A Strong Upturn Following A Deep Recession

- Job growth outpacing the nation
- Good news on unemployment
- Record levels of port and airport activity
- A more mixed picture on sectors and wages
Non-Farm Job Growth

-8.5% 17.6% -7.6% 20.3% -5.6% 14.0%

Apr 07-10 Apr 10-18

SCAG CA US

Labor Force Trends April 2007—April 2018

- The region added nearly 600,000 workers
- While the number of unemployed residents fell by 55,000
- And the unemployment rate of 4.7% in April 2007 became 11.9% in April 2010 and then fell to 3.8% in April 2018.
Examining Occupational Job and Wage Trends

• A high level look at the wage groups:
  --Low (Up to $15 an hour in 2017)
  --Middle (From $15 to $30 an hour)
  --High (Above $30 an hour)
• Looking at broad occupational groups and a few detailed examples
• Note: Most low wage jobs paid under $13 an hour in 2017

Not Much Growth in the Middle (Growth in Jobs)
Wage Trends Show Interesting and Some Unexpected Results

- Median wage growth has slightly lagged inflation for the past 15 years
- There was not much difference among the wage groups
- Low wage workers have seen larger wage gains since minimum wages went up
- The big finding is that average wages have outpaced inflation meaning that within each group the higher wage earners have seen larger wage gains.
Median Wage Growth Compared to Inflation

Growth in Median and Average Wages Compared to Inflation
A Very Brief Look at Automation

- Studies suggest job change not net loss. The challenge is handling the transition impacts
- The timing is uncertain
- There is debate over whether low or middle wage jobs are most at risk but the middle is definitely at risk
- Recent trends are interesting but not indicative necessarily of the future
Logistics Jobs Riverside-SB Metro

Median Wage Growth Compared to Inflation Riverside-SB 2011-2017
Policy Implications

• For economic prosperity broadly based and responding to automation

• THE BOTTOM LINE IS THAT WE ARE ALL IN THIS TOGETHER. THOSE GOALS CAN ONLY BE ACHIEVED IF WE DO ALL OF THE THREE STRATEGIES ON THE FOLLOWING CHARTS

Regional Prosperity Strategies from HUD Funded Upward Mobility Project

Strategy 1: Improve career pathways from low and moderate wage work to middle wage jobs. Prepare residents for success.

Strategy 2: Grow the economy.

Strategy 3: Upgrade working conditions and the safety net, particularly for workers in existing low-wage and moderate-wage jobs.

• Ensuring robust demand growth and economic dynamism is a priority: history shows that economies that are not expanding do not generate job growth.
• Midcareer job training will be essential
• Another priority is rethinking and strengthening transition and income support for workers caught in the crosscurrents of automation.
• Two perspectives, same conclusions

Housing Cost Increases Affect Our Take on Recovery and the Middle Class

• Rents increasing faster than wages during the recovery: home prices rising even faster
• And a large shortfall of housing built compared to demographic demand
• And most new housing is priced for more affluent residents
% of SCAG RHNA Goal by Income

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<table>
<thead>
<tr>
<th>Income Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Low Income</td>
<td>6.1%</td>
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<tr>
<td>Low Income</td>
<td>6.6%</td>
</tr>
<tr>
<td>Moderate Income</td>
<td>10.8%</td>
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<tr>
<td>Above Moderate</td>
<td>40.7%</td>
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<tr>
<td>Total Percent</td>
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</tbody>
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"Bar Bell" Effect and the Missing Middle
We build subsidized affordable…and luxury

20 Years Ago 120% AMI was “Market” in Bay Area
Now everyone paying higher % of income for too few choices
Sample CASA proposals for Missing Middle: Missing Middle Density Bonus

**Problem:** Missing middle housing currently cannot amortize impact fees or inclusionary over small number of units.

**Action Plan:**
- 35% - 50% density bonus including in low density zones
- 20% units would be sold or rented between 100% and 150% of median
- More small MF projects get exceptions and waivers critical in low density zoned areas
- Cap/reduce mitigation and housing fees for MM projects, convert fees to PSF not per unit

**Impact:**
- More MM and family housing in more housing projects that become more feasible due to MM focus
- More ownership opportunities in smaller more affordable homes
- Add greater variety of families and incomes in high opportunity exclusive neighborhoods
- Allows more MM units to be built without subsidy-concentrate subsidy on 30-120% AMI

#2: Carrots and Sticks to Create Missing Middle Housing

**Problem:** Cities resistant to zoning changes to allow more MM housing

**Action Plan:** Carrots and Sticks to Create more MM housing
- Fund cities to modify their zoning to allow MM, reward with additional State/Regional $
- Require for Housing Element Certification in at least 20% of land zoned to preclude these types, especially near transit
- Add category to RHNA (120-180% AMI)

**Impact:**
- If 20% of Bay Area land now zoned for 1.5MM single family homes were zoned to allow 3 homes an increase of 600,000 homes by 2040
- Better geographic distribution of housing throughout all cities/neighborhoods
- Improved access to high opportunity places for families today precluded by income
- Cities choose the places to increase density by 2x-3x and can focus on transit or other areas with carrots as rewards and sticks as requirement
Workforce and Housing Share the Same Policy Reality

WE ARE ALL IN IT TOGETHER

WHAT WORKS BEST ARE POLICIES FOR ALL GROUPS AS WE ARE SHORT OF SKILLED WORKERS AND HOUSING AND NEED TO HELP RESIDENTS WHO WILL REMAIN WITH LOW INCOMES

IN THESE CASES SILOS (MY PEOPLE ARE THE ONLY PEOPLE WHO COUNT) ARE THE ENEMIES OF PROGRESS