The New California
Post-Recession Challenges in a Mature State

Hans Johnson
26th Annual Demographic Workshop
June 2015
Outline

- The New California
- Why the slow down?
- Challenges for the future
The demographic transition

Source: Creative Commons
Rapid population growth has defined California
California’s growth has been extraordinary
California’s growth has been extraordinary.

![Graph showing population growth of California, Mexico, and the United States from 1910 to 2010. The graph indicates that California's population has grown significantly faster than Mexico and the United States.]
Rapid growth rates cannot be sustained indefinitely

If exponential growth continued:

California population (millions)

- Exponential growth (3.3%)
- Actual
Rapid growth rates cannot be sustained indefinitely

If exponential growth continued:
- By 2125, state density would equal SF density today
- By 2348, there would be one person for every square foot of land in the state
If exponential growth continued:

- By 2125, state density would equal SF density today.
- By 2348, there would be one person for every square foot of land in the state.
- By 2540, Californians would be expanding into space at the speed of light.
Growth rates have fallen...
... and are now similar to the rest of the U.S.
The New California is defined by slow growth rates

The graph compares the average annual growth rate of Old California and New California over different decades. The growth rate is significantly lower in the New California compared to the Old California, especially from the 1990s onwards. The chart also includes a comparison with the Rest of the US, showing a consistent decrease in growth rates for California relative to the Rest of the US.
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- Challenges for the future
Why has growth slowed?

- Direct determinants
  - Natural increase
  - Migration

- Indirect determinants
  - Aging
  - Housing costs
    - Geographic constraints
    - Regulatory constraints
  - Economic growth
Rates of natural increase are at low levels

![Graph showing rates of natural increase](image-url)
Migration has been at record lows

Net migration to California per 1,000 residents
Asia has replaced Latin America as the leading source of immigrants
China has replaced Mexico as the leading country of origin.
California’s population is aging

Population aged 65 and over

Year

- 1990
- 2000
- 2012
- 2030
Lack of housing restricts population growth, increases costs

Median housing value, March 2015

- San Jose metro: $863,800
- San Francisco metro: $728,000
- Los Angeles metro: $534,300
- Ventura metro: $510,200
- San Diego metro: $475,100
- Sacramento metro: $336,800
- Inland Empire: $284,900
- Stockton metro: $251,100
- Fresno metro: $189,200
- United States: $178,400
- Bakersfield metro: $172,300
More California households spend a large share of their income on housing costs

![Graph showing the share of households spending more than 30% of income on housing by income bracket and housing status, comparing California to the Rest of U.S.](image)

- Homeowners
- Renters

- **Share of households spending more than 30% of income on housing**

- **Household income in 2013**

- **California**
- **Rest of U.S.**
Many left the state because of housing

### Reason for moving to or from California
CPS march supplements, 1999-2014

<table>
<thead>
<tr>
<th>Reason for moving</th>
<th>To California</th>
<th>From California</th>
<th>Net domestic flow</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Negative flow</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other family reason</td>
<td>1,202,853</td>
<td>1,548,394</td>
<td>-345,541</td>
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<tr>
<td>For cheaper housing</td>
<td>186,158</td>
<td>477,222</td>
<td>-291,064</td>
</tr>
<tr>
<td>To look for work or lost job</td>
<td>309,340</td>
<td>500,151</td>
<td>-190,811</td>
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<tr>
<td>Other job-related reason</td>
<td>218,879</td>
<td>362,499</td>
<td>-143,620</td>
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<tr>
<td>Retired</td>
<td>38,987</td>
<td>118,725</td>
<td>-79,738</td>
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<tr>
<td>Change in marital status</td>
<td>244,405</td>
<td>319,063</td>
<td>-74,658</td>
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<tr>
<td>Wanted better neighborhood</td>
<td>87,331</td>
<td>148,234</td>
<td>-60,903</td>
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<tr>
<td>To establish own household</td>
<td>213,163</td>
<td>267,481</td>
<td>-54,318</td>
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<tr>
<td>Wanted to own home, not rent</td>
<td>142,497</td>
<td>179,453</td>
<td>-36,956</td>
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<tr>
<td><strong>Positive flow</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>For easier commute</td>
<td>150,238</td>
<td>134,004</td>
<td>16,234</td>
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<tr>
<td>New job or job transfer</td>
<td>2,303,116</td>
<td>2,283,274</td>
<td>19,842</td>
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<tr>
<td>Attend/leave college</td>
<td>342,230</td>
<td>320,545</td>
<td>21,685</td>
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<tr>
<td>Other housing reason</td>
<td>413,528</td>
<td>372,492</td>
<td>41,036</td>
</tr>
<tr>
<td>Health reasons</td>
<td>141,615</td>
<td>95,978</td>
<td>45,638</td>
</tr>
<tr>
<td>Change of climate</td>
<td>161,997</td>
<td>77,599</td>
<td>84,399</td>
</tr>
<tr>
<td>Wanted new or better housing</td>
<td>367,659</td>
<td>279,367</td>
<td>88,292</td>
</tr>
</tbody>
</table>
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Projections are uncertain
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California
California projected
NY,NJ,CT,PA,VT
Southeast
Projections are uncertain

- California
- California projected
- NY, NJ, CT, PA, VT
- Southeast
Projections are uncertain

- California
- California projected
- NY,NJ,CT,PA,VT 50 years ago
- Southeast 50 years ago
Growing apart: regional inequality has increased.
Key to economic success: Education

- Educational attainment is the primary determinant of economic well-being
- Regions with slow growth can be prosperous (New England) or poor (Appalachia, Mississippi Delta)
Policy implications

- California’s political power is unlikely to increase
- Invest in solutions to cost and congestion problems
  - Reduce constraints to new housing development
  - Improve coordination of economic development and housing policies
- Improving educational attainment should be a central focus of state policy
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Thank you for your interest in this work.
Sources of Growth Have Changed

Components of population growth 1999–2012

- Net domestic migration
- Foreign immigration
- Natural increase

Millions

1999-2000
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005
2005-2006
2006-2007
2007-2008
2008-2009
2009-2010
2010-2011
2011-2012