



**Office of the Mayor
City of Los Angeles**

ANTONIO R. VILLARAIGOSA

FOR IMMEDIATE RELEASE
February 26, 2008

Contact: Matt Szabo
(213) 978-0741

MAYOR VILLARAIGOSA HOSTS ECONOMIC OUTLOOK CONFERENCE WITH TOP ECONOMISTS

Joined by political, business and labor leaders, Mayor receives updates on the local economy, discusses impact of falling revenues on the City budget, and vows to veto any cuts to police hiring

LOS ANGELES – Facing a looming economic crisis and an anticipated budget shortfall, Mayor Antonio Villaraigosa today hosted an economic outlook conference to receive the latest updates on the status of the local economy and discuss the impact of the economic downturn on City revenues and the upcoming budget.

Mayor Villaraigosa also reiterated his commitment to protect funding for the City's police hiring efforts and to veto any attempt to cut back on this effort.

"Tough budget times should clarify your priorities, not cause you to abandon them," Mayor Villaraigosa said. "As the economy weakens, the last thing we should do is put the brakes on police hiring."

"Today's economic outlook conference is about bringing political, business and labor leaders together to face the facts about the local economy and find the best way to weather this storm and tackle these challenges head-on," Mayor Villaraigosa added.

As the City confronts the challenge of a slowing economy and falling revenues, Mayor Villaraigosa heard analysis from leading economists throughout Los Angeles and received insight into the best way for local government to deal with this crisis.

In previous years, the Mayor has convened a private meeting of top experts to offer City leaders a snapshot of the progress of the economy and its effects on public services and spending.

- MORE -

However, in the wake of the mortgage lending crisis, the softening housing market, and stagnant job and wage growth, Mayor Villaraigosa opened this session to the public and invited prominent leaders from the business and labor communities to participate in the conference.

After delivering opening remarks, Jack Kyser, Chief Economist of the LA County Economic Development Corporation, moderated a panel discussion on the state of the national economy and prospects for the local tourism, hotel, real estate and entertainment industries.

“2008 may or may not be officially classified as a recession for Los Angeles, but it will feel like one for many businesses and government,” Kyser said. “The latter will be coping with on-going weakness in housing and sluggish retail sales, both of which mean reduced tax revenues.”

Despite this deluge of bad news, Kyser added, the tourism, professional and business services, and technology sectors should see modest growth this year.

Joining Jack Kyser on the panel was Dr. Jerry Nickelsburg from the UCLA Anderson Forecast; Bruce Baltin from PKF Consulting; G.U. Krueger from IHP Capital; and Elizabeth Williams, the Executive Director of the LA Economy and Jobs Committee.

According to Dr. Nickelsburg, “California experienced slow and uneven growth in 2007 due to the weakness in housing and the meltdown of the sub-prime mortgage industry.” He added that the UCLA Anderson Forecast expects the weakness and slow growth to continue through the first part of 2008 and to begin to recede in the second half. Nickelsburg also noted that the downturn in the housing market has most adversely affected the Central Valley, Central Coast and San Diego area, while mortgage and finance problems were focused throughout Southern California.

Evaluating the City’s hotel and tourism industries, Bruce Baltin pointed out that, while it faces the same challenges confronting the national economy, Los Angeles is poised for continued growth due to the development of LA Live and the resurgence of Hollywood.

In the final presentation of the conference, G.U. Krueger provided a wide-ranging analysis of the weakening real estate market, the foreclosure crisis, falling housing prices and the impact of these changes on City revenues. Though he predicted tight budget constraints for the coming year, Krueger concluded that the fundamental stability and strength of the local economy will allow LA to recover from this downturn more quickly than other urban centers.

#