growing a city

peter rupert
professor
department of economics, ucsb
director, ucsb economic forecast project

allan hancock college
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roadmap for today

- global and national outlook
- recent local trends
- where do we go from here?
- major issues (good and bad)
global outlook
global outlook
kinda sucks
Real Household Consumption Growth

Year-on-Year

Country
- DE
- FR
- IT
- UK

Growth Rate (%)

Date

Source: Eurostat
EuropeanSnapshot.com
US
US

doesn’t suck
strong US economy

- income, profits, stocks...all up
- strongest labor market since?
- financially more robust
Real GDP

- Quarterly change at an annual rate
- Year-over-year change

Economic Forecast Project

Source: BEA
Net Worth, Nonfinancial Corporate Business

Ratio to GDP

Economic Forecast Project

Source: Federal Reserve
Household Net Worth (Assets–Liabilities)
Ratio to GDP

Economic Forecast Project
Source: Federal Reserve
Net Payroll Employment Change
Thousands, SA

- first estimate
- second estimate
- final

Economic Forecast Project
Source: BLS
Net Payroll Employment Change
Thousands, SA

- first estimate
- second estimate
- final

what did the forecasters forecast?
Inflation and Average Hourly Earnings
Percent change from a year ago
growing a city
growing a city

- what is a city?
growing a city

- what is a city?
  - people
  - housing
  - jobs
  - schools
  - stores
  - parks and rec
  - health
  - safety
growing a city

- growing a city entails choices

- agricultural land vs. residential
- manufacturing vs. services
- high density/low income housing
- oil? cannabis? wine tasting?

start by examining the data
growing a city

growing a city entails choices

- agricultural land vs. residential
- manufacturing vs. services
- high density/low income housing
- oil? cannabis? wine tasting?

start by examining the data
growing a city
population dynamics
### Population and Components of Change: Santa Barbara County

<table>
<thead>
<tr>
<th>Year</th>
<th>Population July 1</th>
<th>Population Change</th>
<th>Births</th>
<th>Deaths</th>
<th>Natural Increase</th>
<th>Net Migration</th>
<th>Population Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>411,683</td>
<td>493</td>
<td>6,301</td>
<td>2,936</td>
<td>3,365</td>
<td>-2,872</td>
<td>0.12</td>
</tr>
<tr>
<td>2006</td>
<td>412,853</td>
<td>1,170</td>
<td>6,175</td>
<td>2,860</td>
<td>3,315</td>
<td>-2,145</td>
<td>0.28</td>
</tr>
<tr>
<td>2007</td>
<td>416,648</td>
<td>3,795</td>
<td>6,252</td>
<td>2,708</td>
<td>3,544</td>
<td>251</td>
<td>0.92</td>
</tr>
<tr>
<td>2008</td>
<td>419,970</td>
<td>3,322</td>
<td>6,327</td>
<td>2,898</td>
<td>3,429</td>
<td>-107</td>
<td>0.80</td>
</tr>
<tr>
<td>2009</td>
<td>422,423</td>
<td>2,453</td>
<td>6,180</td>
<td>2,876</td>
<td>3,304</td>
<td>-851</td>
<td>0.58</td>
</tr>
<tr>
<td>2010</td>
<td>423,567</td>
<td>1,144</td>
<td>5,970</td>
<td>2,879</td>
<td>3,091</td>
<td>-1,223</td>
<td>0.27</td>
</tr>
<tr>
<td>2011</td>
<td>425,354</td>
<td>1,787</td>
<td>5,746</td>
<td>2,881</td>
<td>2,865</td>
<td>-1,078</td>
<td>0.42</td>
</tr>
<tr>
<td>2012</td>
<td>430,318</td>
<td>4,964</td>
<td>5,638</td>
<td>2,888</td>
<td>2,750</td>
<td>2,214</td>
<td>1.17</td>
</tr>
<tr>
<td>2013</td>
<td>435,329</td>
<td>5,011</td>
<td>5,701</td>
<td>2,990</td>
<td>2,711</td>
<td>2,300</td>
<td>1.16</td>
</tr>
<tr>
<td>2014</td>
<td>440,090</td>
<td>4,761</td>
<td>5,758</td>
<td>2,999</td>
<td>2,759</td>
<td>2,002</td>
<td>1.09</td>
</tr>
<tr>
<td>2015</td>
<td>444,491</td>
<td>4,401</td>
<td>5,809</td>
<td>3,016</td>
<td>2,793</td>
<td>1,608</td>
<td>1.00</td>
</tr>
<tr>
<td>2016</td>
<td>447,309</td>
<td>2,818</td>
<td>5,590</td>
<td>3,140</td>
<td>2,450</td>
<td>368</td>
<td>0.63</td>
</tr>
<tr>
<td>2017</td>
<td>450,138</td>
<td>2,907</td>
<td>5,463</td>
<td>3,256</td>
<td>2,207</td>
<td>700</td>
<td>0.65</td>
</tr>
<tr>
<td>2018</td>
<td>453,288</td>
<td>3,150</td>
<td>5,544</td>
<td>3,363</td>
<td>2,181</td>
<td>969</td>
<td>0.68</td>
</tr>
</tbody>
</table>
| **Average per Year** | **3,071** | **5,845** | **2,959** | **2,887** | **227** | **0.73** | **|**

*Source: CA Department of Finance*
## Population Distribution

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>1-year Growth Rate</th>
<th>5-year Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buellton</td>
<td>5,098</td>
<td>5,291</td>
<td>3.8%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Carpinteria</td>
<td>13,697</td>
<td>13,704</td>
<td>0.1%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Goleta</td>
<td>31,622</td>
<td>31,949</td>
<td>1.0%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Guadalupe</td>
<td>7,341</td>
<td>7,604</td>
<td>3.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Lompoc</td>
<td>43,881</td>
<td>43,599</td>
<td>-0.6%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>94,244</td>
<td>94,807</td>
<td>0.6%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Santa Maria</td>
<td>107,978</td>
<td>108,470</td>
<td>0.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Solvang</td>
<td>5,653</td>
<td>5,771</td>
<td>2.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Unincorp Area</td>
<td>140,511</td>
<td>142,262</td>
<td>1.2%</td>
<td>4.4%</td>
</tr>
<tr>
<td><strong>SB County</strong></td>
<td>450,025</td>
<td>453,457</td>
<td>0.8%</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>Tri-Counties</strong></td>
<td>1,585,145</td>
<td>1,592,631</td>
<td>0.5%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

*Source: CA Department of Finance*
## Population and Housing: Santa Barbara County

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (Jan. 1)</td>
<td>428,194</td>
<td>433,073</td>
<td>438,512</td>
<td>442,987</td>
<td>447,073</td>
<td>450,025</td>
<td>453,457</td>
</tr>
<tr>
<td>% change</td>
<td>0.89</td>
<td>1.14</td>
<td>1.26</td>
<td>1.02</td>
<td>0.92</td>
<td>0.66</td>
<td>0.76</td>
</tr>
<tr>
<td>Total Housing Units</td>
<td>153,689</td>
<td>154,170</td>
<td>154,733</td>
<td>155,353</td>
<td>156,520</td>
<td>157,578</td>
<td>158,622</td>
</tr>
<tr>
<td>% change</td>
<td>0.28</td>
<td>0.31</td>
<td>0.37</td>
<td>0.40</td>
<td>0.75</td>
<td>0.68</td>
<td>0.66</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>6.70</td>
<td>6.60</td>
<td>6.50</td>
<td>6.20</td>
<td>6.00</td>
<td>6.10</td>
<td>6.20</td>
</tr>
</tbody>
</table>

*Source: CA Department of Finance*

*All values are January 1 estimates.*

- population is growing faster than housing
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employment, output and income
how we work

- where are the jobs?

- show me the money
• share of employment has been fairly constant
how we work

Occupations by Highest Employment
Santa Barbara County, 2018 Q1

Source: CA Employment Development Department, Occupational Employment Statistics (OES)

largest employment in low wage jobs
what we produce

no gdp growth in our largest sectors
understand tradeoffs!
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major issue i: land use
agriculture and commercial have grown since 2014
affordability

- effects of high housing prices
- higher density?
- deter employment growth?
2017...not so affordable
2018...above the CA average!
land use

- how has land use changed?
### Santa Barbara County Agricultural Land Usage

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Cropland Acres</th>
<th>Cropland, Not Harvested</th>
<th>Cropland, Harvested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>750,000</td>
<td>250,000</td>
<td>150,000</td>
</tr>
<tr>
<td>2002</td>
<td>725,000</td>
<td>240,000</td>
<td>155,000</td>
</tr>
<tr>
<td>2007</td>
<td>700,000</td>
<td>230,000</td>
<td>160,000</td>
</tr>
<tr>
<td>2012</td>
<td>675,000</td>
<td>220,000</td>
<td>165,000</td>
</tr>
<tr>
<td>2017</td>
<td>650,000</td>
<td>210,000</td>
<td>170,000</td>
</tr>
</tbody>
</table>

Source: USDA

33% of farms have a female principal operator
14% of principals under the age of 45
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major issue ii: competing uses
Sheep Inventories
Santa Barbara County

Year
Count

1997: 9000
2002: 6000
2007: 2000
2012: 1000
2017: 500

Source: USDA

where did the sheep go?
major issue ii

- growth in a new industry: cannabis

- issue: difficult to bank

- business permitting
The Secure and Fair Enforcement (SAFE) Banking Act of 2019 would solve a key logistical and public safety problem in states that have legalized medicinal or recreational cannabis.

Currently, cannabis businesses operating under state laws that have legalized medicinal or recreational cannabis have been mostly denied access to the banking system because banks that provide them services can be prosecuted under federal law. (Sens. Merkely D-OR, Gardner R-CO)
comparative advantage
large differences in salaries
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major issue iii: minimum wages
minimum wages

The diagram illustrates the effects of minimum wages on the market. The x-axis represents quantity (Q), and the y-axis represents price ($/Q). The graph shows the relationship between the mandated minimum price and the free market price. The area between the two market conditions represents the deadweight loss due to the imposition of the minimum wage. The green area indicates the producer surplus, while the blue area represents the consumer surplus. The red area highlights the deadweight loss.
minimum wages

- effect on low skill workers
- automation
- better alternative
  - earned income tax credit
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major issue iv: opportunity zones
opportunity zones

- if people want to give you money
  - take it!

- sb county has 7
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major issue v: more tariffs
tariffs

- did this last year

- new threat: from 10% to 25%
final thoughts

- where do we go from here?
  - understand tradeoffs
  - make informed decisions
  - let your local politicians know
- will the recovery end soon?
Probability of Expansions Ending

Hazard Function

Expansion Age in Months

Before World War II

After World War II

Sources: FRED and author's calculations.

Federal Reserve Bank of St. Louis
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thank you