.

## 5. Social trust, cleanliness, and safety matter most for neighborhood satisfaction in L.A. County. Affordability and traffic do not.

70% of L.A. County residents report that they are somewhat satisfied, satisfied, or very satisfied with their current neighborhood. To understand why some residents feel more satisfied with their neighborhood than others, we ask L.A. County residents to rate their level of agreement or disagreement with various statements about their neighborhood ranging from statements about social trust to statements about the physical and natural environment, disorder, density and cost.

Our results indicate that the neighborhood characteristics that matter more for neighborhood satisfaction in L.A. are, in order of importance: social trust, neighborhood cleanliness and street quality, and safety. The more a resident feels that the people in their neighborhood are trustworthy and the streets are clean and safe, the more satisfied they are with their neighborhood. Below, we list the neighborhood characteristic statements in descending order of their importance for overall neighborhood satisfaction. For more information about this and related findings, see pages 18-21 of our full report.

Neighborhood Characteristics That Matter for Overall Neighborhood Satisfaction

EFFECT SIZE	NEIGHBORHOOD CHARACTERISTIC	EFFECT TYPE*
	Characteristics that <u>Matter</u>	
	Neighbors watch out for each other	+
	Neighborhood is clean, roads/sidewalks in good shape	+
	I can trust most people in my neighborhood	+
	There is a lot of crime	-
	My neighborhood is noisy	-
	There are too many people hanging around the streets	-
	There are safe and convenient public transit options	+
	I am satisfied with the number/quality of businesses/services	+
	Vandalism is common	-
	Characteristics that <u>Matter Less</u>	
	I am satisfied with the number/quality of parks/green spaces	∅
	There is a lot of drug and alcohol use	∅
	My neighborhood is affordable for me	∅
	There is a lot of traffic in or around my neighborhood	∅

\*+ represents a statistically significant positive effect on neighborhood satisfaction, - represents a statistically significant negative effect, ∅ represents a non-significant effect

Notably, perceptions of affordability and traffic — common grievances in L.A. County — are not significantly correlated with neighborhood satisfaction. That said, we find that affordability is one of the few neighborhood characteristics that has a statistically significant effect on overall *life satisfaction*. Affordability concerns are also the number one reason why 79% of residents plan to stay in their housing this year and the number one reason why 7% of residents plan to leave L.A. County altogether. For more information about this and related findings, see pages 15-17 of our full report.

# ABOUT US

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## USC Dornsife-Union Bank LABarometer

LABarometer is a quarterly, internet-based survey of approximately 1,700 randomly selected Los Angeles County residents, designed and administered by the *Center for Economic and Social Research* at the University of Southern California. The survey monitors social conditions in Los Angeles, with a focus on four key issues: livability, mobility, sustainability & resiliency, and affordability & prosperity. By following the same residents over time, LABarometer aims to capture trends and shifts in residents' attitudes and circumstances, allowing decisionmakers in the public and private sectors to better understand the evolving lives and needs of L.A. residents. LABarometer is made possible by the financial support of Union Bank.

## About the Livability Survey

The LABarometer Livability Survey assesses neighborhood quality of life in Los Angeles, guided by the principle that a livable neighborhood is one in which residents feel happy, healthy, safe, socially connected, and with access to important goods, services and amenities. Wave 1 of the Livability Survey covers the following topics: life satisfaction, stress, housing circumstances and plans, housing costs, neighborhood satisfaction, crime and safety, and social engagement. The survey also includes LABarometer's consumer sentiment index, a set of six questions designed to monitor optimism about individual finances and the economy.

## Data and Methods

A total of 1,274 Los Angeles County residents participated in the Livability Survey from July 19 through September 30, 2019. Participants were recruited from LABarometer's survey panel of 1,698 adults living in randomly selected households throughout Los Angeles County. The participation rate for the survey was 75%. The margin of sampling error<sup>†</sup> is 2.7 percentage points.

A total of 5,547 adults living in households throughout the United States participated in the National Livability Supplement from August 12 through September 8, 2019. The sample included 930 adults living in Los Angeles County and 827 adults living elsewhere in California. Participants were recruited from the Understanding America Study, a national panel of 7,898 United States residents that includes, as a sub-panel, the 1,698 Los Angeles County residents who belong to our LABarometer panel. The participation rate was 73%. The margin of sampling error<sup>†</sup> is 1.3 percentage points.

The survey was conducted in respondents' choice of English or Spanish. To participate in a survey, respondents could use any computer, cell phone, or tablet with Internet access. Internet-connected tablets were provided to respondents without internet access.

<sup>†</sup>Sampling error is calculated at the 95% confidence level, using a sample proportion of 0.5 to generate an upper bound of uncertainty. Please note that factors other than sampling error, including question wording, question order, sample type, survey method, and population coverage, may affect the results of any survey.

## For More Information

For a complete description of our data, methods, and findings, please find our full Livability Report online at [https://cesr.usc.edu/labarometer/reports\\_releases](https://cesr.usc.edu/labarometer/reports_releases). For more information, contact us at [labarometer-l@usc.edu](mailto:labarometer-l@usc.edu).