



Don't Think Globally *Act Locally*

Micah Weinberg
President, Bay Area Council Economic Institute

March 2017



How do we drive growth, innovation, and equity in CA's economy during these uncertain times?



**Build more houses
(and upgrade infrastructure)**

Thank you!

Q & A

Okay, okay ...

**Just how uncertain are these
times exactly? And why?**

**How much control do we have
over our own economic destiny?**

**What are the barriers to making
the right decisions for our
communities?**



THE IDEALIST

Sometimes people hold a core belief that is very strong. When they are presented with evidence that works against that belief, the new evidence cannot be accepted. It would create a feeling that is extremely uncomfortable, called cognitive dissonance. And because it is so important to protect the core belief, they will rationalize, ignore and even deny anything that doesn't fit in with the core belief.

- Frantz Fanon

Source: Zillow

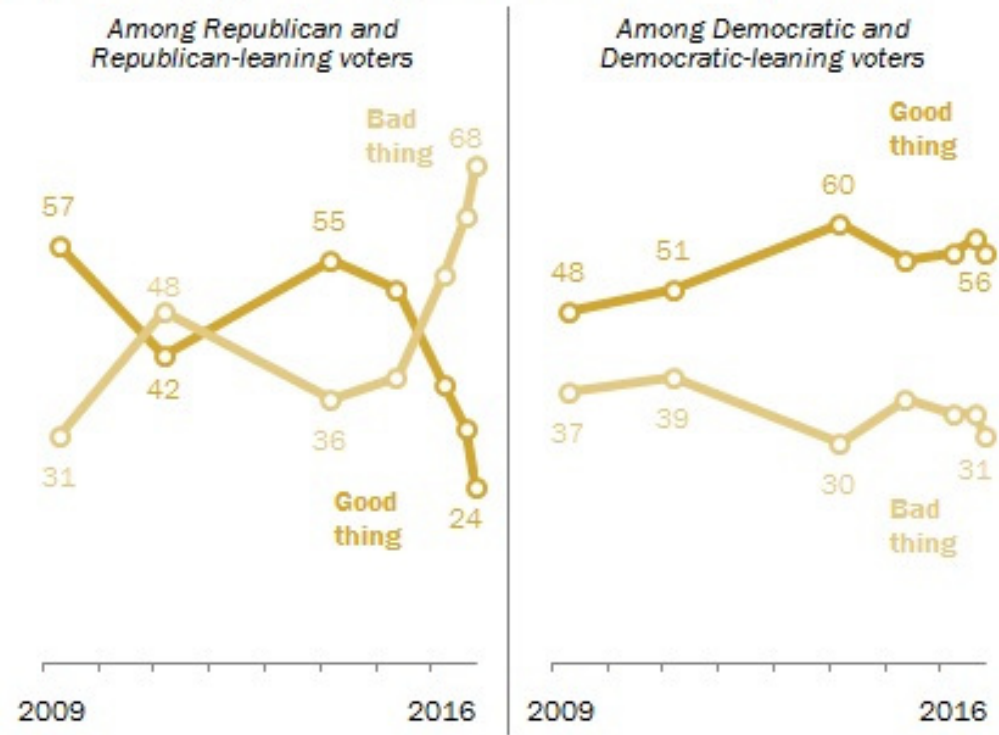
A photograph of a single fried egg in a dark, non-stick frying pan. The egg is sunny-side up, with a bright yellow yolk and a white, slightly runny egg white. The pan is dark and appears to be on a stovetop. Overlaid on the left side of the image is the text "THIS IS YOUR BRAIN ON DRUGS PARTIES" in a bold, red, sans-serif font with a white outline. The word "DRUGS" is crossed out with a thick red diagonal line.

**THIS IS
YOUR
BRAIN ON
~~DRUGS~~
PARTIES**

People believe what their tribe believes and tribes change beliefs ...

Share of GOP voters saying free trade agreements are good for the U.S. continues to fall

% of voters saying free trade agreements have been a ____ for the U.S.

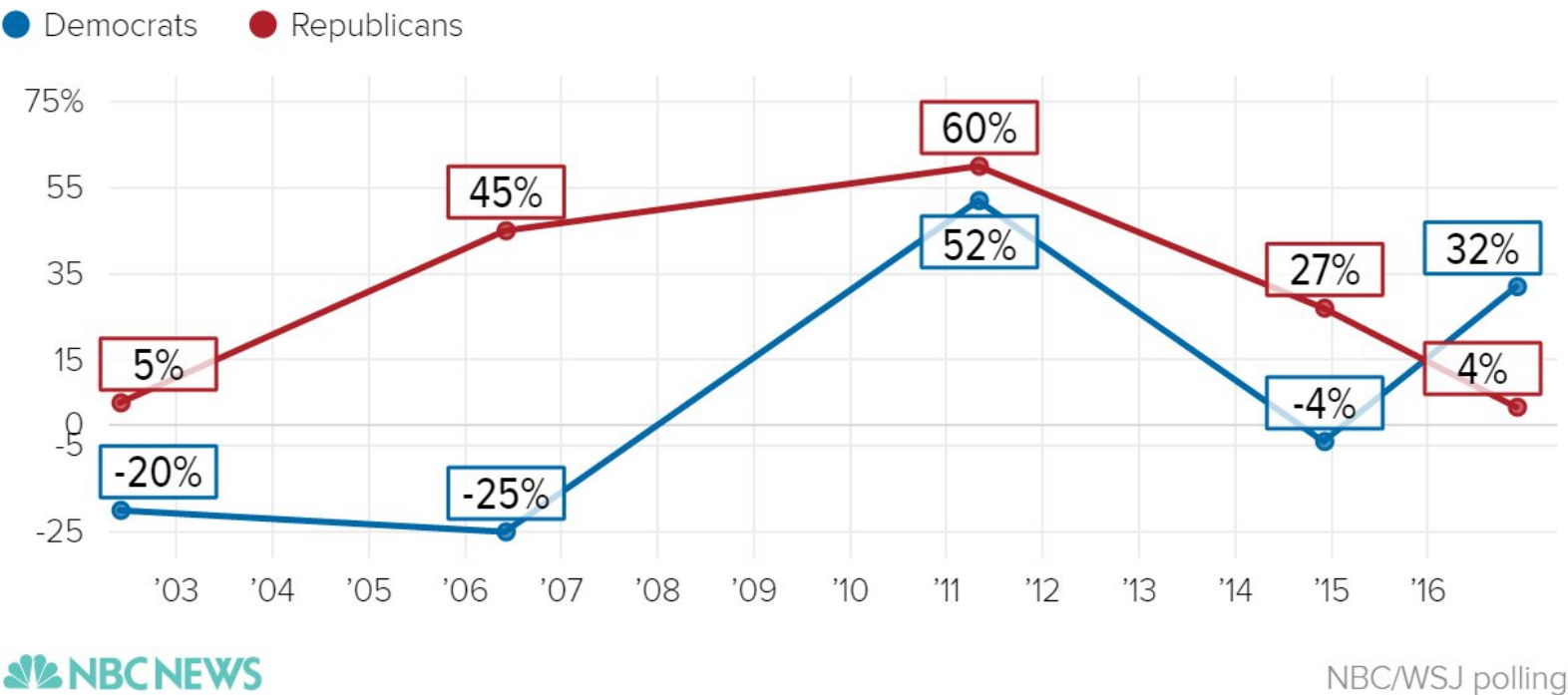


Notes: Based on registered voters. Don't know responses not shown. Q95F1.
Source: Survey conducted Oct. 20-25, 2016.

PEW RESEARCH CENTER

People believe what their tribe believes and tribes change beliefs ...

Net Favorability of the CIA, By Party Affiliation





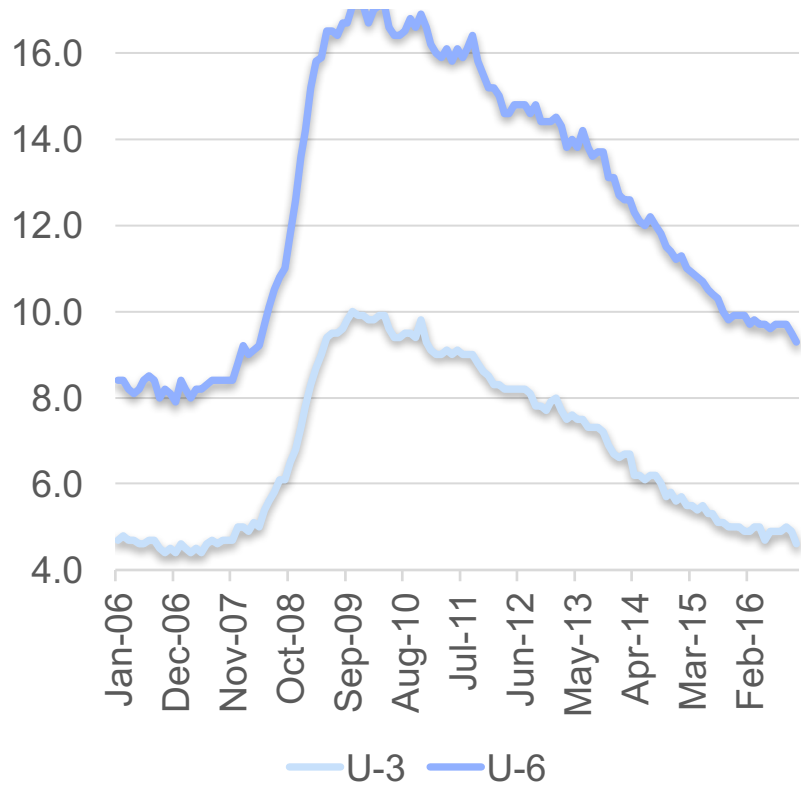
**“It is difficult to get a
man to understand
something when his
job depends on not
understanding it.”**

—Upton Sinclair

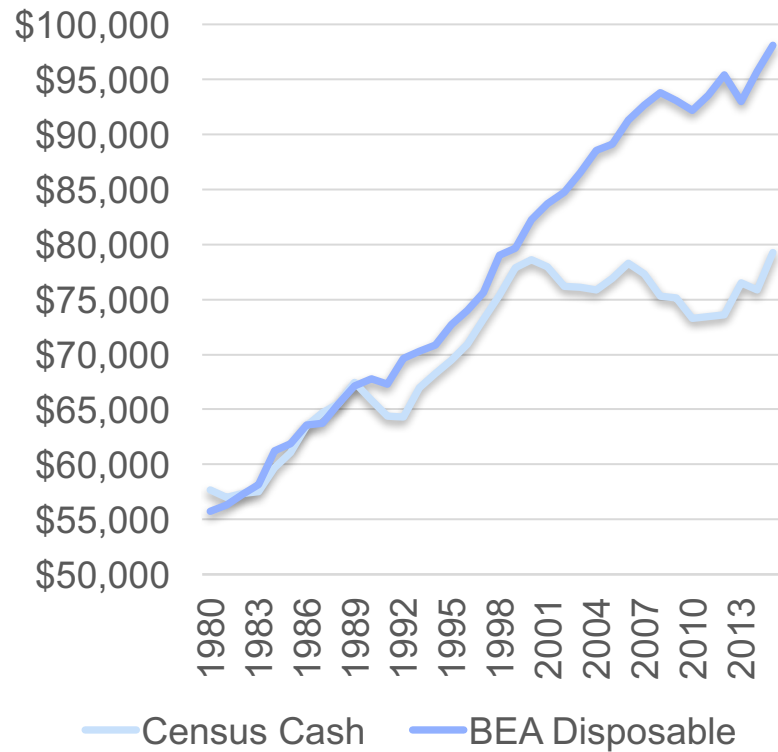
dh

Economy is doing very well and not just for very rich ... for now ...

US Unemployment Rate

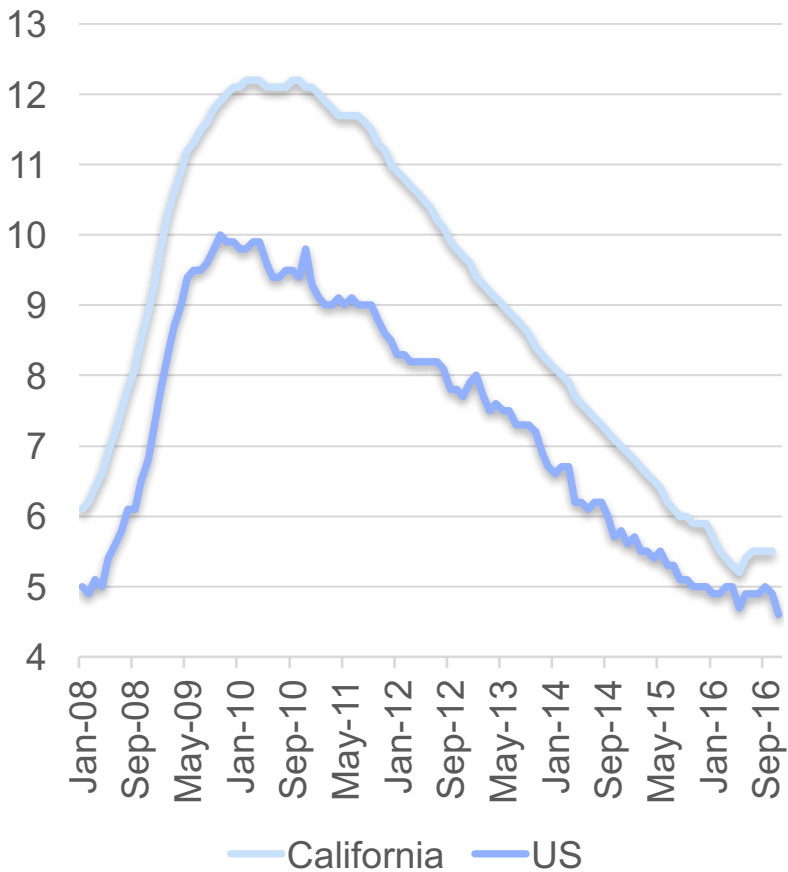


Real Mean Household Incomes

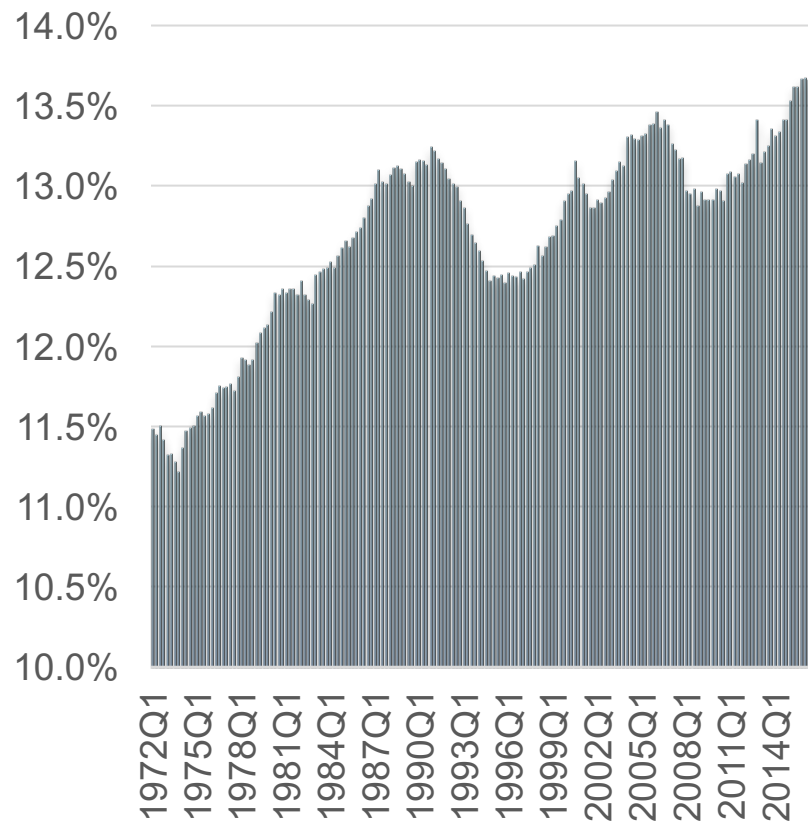


California economy (in Aggregate) is doing better than U.S. as whole

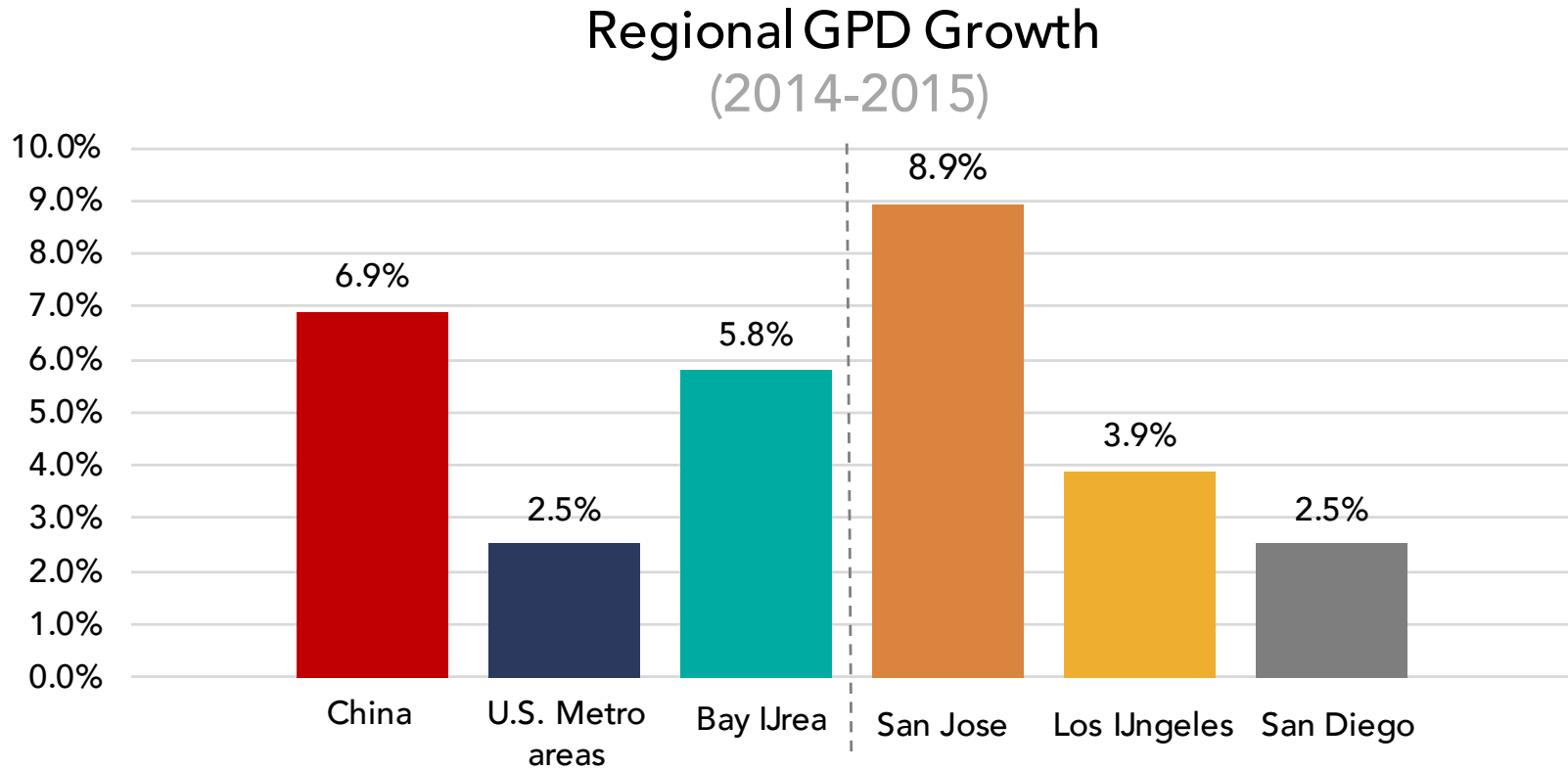
Unemployment Rates



CA Share National Personal Income

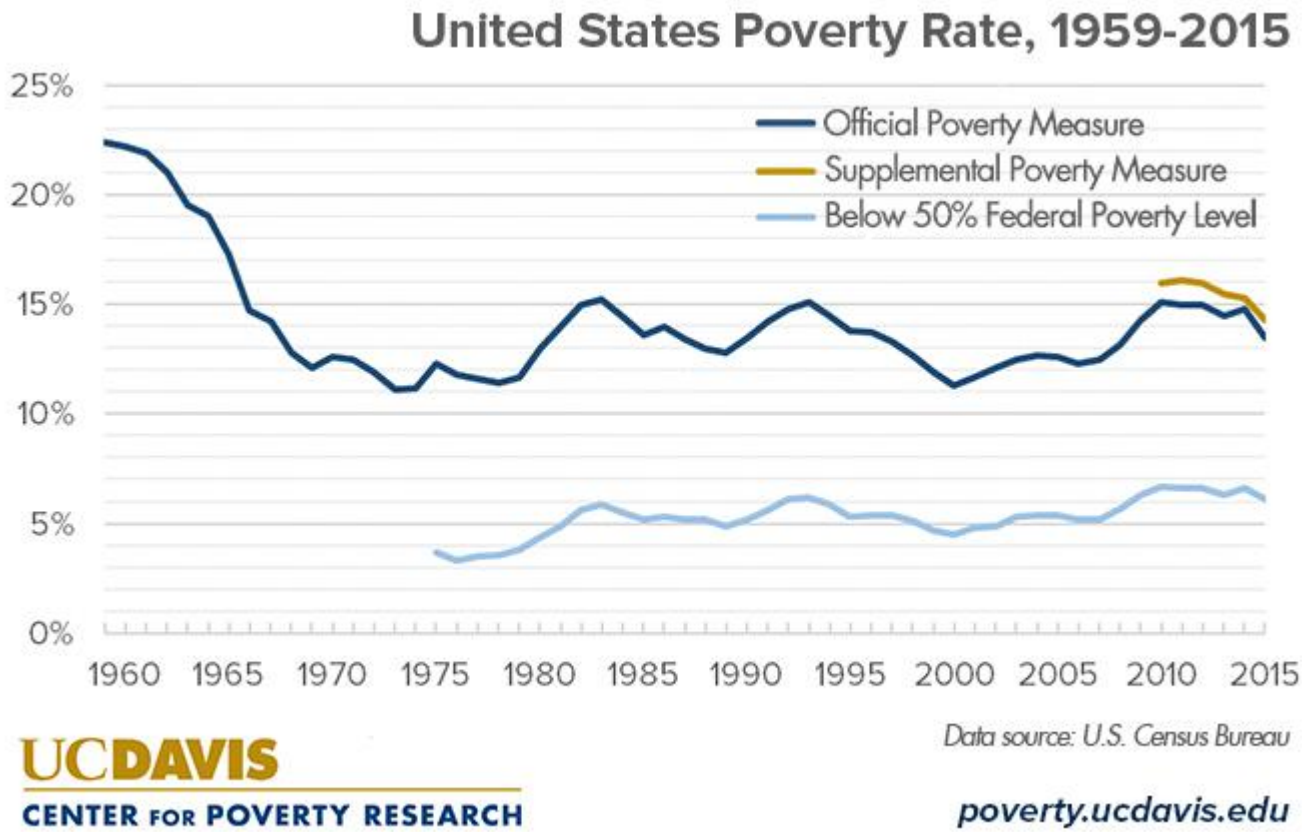


Parts of the California have been growing faster than China...



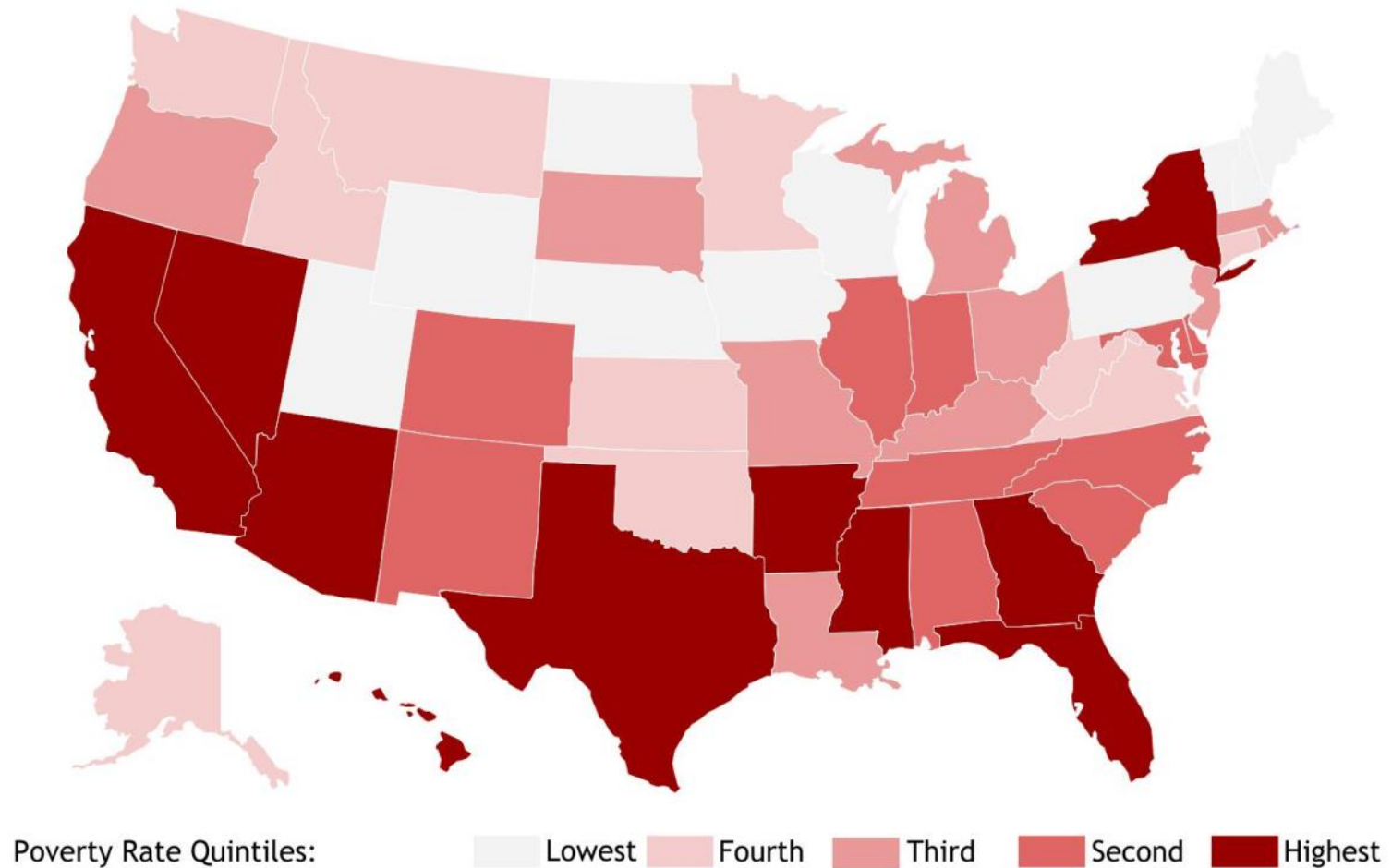
Source: U.S Bureau of Economic Analysis, World Bank

But poverty – especially deep poverty – is troublingly persistent

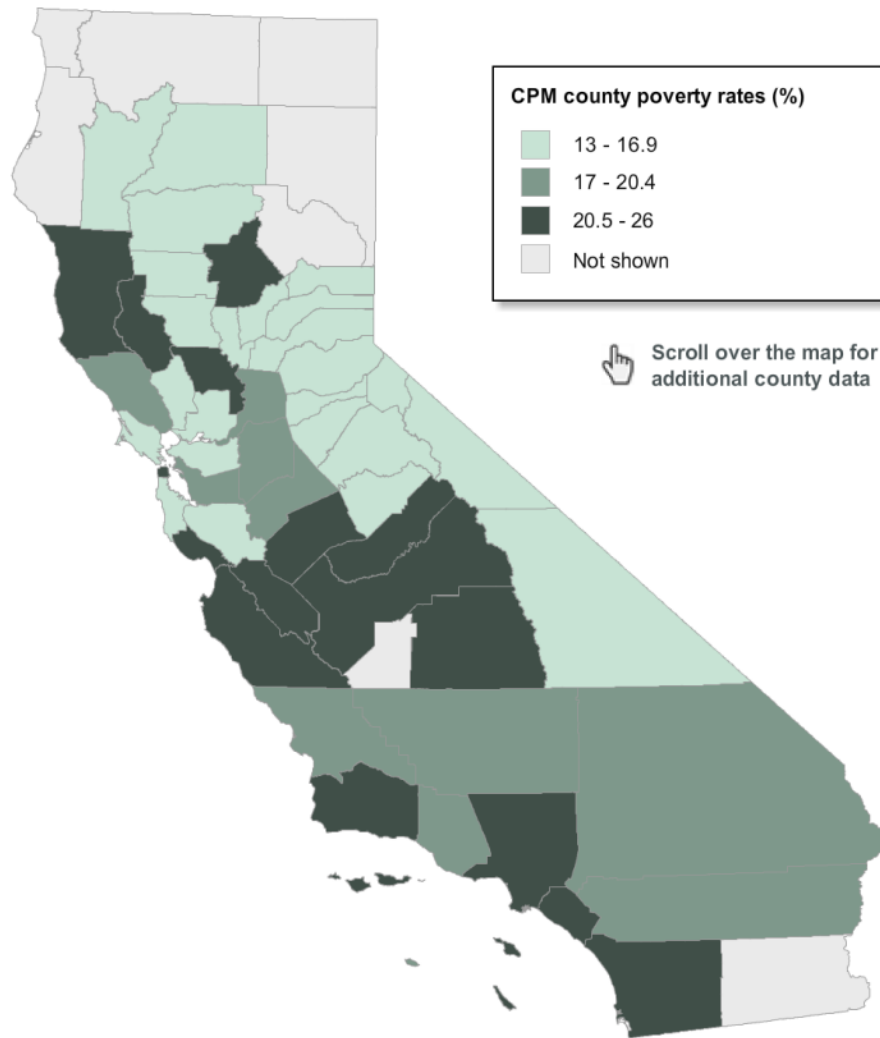


California has highest poverty rate in the nation

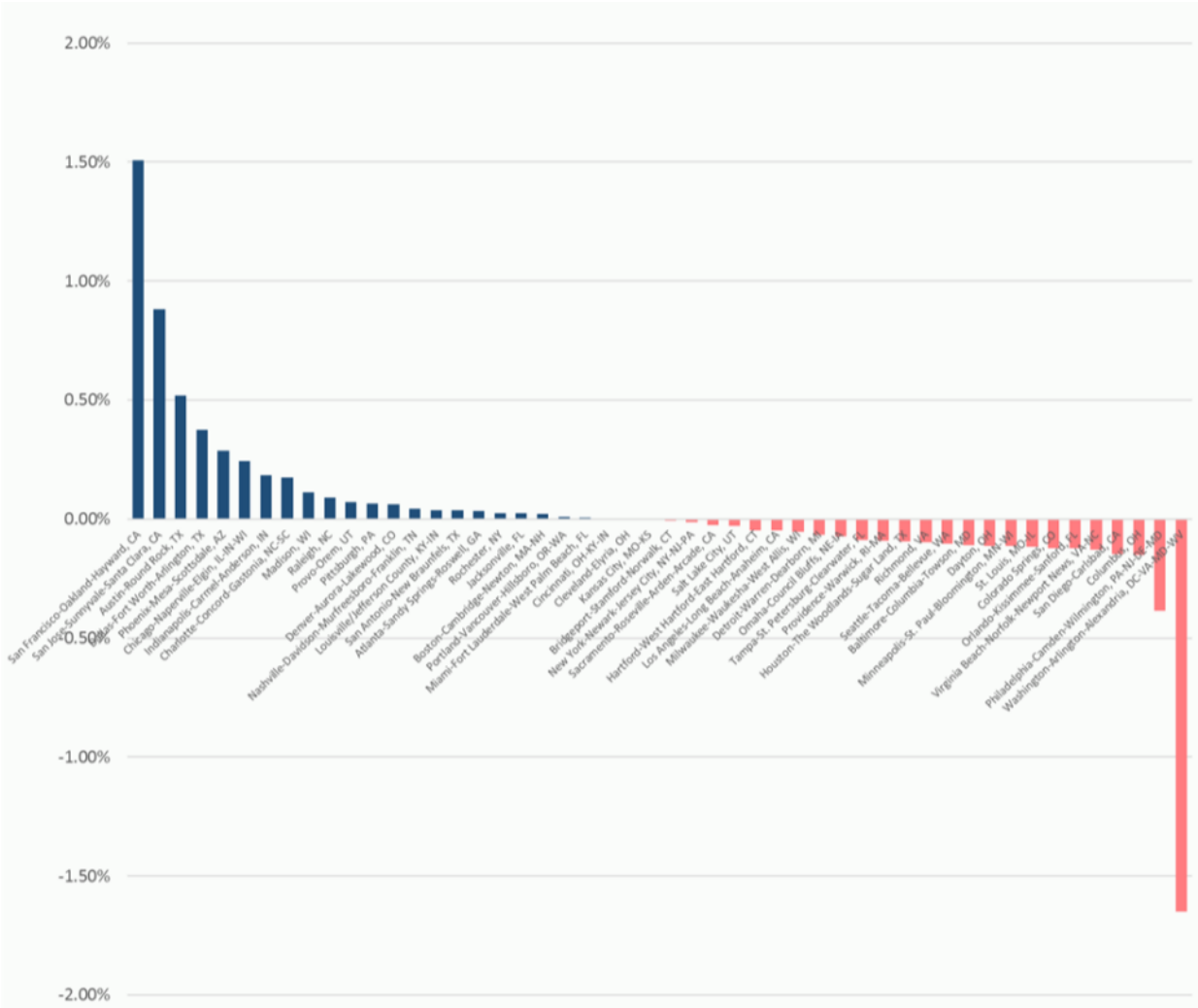
Poverty Rates Adjusted for Cost of Living



Poverty rates vary across state but not just inland/coast



Tech employment divergent, not convergent



Wage gains focused in metropolitan areas

Vegas and Bay Area See Big Wage Gains

Aggregate Wage Growth, Year-over-Year, Third Quarter 2016

1. Las Vegas-Henderson-Paradise, NV	15.2%	6. San Jose-Sunnyvale-Santa Clara, CA	10.7%
2. Provo-Orem, UT	12.2%	7. Madison, WI	10.7%
3. San Francisco-Oakland-Hayward, CA	11.3%	8. Riverside-San Bernardino-Ontario, CA	10.3%
4. Boise City, ID	10.9%	9. Tampa-St. Petersburg-Clearwater, FL	10.1%
5. North Port-Sarasota-Bradenton, FL	10.8%	10. Palm Bay-Melbourne-Titusville, FL	10.1%

Source: QCEW, Bureau of Labor Statistics

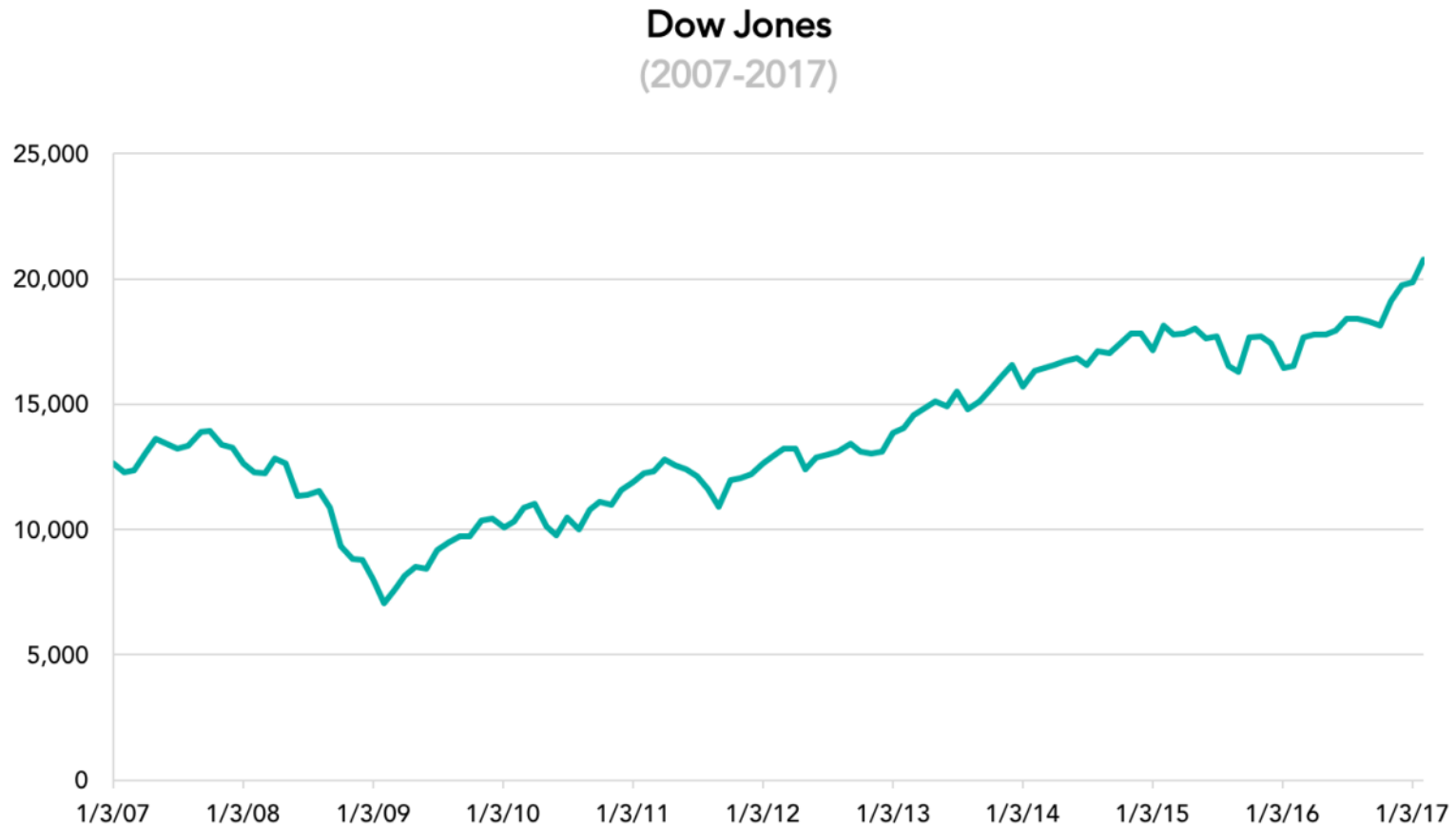
Among metros with population of 500,000 or more.



So where are we going?

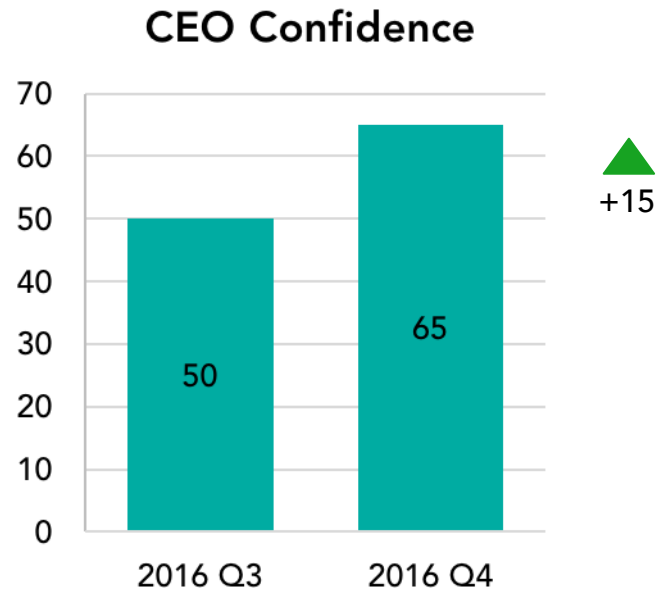


The Dow Jones Industrial Average has reached record-high closes



Source: Yahoo! Finance

CEO Confidence increased in the last quarter of 2016, reaching the highest level in six years








60% of CEOs believe economic conditions are better than in the first half of 2016.






Source: The Conference Board

What do CEOs know anyway?

Show 10 entries

Search:

2016 RANK		STATE	LAST YEAR'S RANK	CHANGE
41		Rhode Island	37	-4
42		Mississippi	39	-3
43		Maryland	40	-3
44		Hawaii	44	0
45		Massachusetts	46	1

46		Connecticut	45	-1
47		New Jersey	47	0
48		Illinois	48	0
49		New York	49	0
50		California	50	0

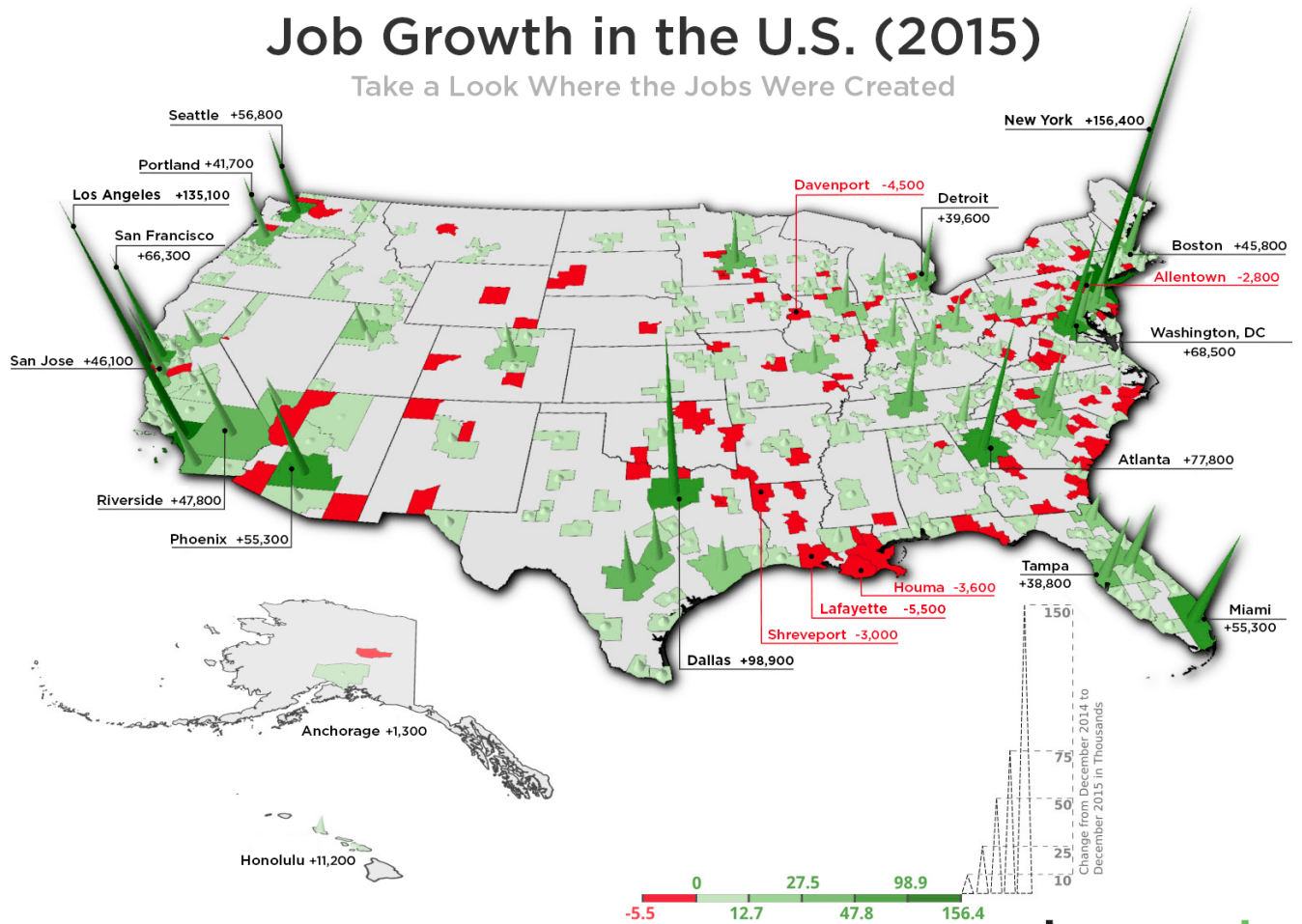
Showing 41 to 50 of 50 entries

Previous Next

What do CEOs know anyway? (Part 2)

Job Growth in the U.S. (2015)

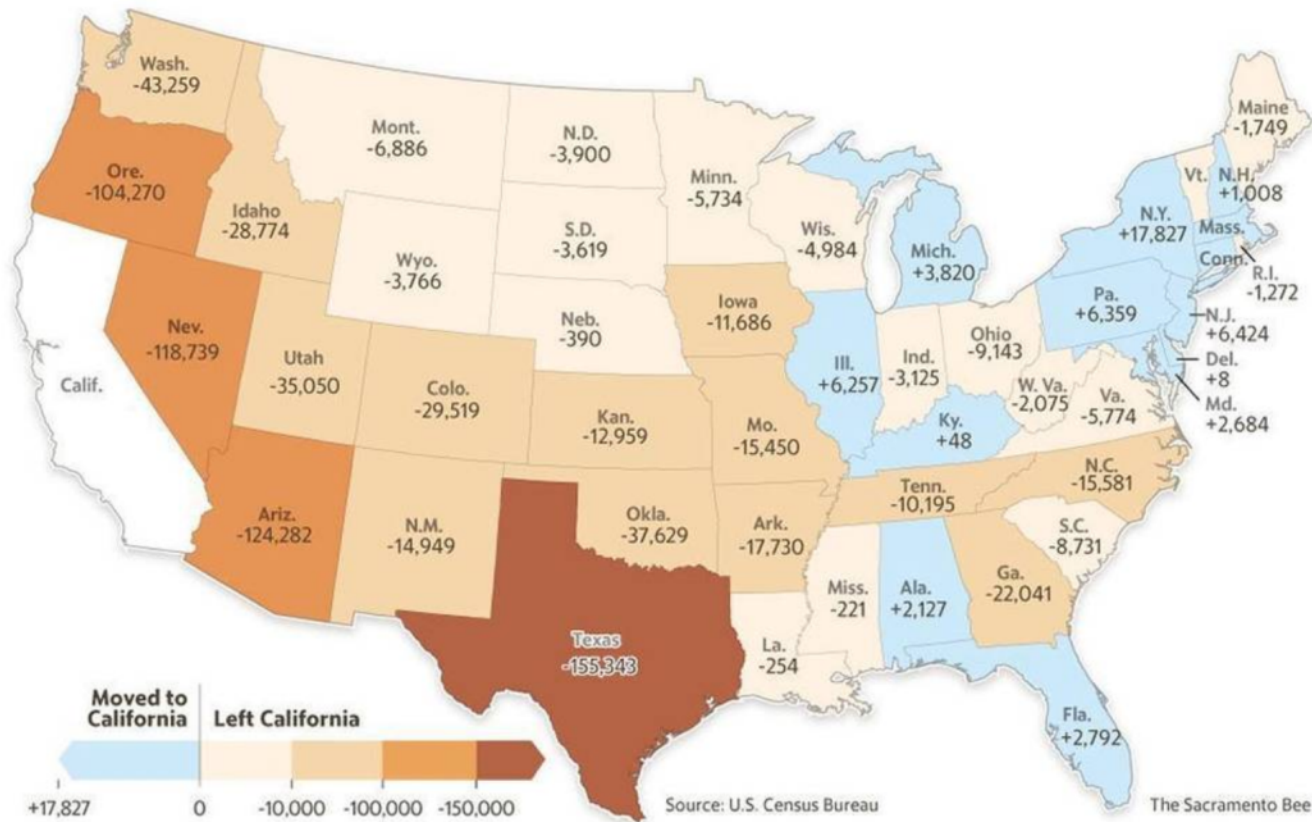
Take a Look Where the Jobs Were Created



Article & Sources: <http://howmuch.net/articles/job-growth-usa-2015>

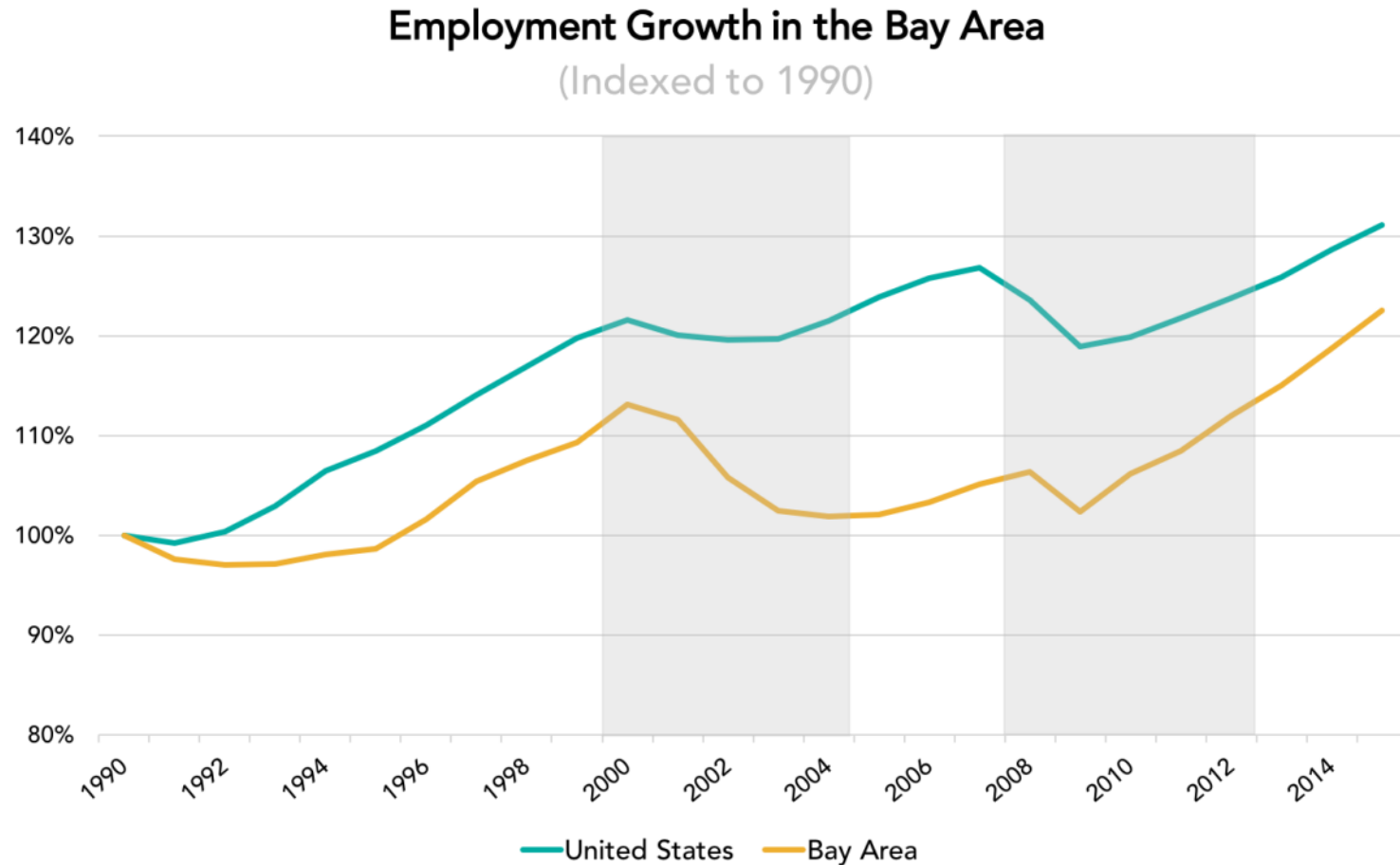
howmuch.net

The rich are coming to California ... it's the poor who are leaving ...



2000-2015: net loss of 800,000 living close to poverty line,
net gain of 20,000 making over \$100,000 per year

Economy is at top of economic cycle ... CA cycles with nation ...





**KEEP
CALM
AND
Forget
Trump**

KeepCalmAndPosters.com

Welcome to our sanctuary city!!



Immigrants are welcome here!!

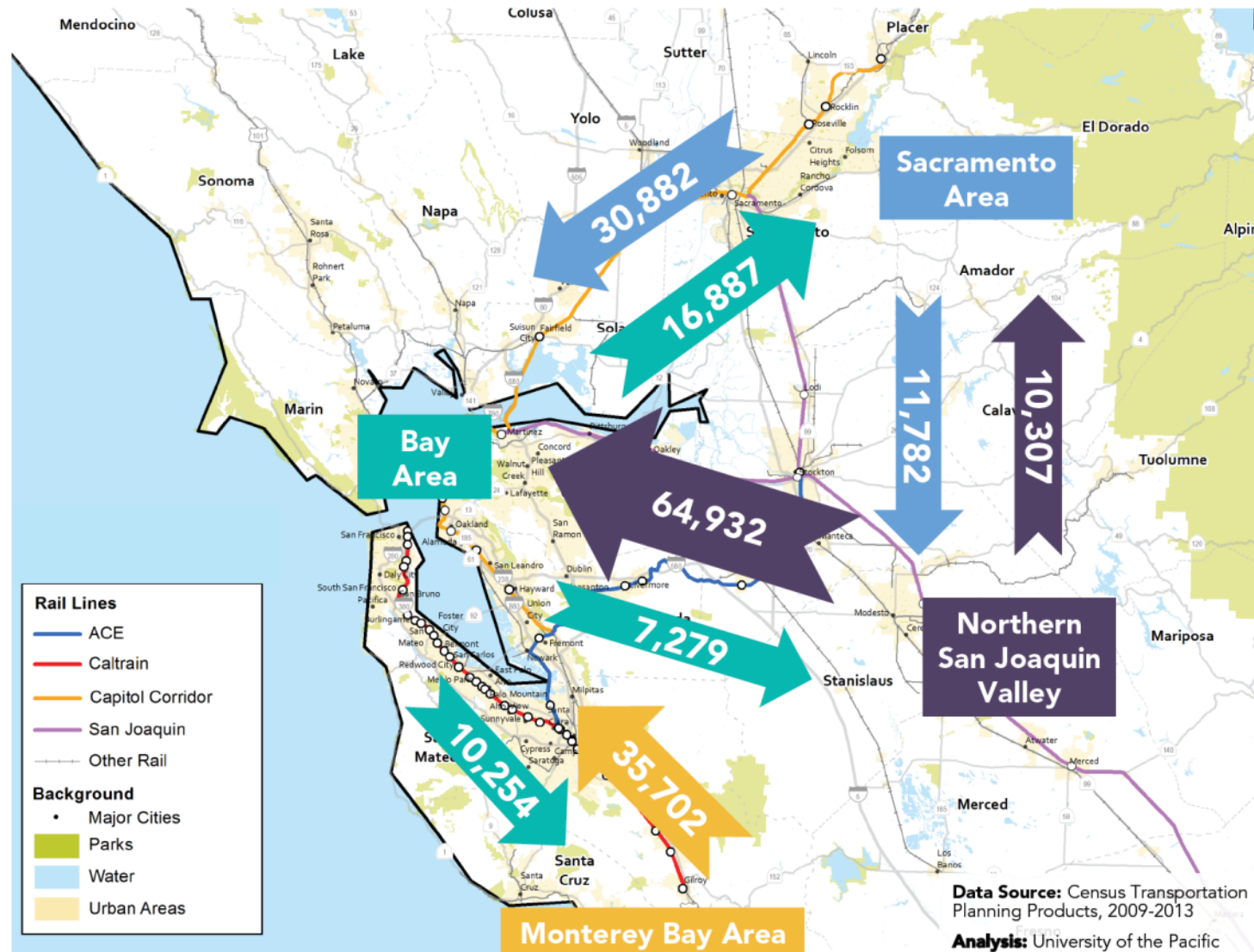


We care more about the poor!!

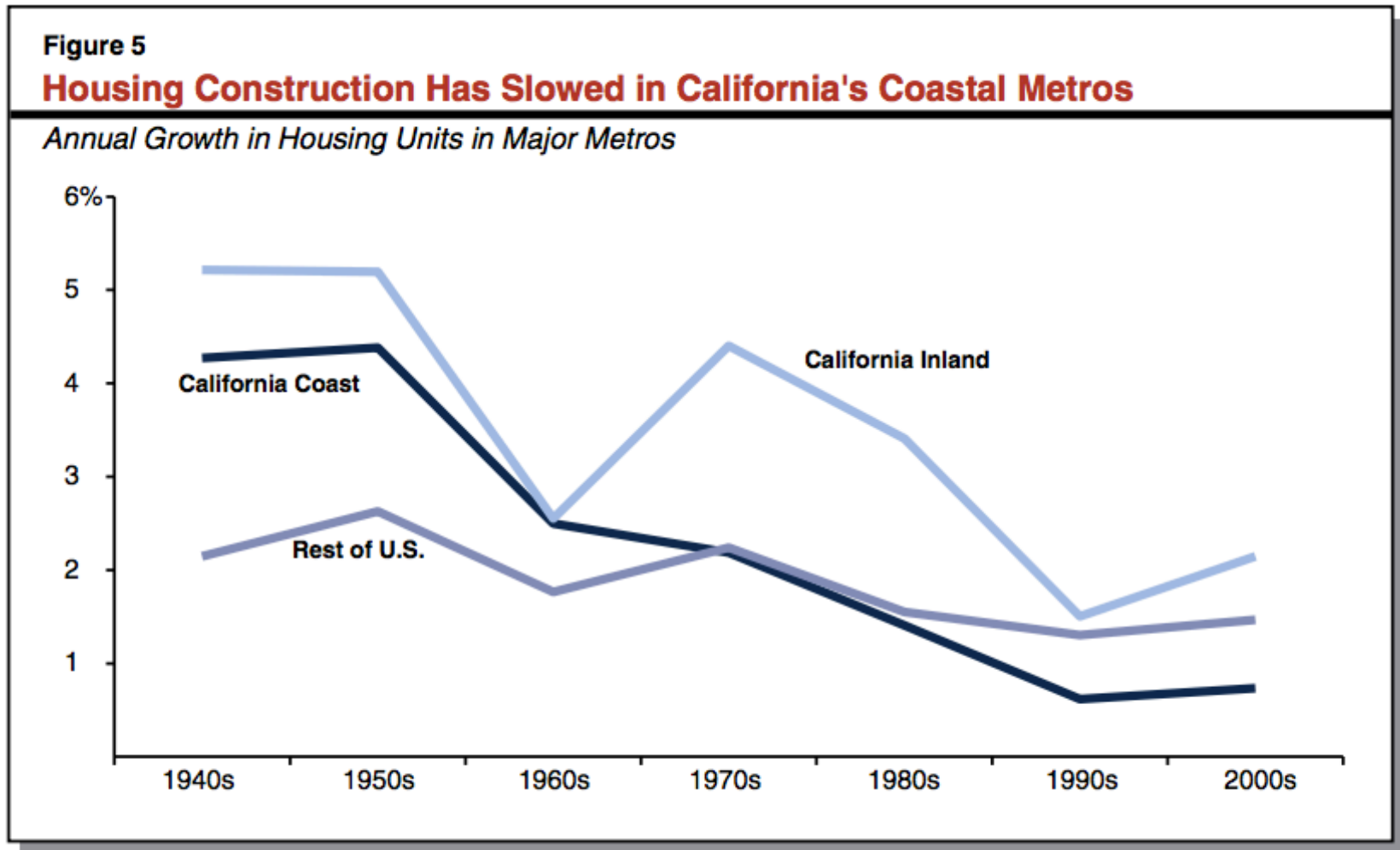


We care more about the environment!!

Daily Commuters Crossing Regional Boundaries, 2013

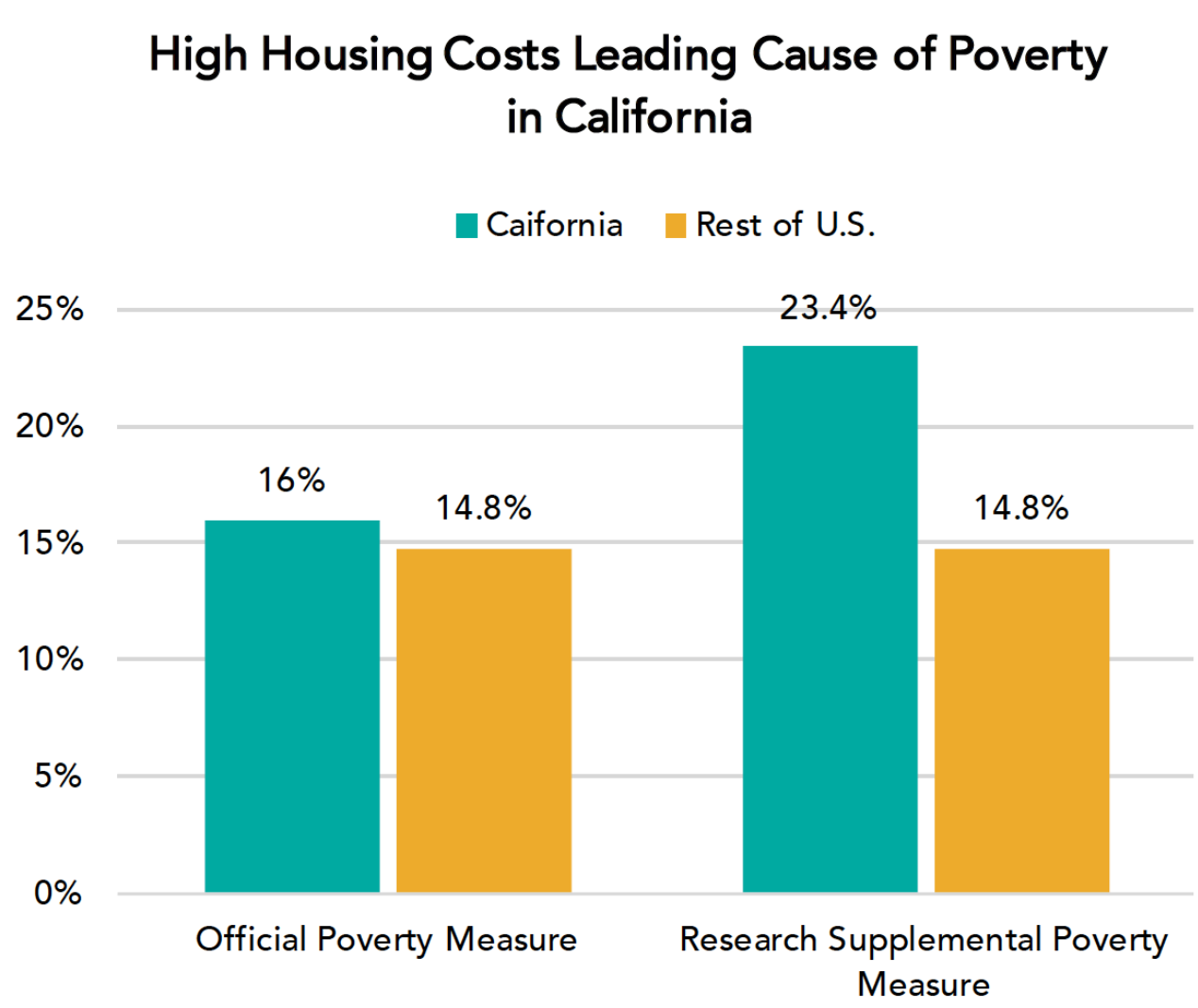


The primary threat to the innovation economy, economic growth, and equity in California is the underbuilding of housing



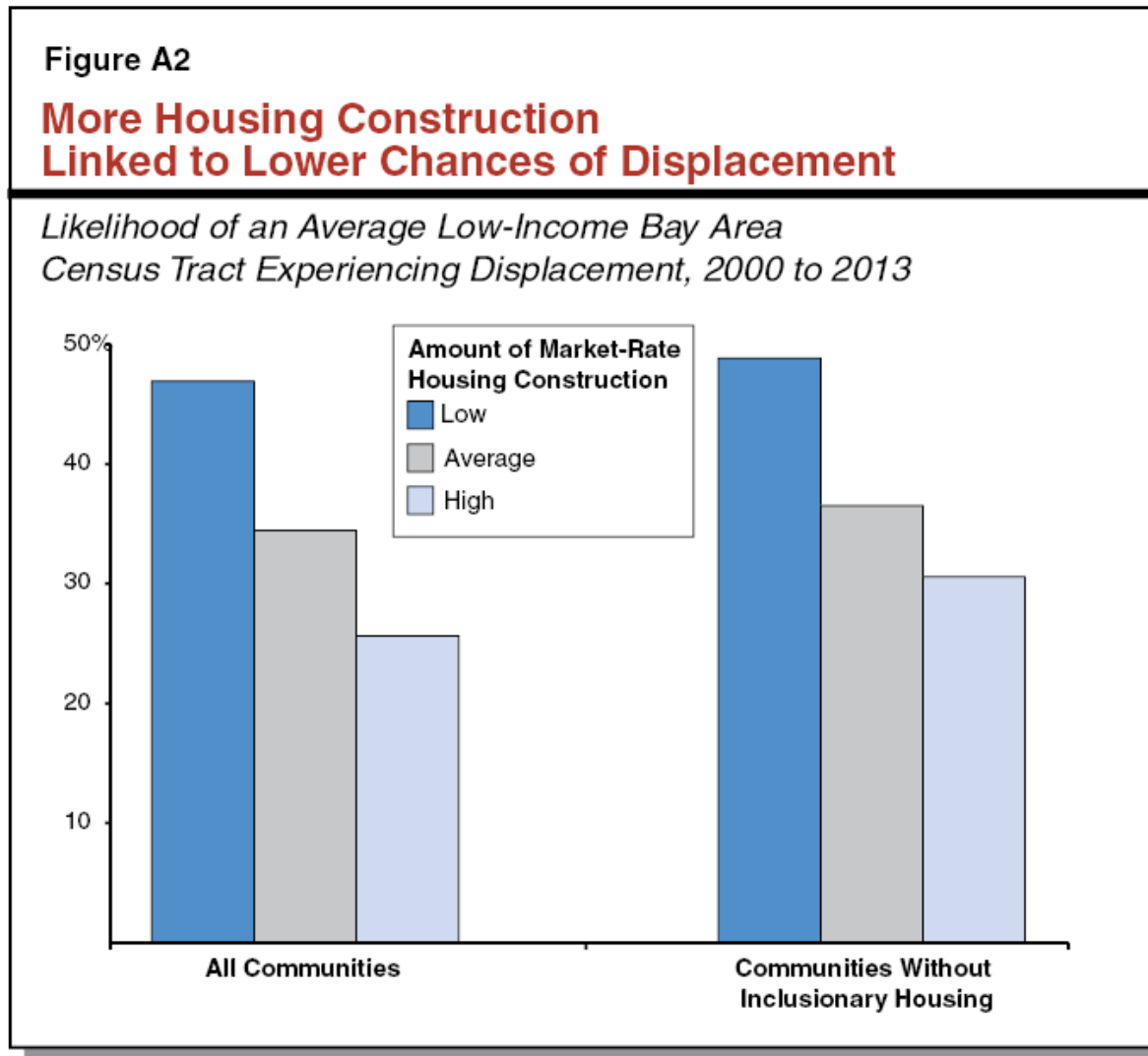
Source: National Bureau of Economic Research

California's High Real Poverty Rates is Due to High Housing Costs

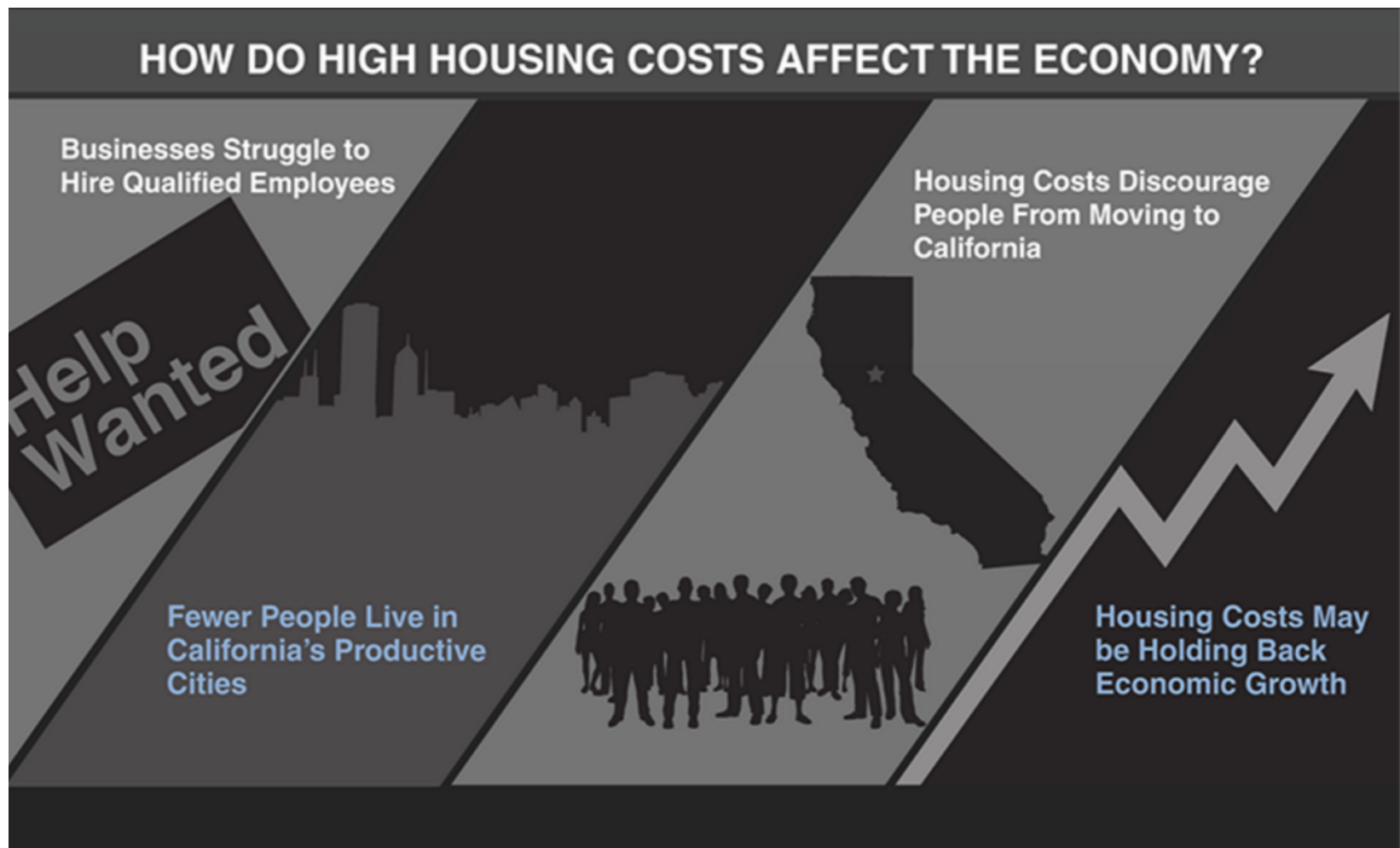


Source: California Legislative Analysts' Office

To prevent displacement, build places

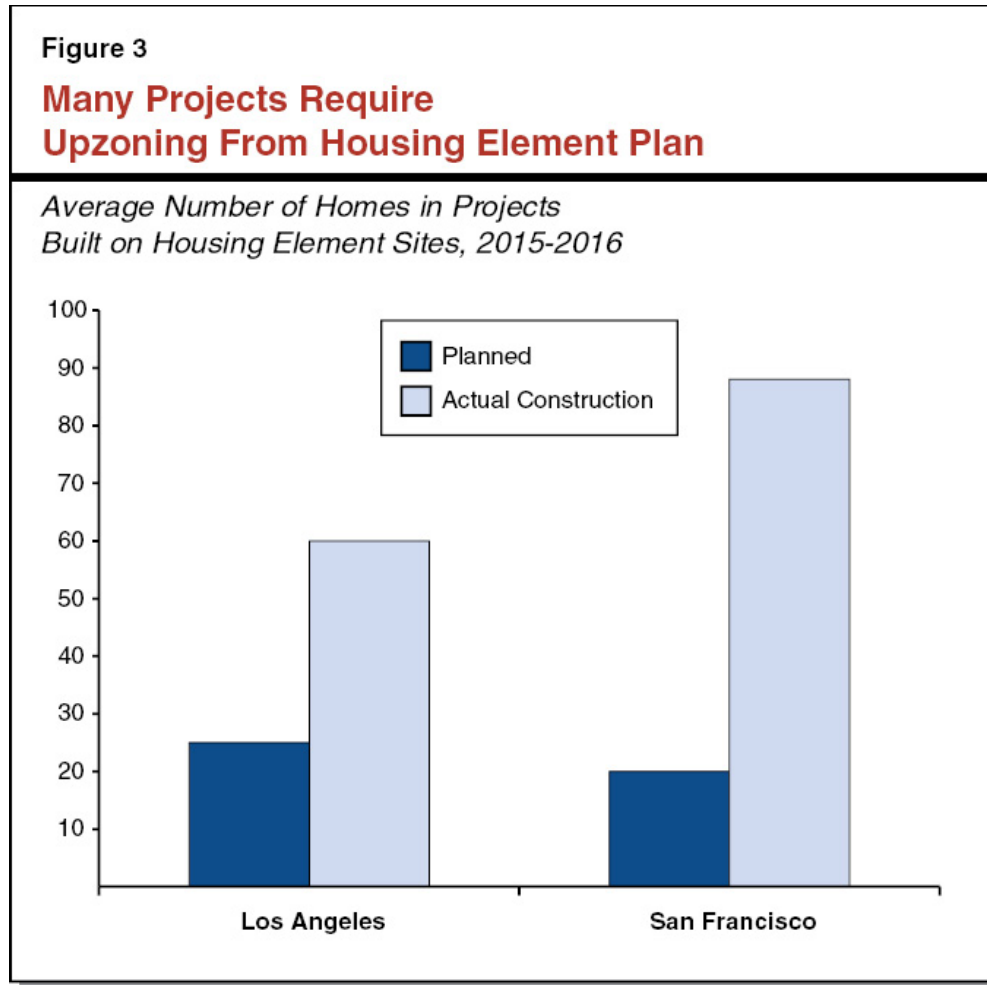


Negative impacts of housing shortage on the economy



Source: California Employment Development Department

Many things localities can do



Source: Legislative Analysts Office

And not do

<u>Market Price:</u>	<u>\$750,000</u>
Less Soft Costs/Indirect:	\$60,000
Less City/Utility fees:	\$60,000
Less Construction Cost:	\$400,000
Less Structured Parking:	\$50,000
Less Financing/Carry:	\$50,000
Less Equity Return/Profit	<u>\$80,000</u>
<u>AVAILABLE FOR LAND:</u>	\$50,000
Times 200 units - \$10,000,000	

GO IF SELLER WILL SELL AT THIS PRICE

<u>Market Price:</u>	<u>\$750,000</u>
Less Soft Costs/Indirect:	\$60,000
Less Fees (+20k affordable fee)	\$80,000
Construction costs rise 10%	\$440,000
Less Structured Parking:	\$50,000
Less Financing Costs:	\$50,000
Less 10% Equity Hurdle/Profit :	<u>\$80,000</u>
<u>AVAILABLE FOR LAND:</u>	\$-10,000

STOP : Buyer loses money
Seller operates current land use
(mini-mall, garage, gas station, industrial building)

JAN. 10, 2017, 1:23 P.M.

California governor: We're not spending more on low-income housing because it's too expensive to build

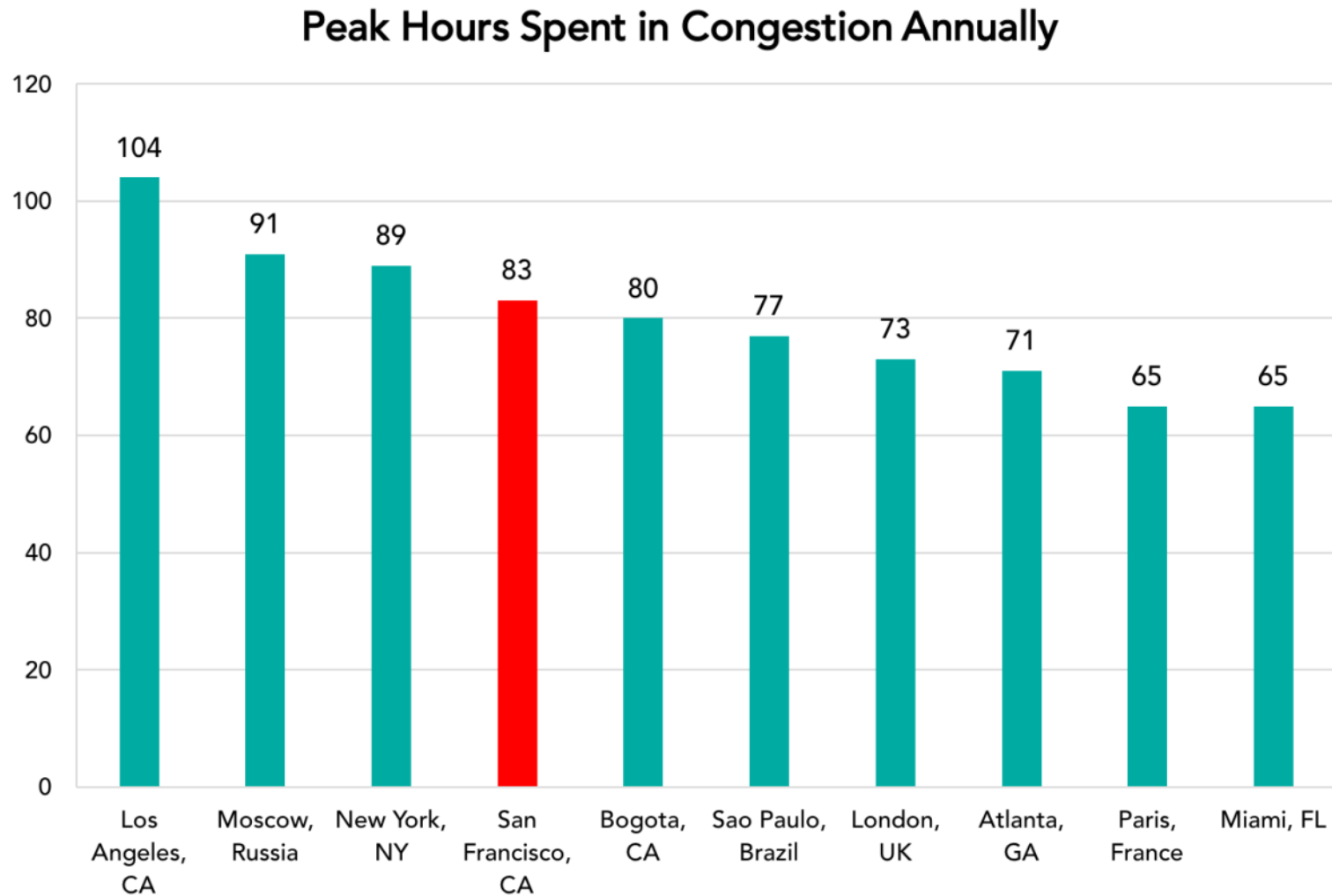


Liam Dillon



California Gov. [Jerry Brown](#) on Tuesday (Rich Pedroncelli / AP)

Transportation is the handmaiden of housing



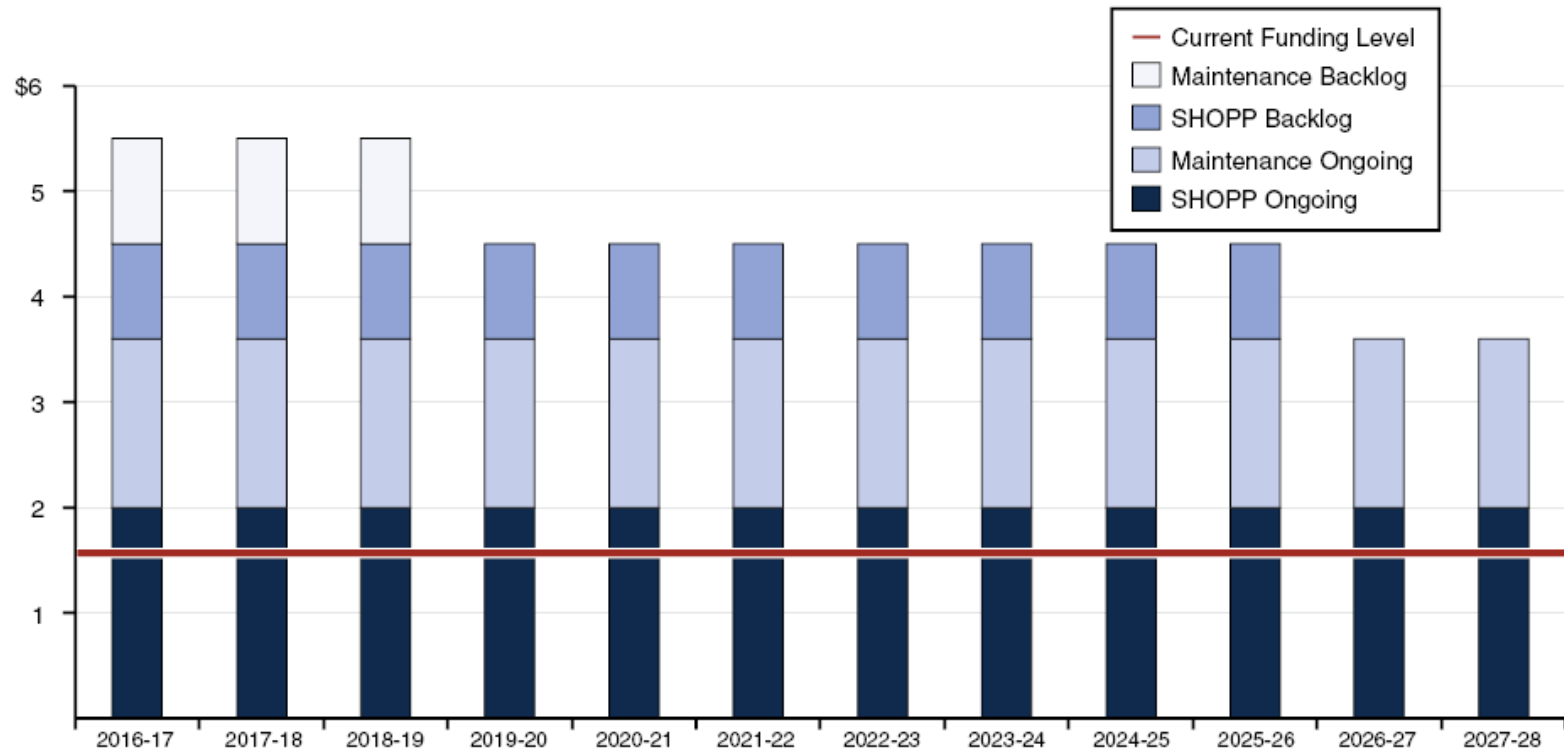
Source: INRIX

Transportation wildly underfunded in spite of years of effort

Figure 11

Summary of LAO Estimate of Major Highway Maintenance and SHOPP Needs

(In Billions)



SHOPP = State Highway Operation and Protection Program.

A photograph of a single fried egg in a dark, non-stick frying pan. The egg is sunny-side up, with a bright yellow yolk and a white, slightly runny egg white. The pan is dark and appears to be on a stovetop. Overlaid on the left side of the image is the text "THIS IS YOUR BRAIN ON DRUGS PARTIES" in a bold, red, sans-serif font with a white outline. The word "DRUGS" is crossed out with a thick red diagonal line.

**THIS IS
YOUR
BRAIN ON
~~DRUGS~~
PARTIES**

Practical solutions to generational regional and state issues



Solving the Housing Affordability Crisis

How Policies Change the Number of Households Burdened by Housing Costs

October 2016



Building Gender Equity in the Workplace

A Best Practices Resource

August 2016

Project Lead Partners



June 2016

Mainstreaming Medi-Cal

Investing in Patient Access, Improving Economic Productivity



August 2016

Another Inconvenient Truth

To Achieve Climate Change Goals, California Must Remove Barriers to Sustainable Land Use



THE NORTHERN CALIFORNIA MEGAREGION

Innovative, Connected, and Growing

June 2016



August 2016

The Economic Impacts of Infrastructure Investment

