



The Economic Outlook

Here we go again...

Focus on Contra Costa County

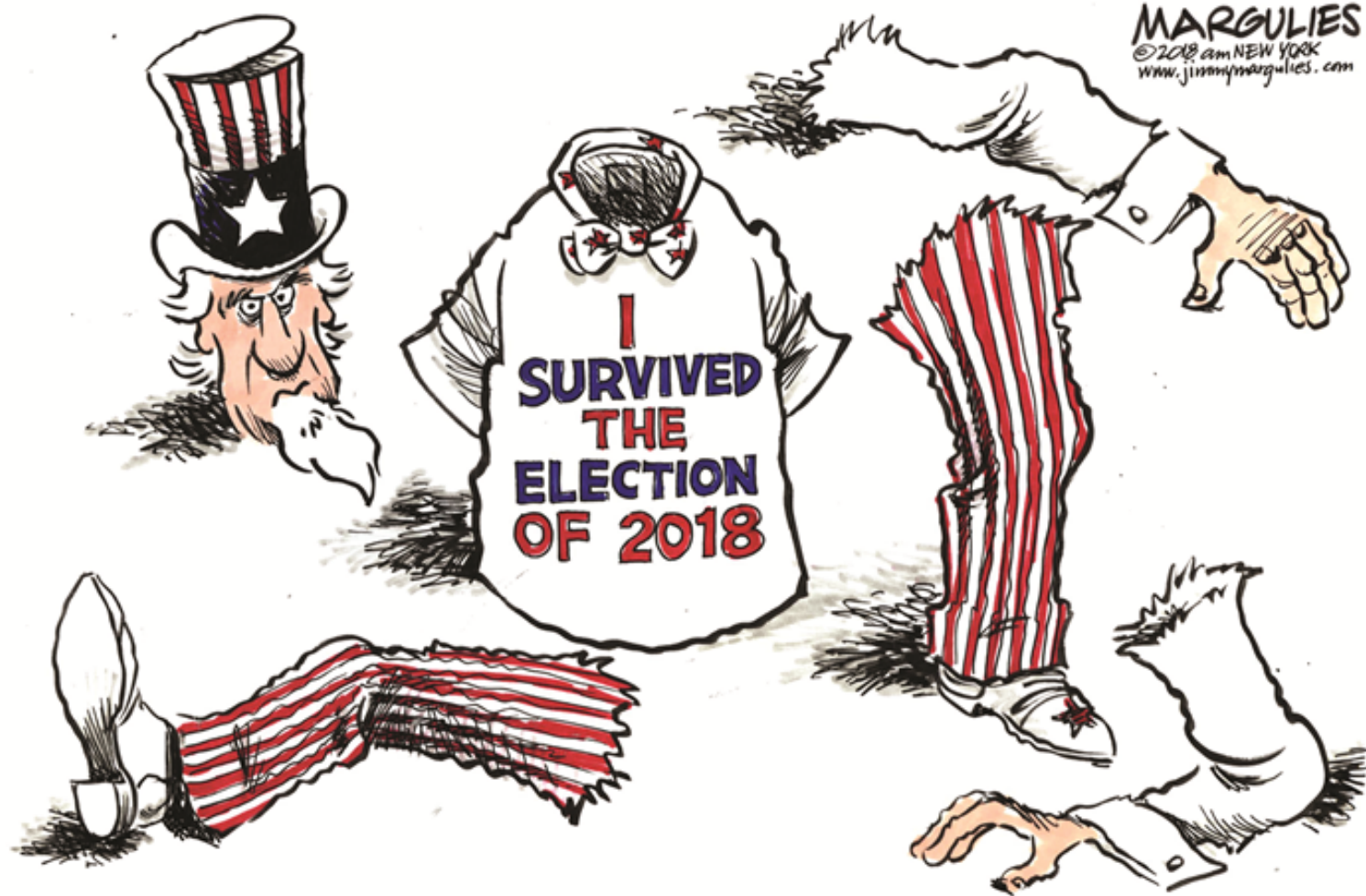
January 2019

Christopher Thornberg, PhD

Founding Partner, Beacon Economics

*Director, UCR SoBA Center for Economic Forecasting and
Development*

Thank goodness that is behind us...



And a stock market crash chaser...



Market plunge reveals growing investor pessimism in US economy

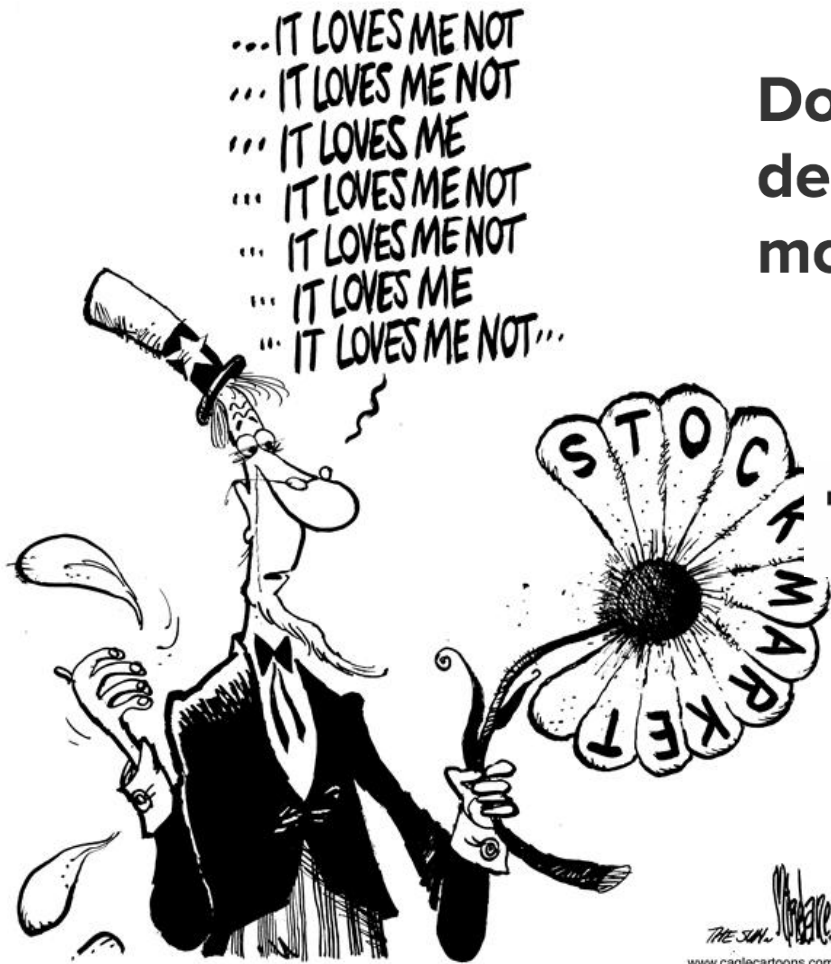
Dow falls 350 points, bringing decline for the wild week to more than

U.S. Economy Will Slow in 2019, May Enter Recession in 2020, Economists Forecast. Trump Administration Disagrees

The US economy is strong. Three signs it won't last

For the U.S. Economy, Storm Clouds on the Horizon

Treasury Market Flashing A Warning For U.S. Economy



A look back



NBER says U.S. slipped into recession

December 2007
Mon Dec 1, 12:20 pm
WASHINGTON (Reuters) — The U.S. National Bureau of Economic Analysis said Monday that the U.S. business cycle dating service has slipped into recession.

Public Opinion Meter



ing on?

two positions out there: cash, ...
...an to California', its 'what ...
...et'
...even if many economists and ...
...ance, and the consumer ...
...o far the numbers are in line (if ...
...proportionate to the ...
...s when



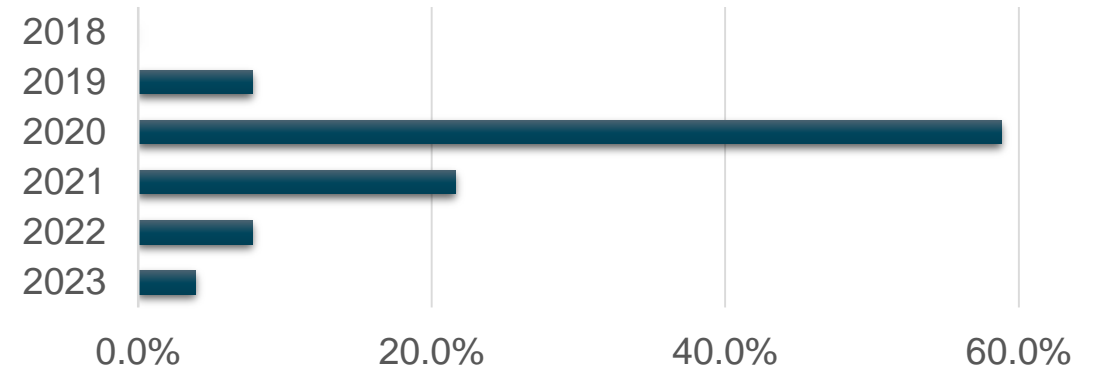
Will the Real Economy Please Stand Up?



Why so glum?

- ❑ 2018 Growth: 3.2% with .75% fiscal stimulus after-burner
- ❑ Labor markets, consumer spending, business investment, wages, exports, energy, debt levels still all on steady sustainable paths
- ❑ Interest rates, inflation still constrained
- ❑ 2019: back to a solid pace of 2.5% growth
- ❑ Still a low chance of recession in next 24 months`
- ❑ Southern California: Still out in front

WSJ Next Recession Poll



**It isn't the 'when',
it's the 'why'**

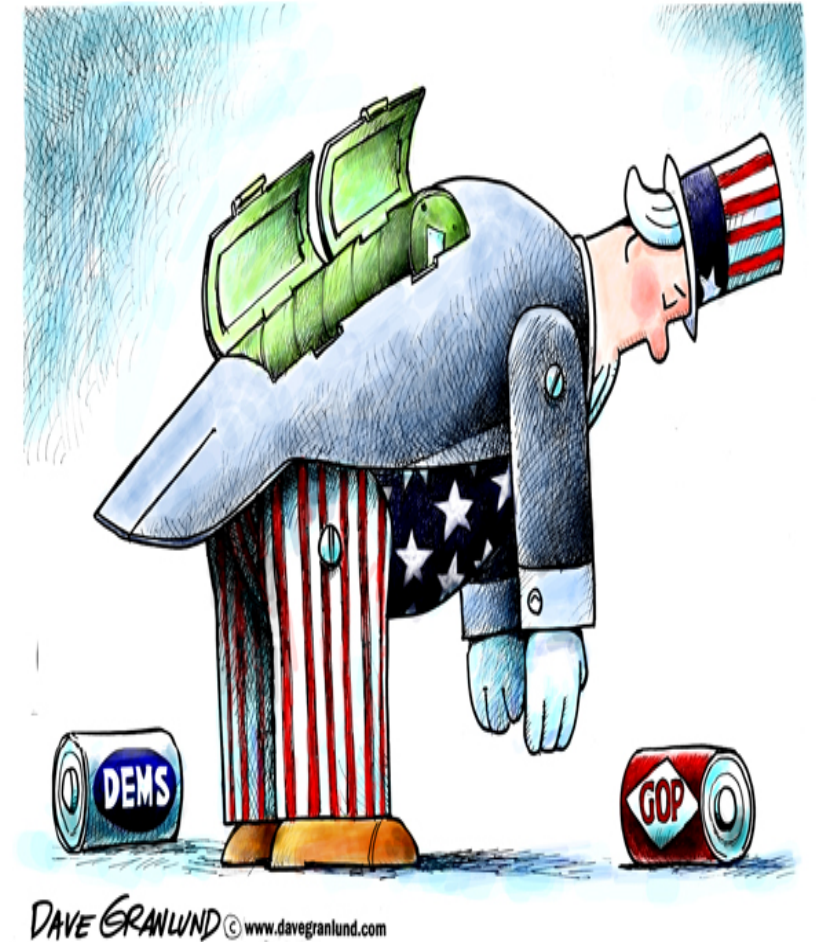
Will the Real Economy Please Stand Up?

Brakes and Imbalances

- Labor shortages impacting employers
- Local Housing Shortages
- Recent market volatility / rising long term rates
- Aggressive Fed, flattening yield curves
- Sharp growth in government deficits
- The Federal government shutdown
- Global trade / security worries

Political Dysfunction

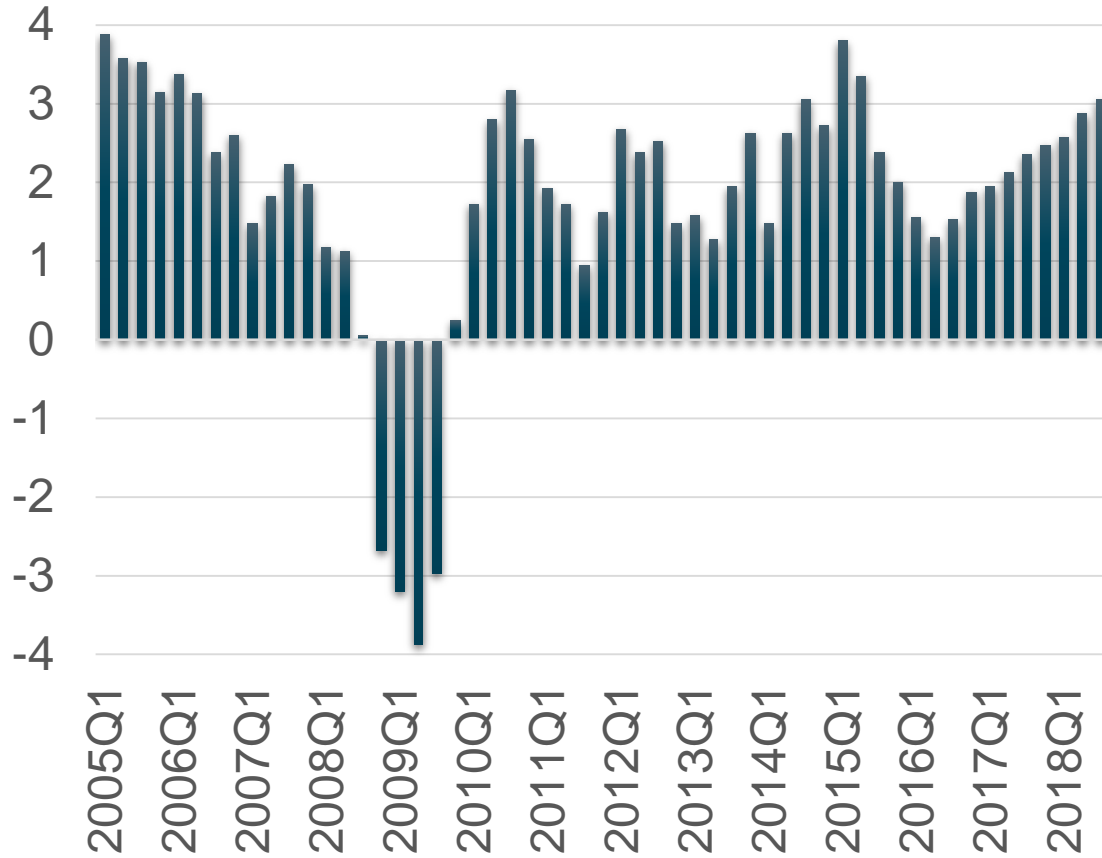
- Little effort to deal with underinvestment in infrastructure, rising wealth inequality, healthcare cost inflation, pension and entitlement issues, etc etc etc
- The great disconnect between economic realities and political discourse



GDP: Q3 3.5%, Q4 tracking 2.7%



Real GDP Growth (yoy)



	2016	2017	Q2	Q3
GDP	1.88	2.48	4.20	3.50
Final Demand				
Consumption	1.87	1.83	2.57	2.69
Goods	0.75	0.96	1.16	1.20
Services	1.11	0.87	1.42	1.49
Fixed investment	0.39	0.95	1.10	-0.04
Structures	0.07	0.08	0.43	-0.26
Equipment	-0.08	0.54	0.27	0.03
Intellectual prop	0.24	0.18	0.45	0.35
Residential	0.16	0.15	-0.05	-0.16
Change inventories	-0.20	-0.11	-1.17	2.07
Net exports	-0.34	-0.23	1.22	-1.78
Exports	0.09	0.56	1.12	-0.45
Imports	-0.43	-0.79	0.10	-1.34
Government	0.16	0.03	0.43	0.56
Federal	0.02	0.09	0.24	0.21
State and local	0.15	-0.06	0.20	0.35

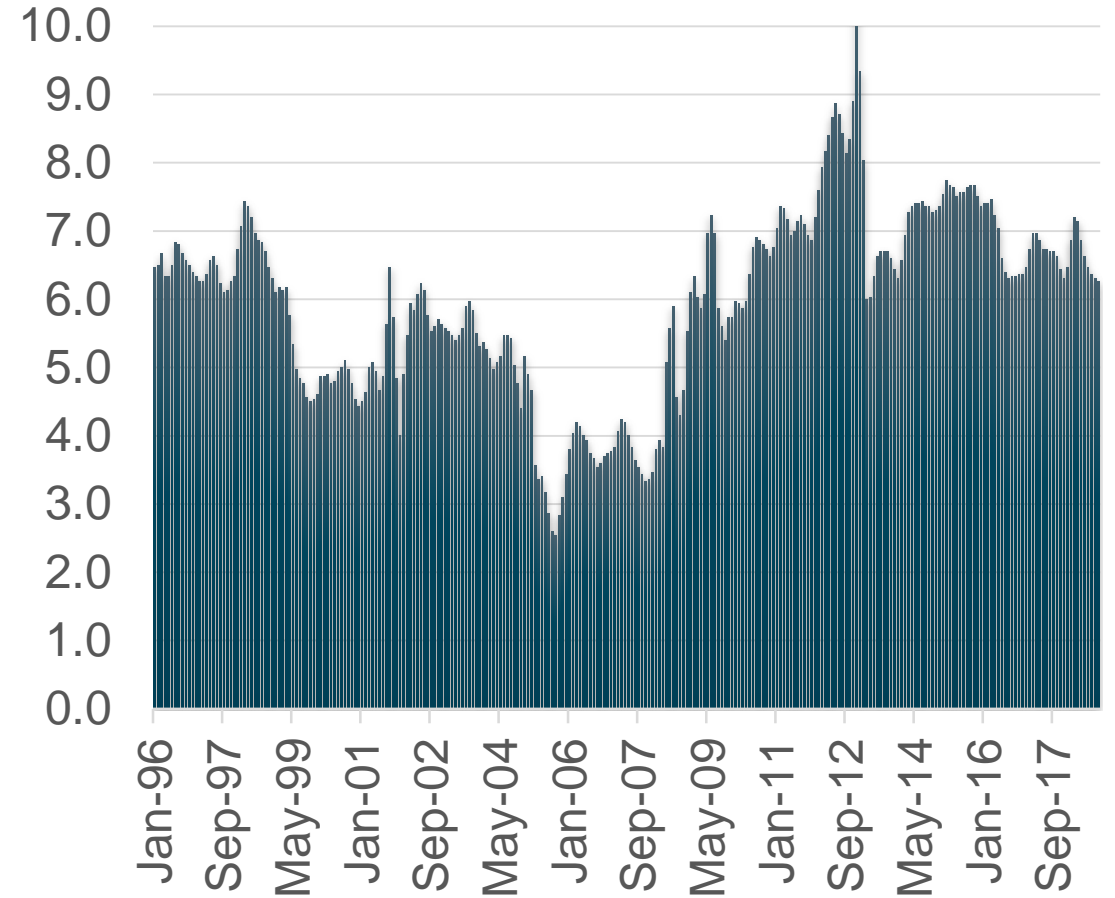
Consumer Spending



Real Consumer Spending Growth (Y-o-Y)



Personal Savings Rate



Autos?



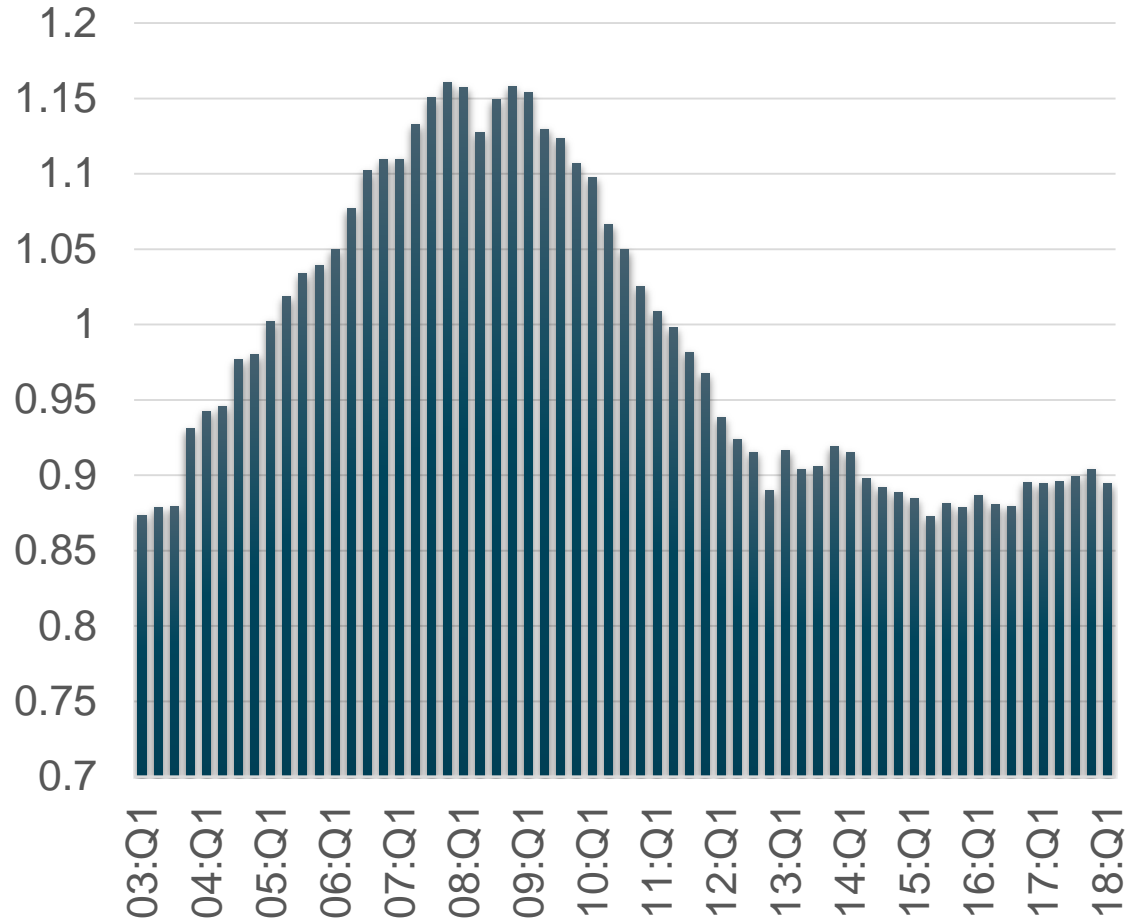
US Auto Light Truck Sales



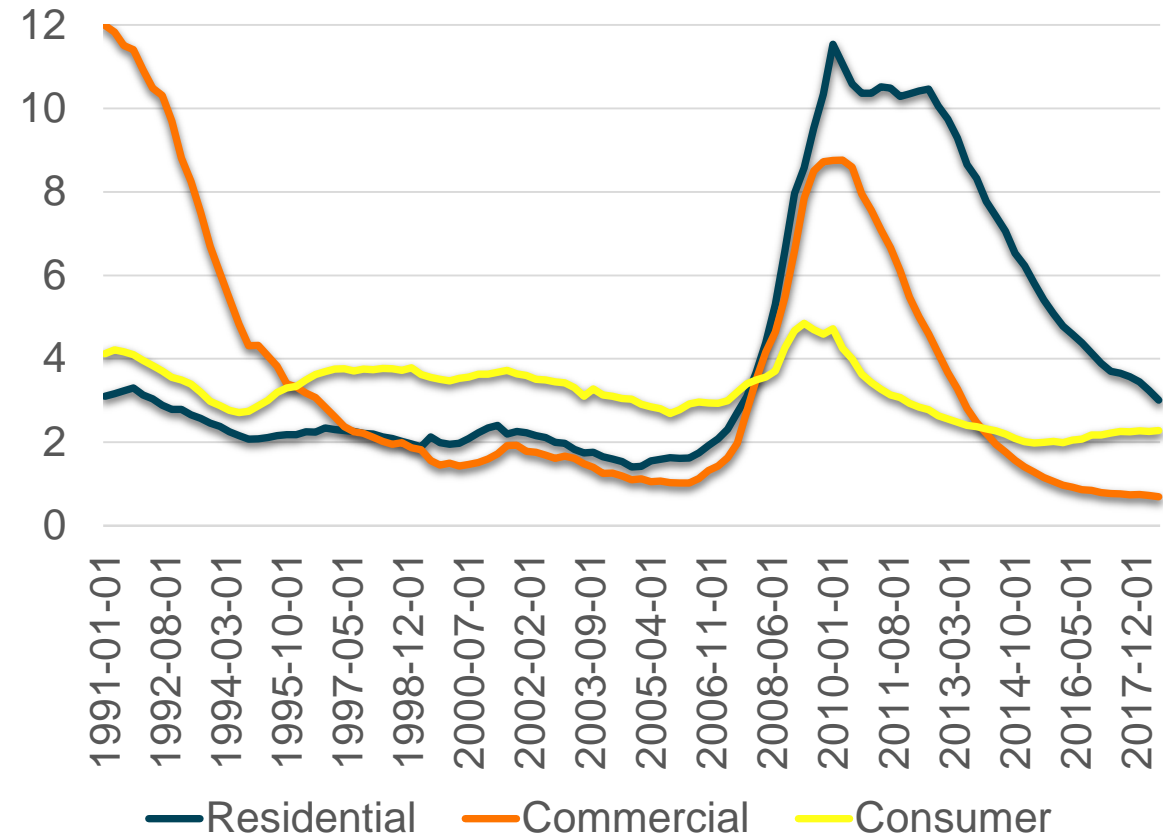
Consumer Debt Loads



Household Debt / DPI Ratio



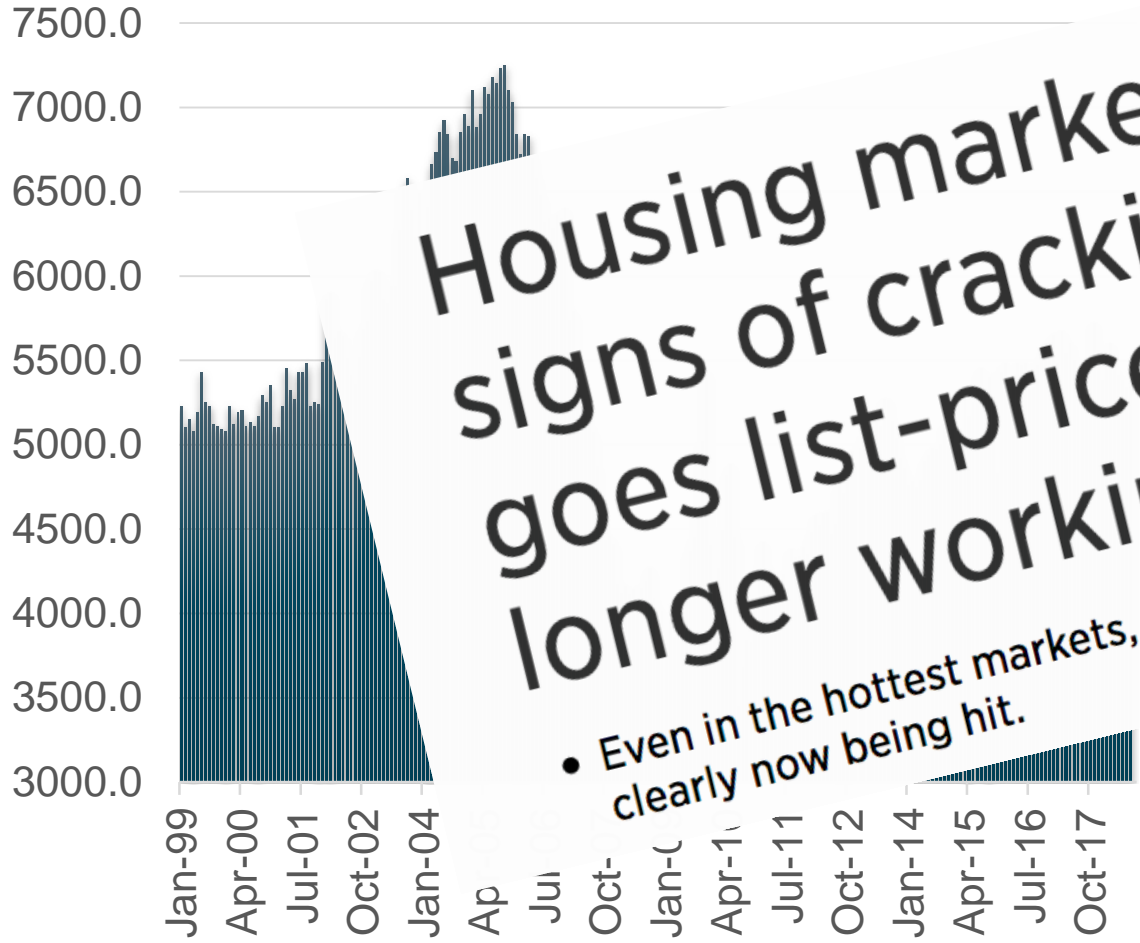
Loan Delinquencies: All Commercial Banks



Housing Markets: Slight Slowing



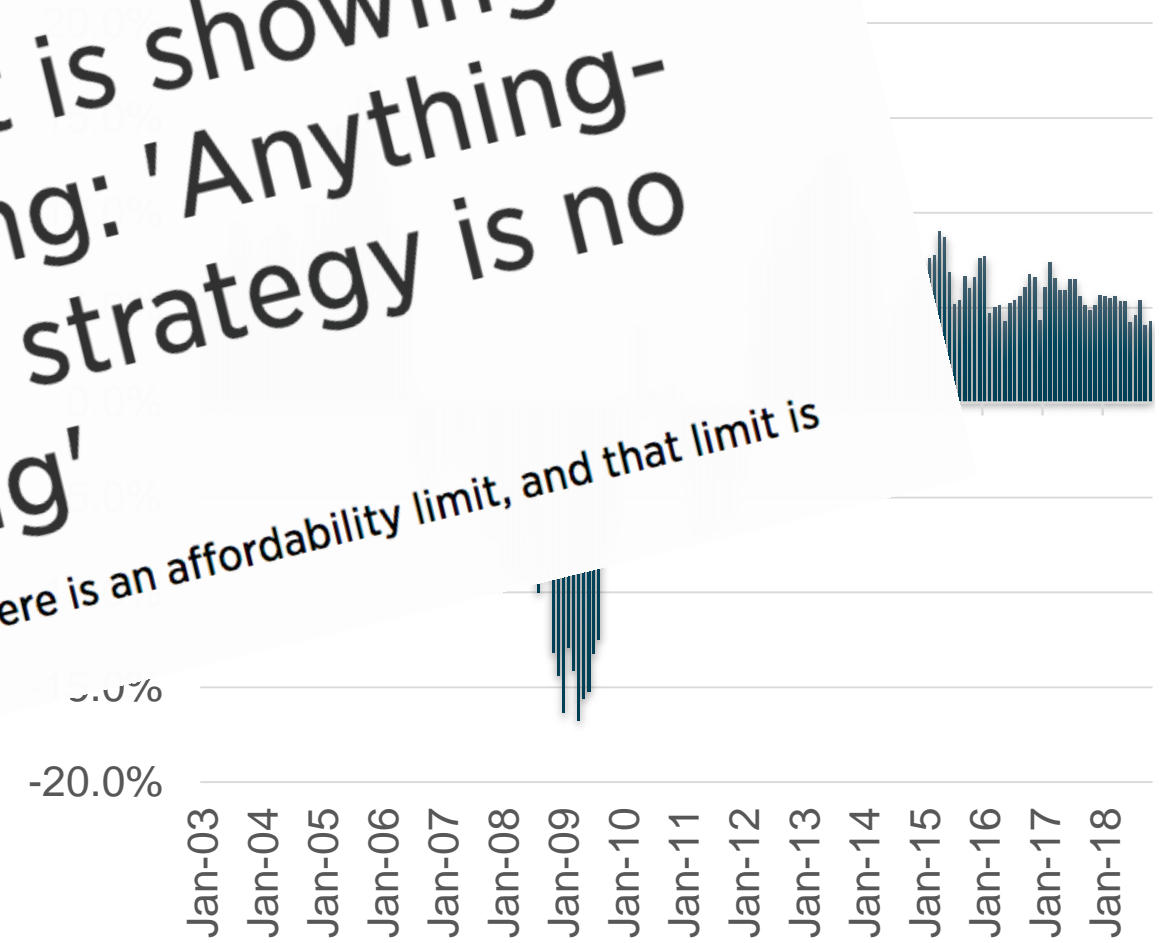
Home Sales



Housing market is showing signs of cracking: 'Anything-goes list-price strategy is no longer working'

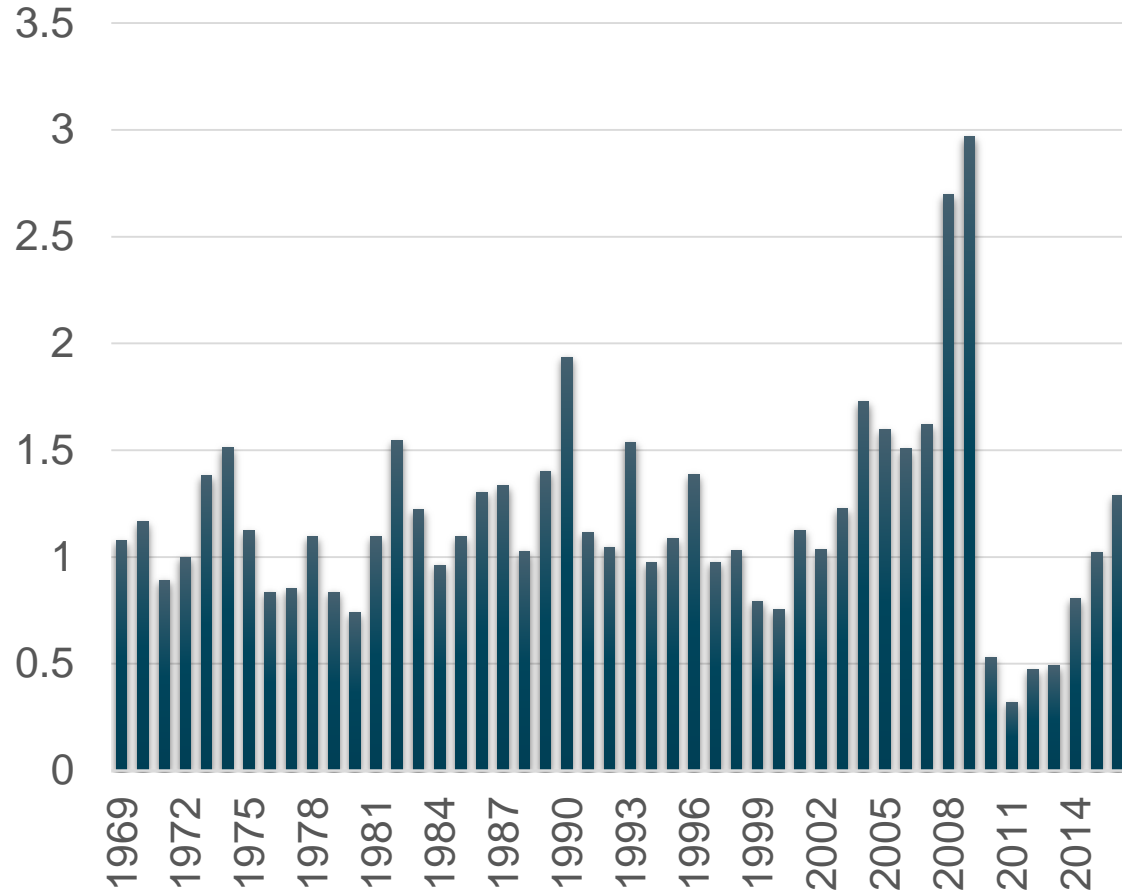
- Even in the hottest markets, there is an affordability limit, and that limit is clearly now being hit.

wth



Home Prices / Inventories

Housing Starts per New Household



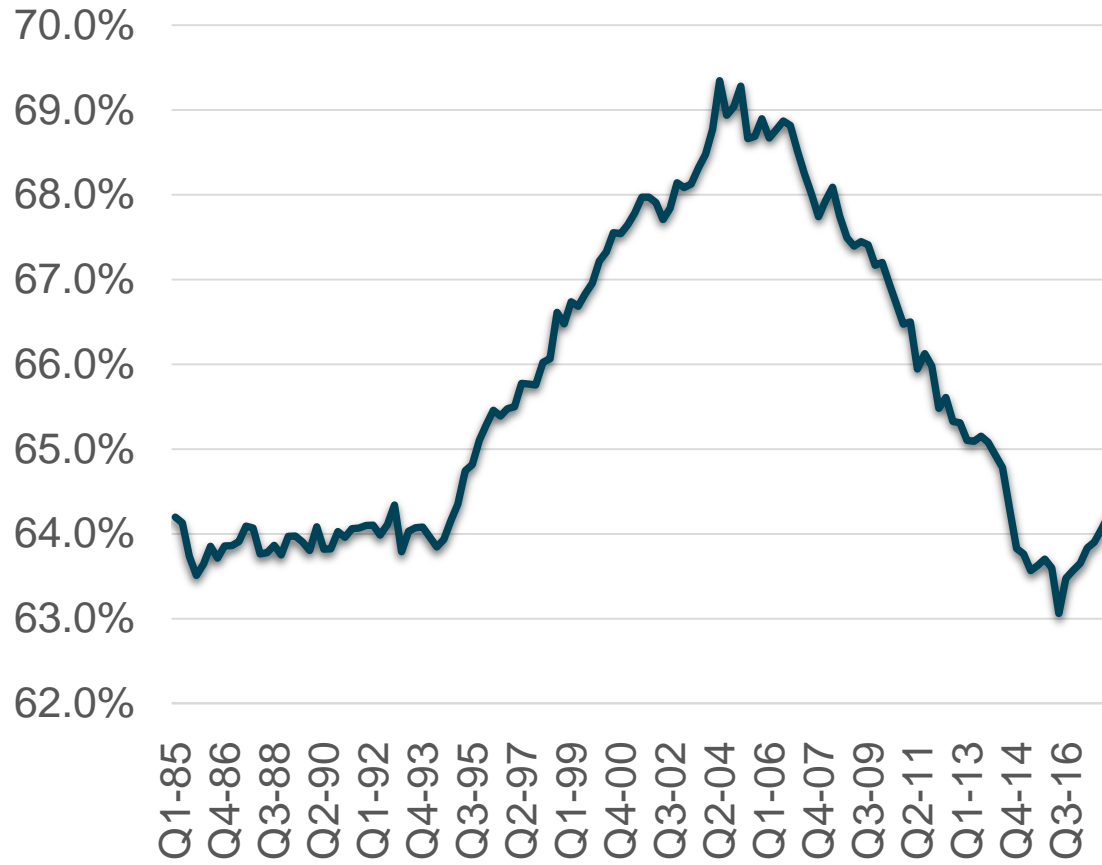
Months Supply of Homes



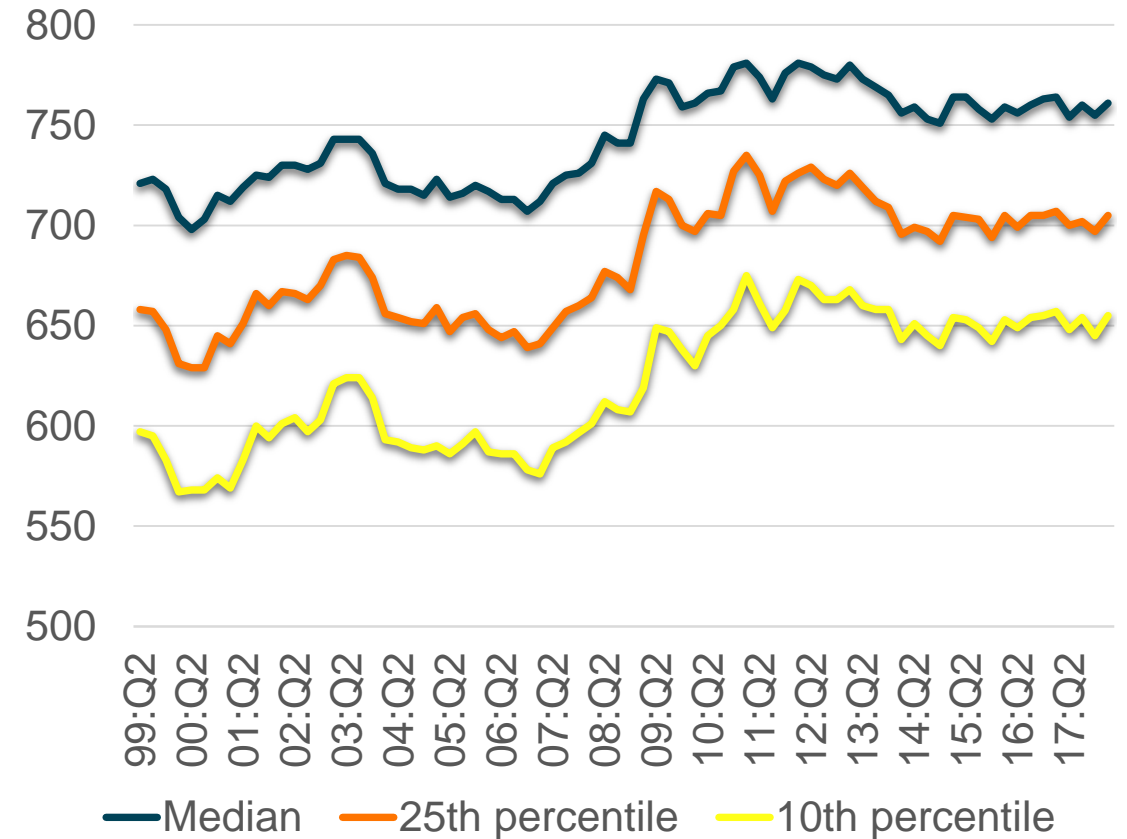
Ownership and Credit Availability



Ownership Rates



Mortgage Origination by Credit Score



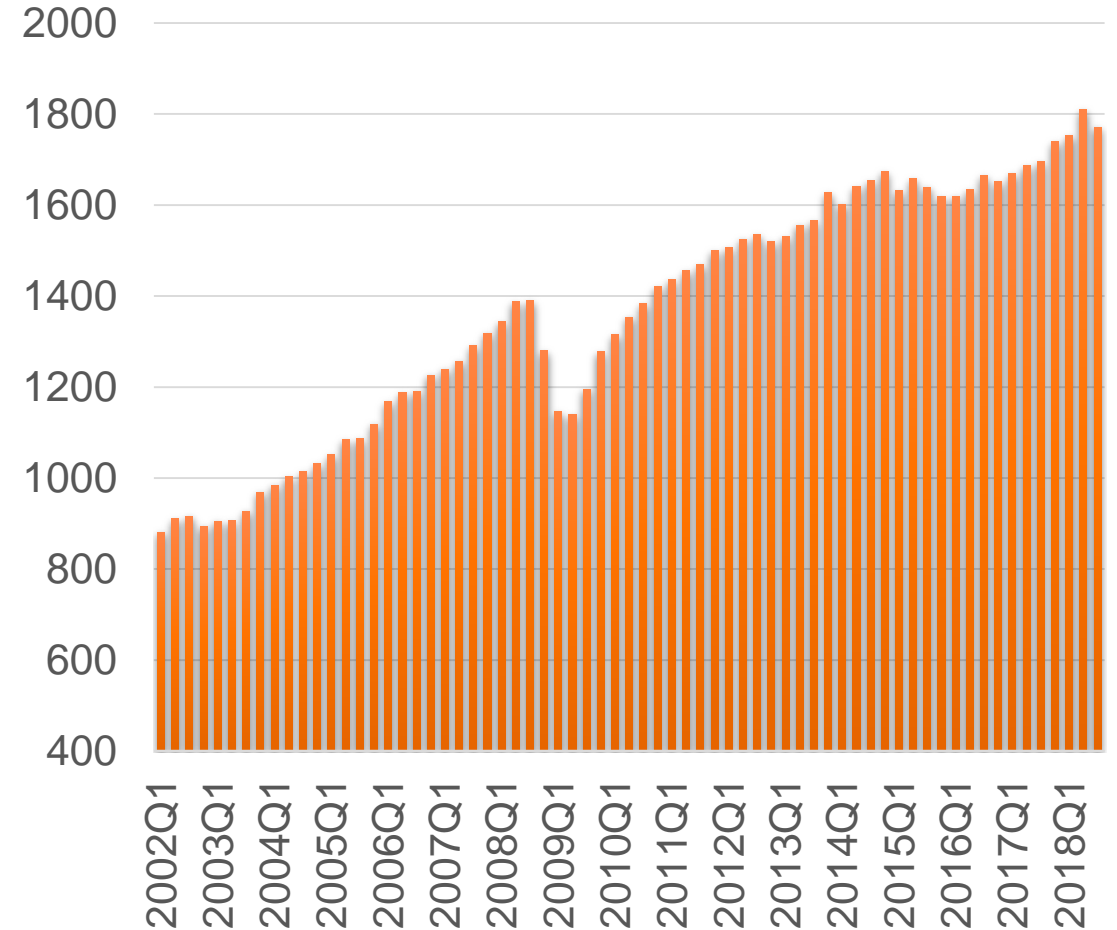
Industrial Production



Industrial Production YoY Growth



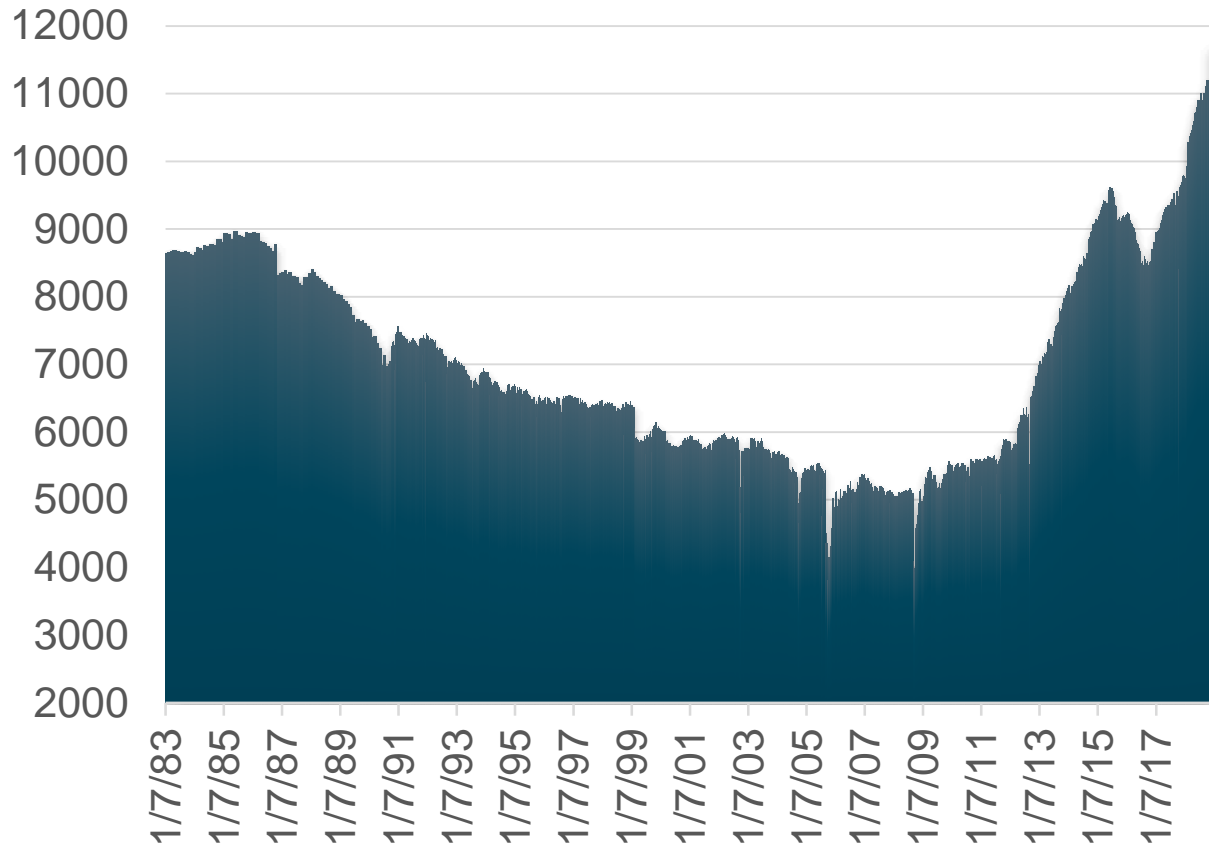
Exports of goods, Real



Oil Production / Prices



US Crude Oil Production (TB/D)



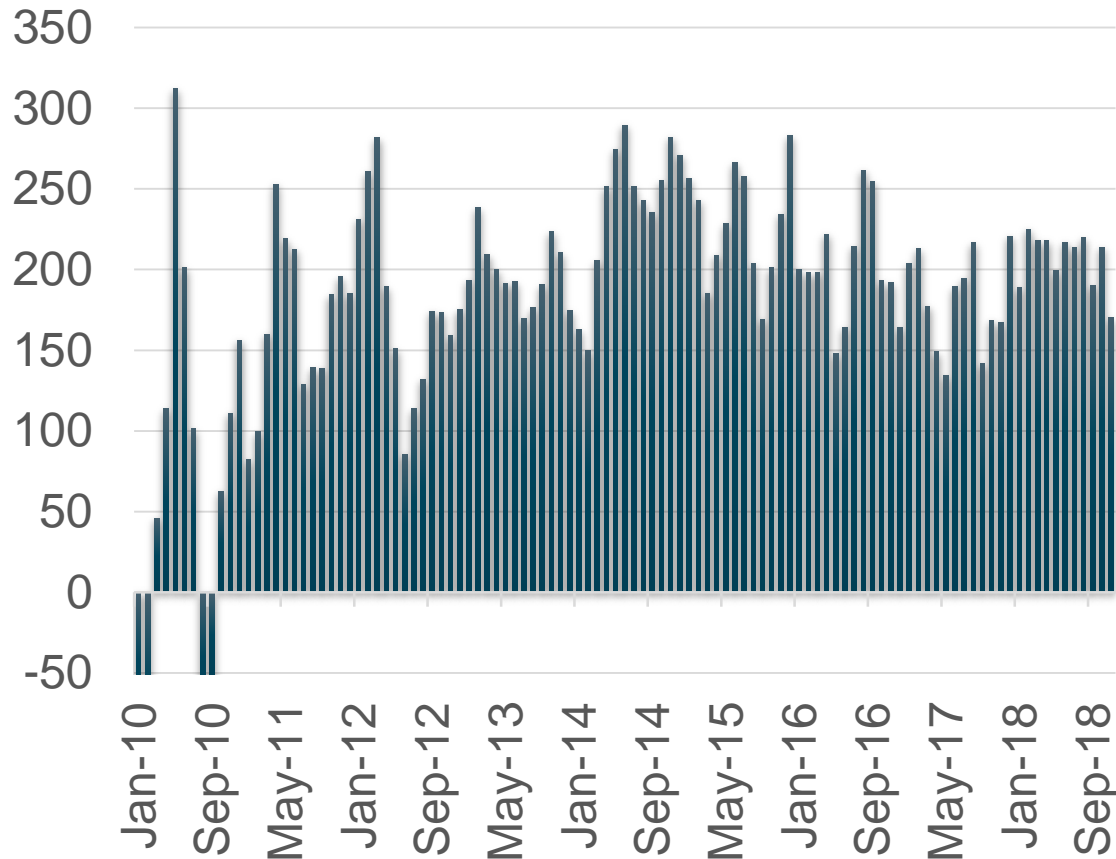
WTI Oil Prices (\$/B)



Labor Markets



Change Non Farm Payrolls (Smoothed)



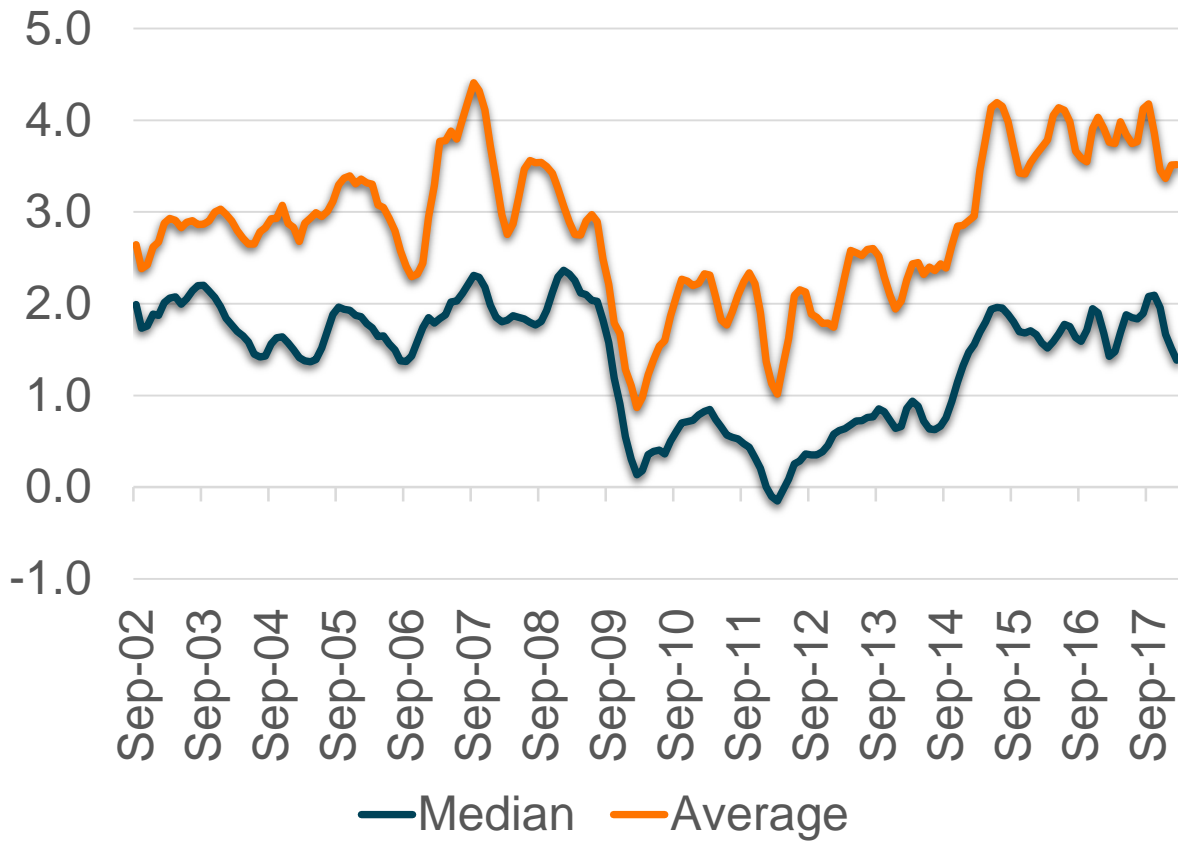
Unemployment and Job Openings



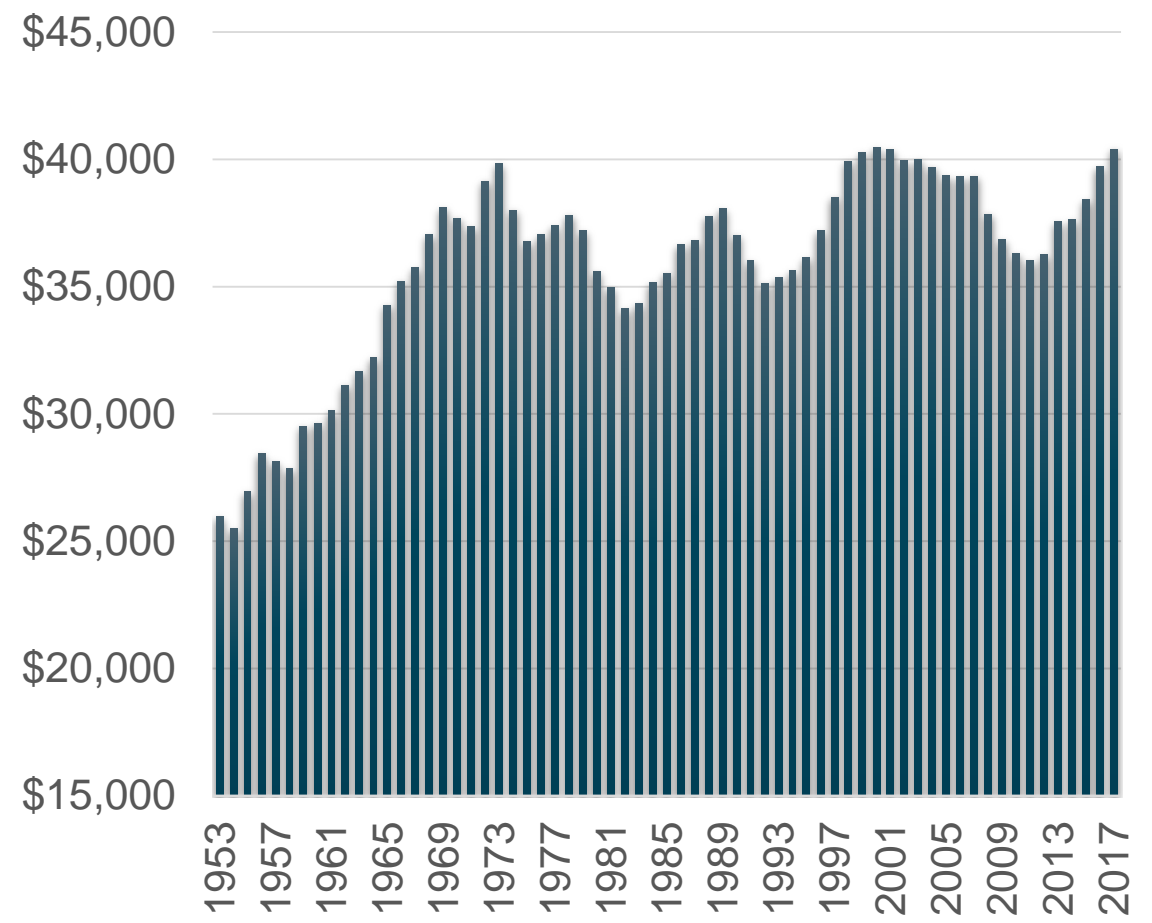
Consequences



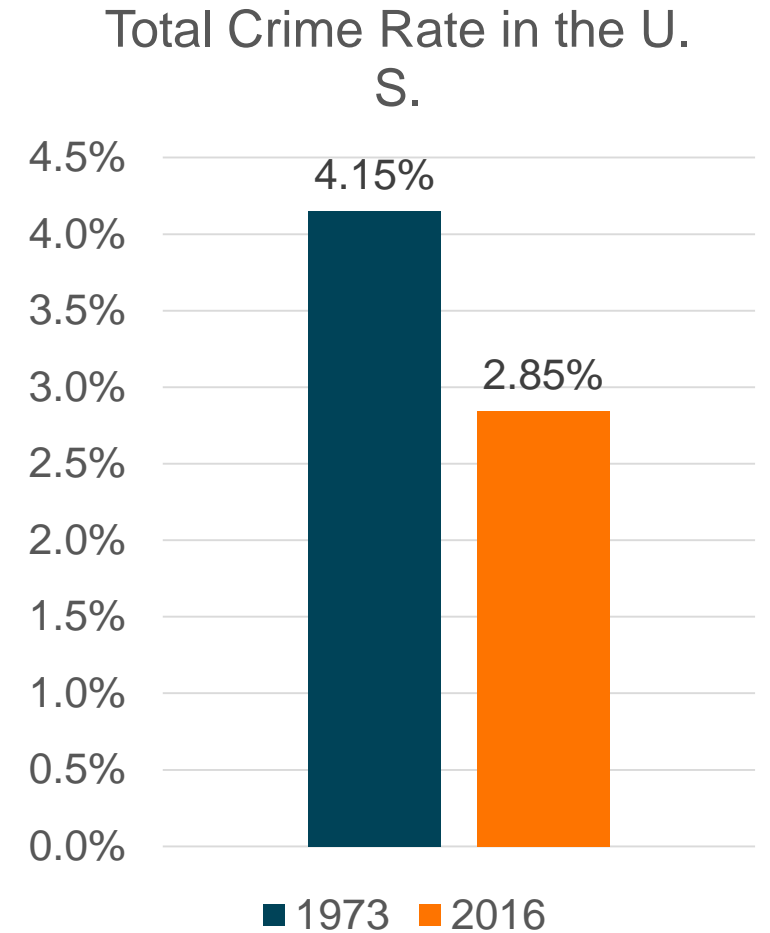
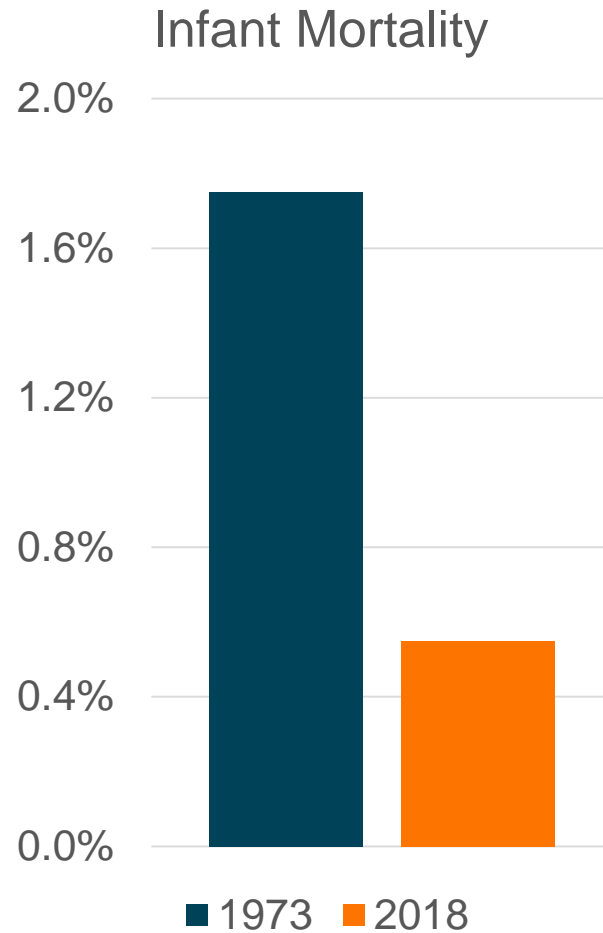
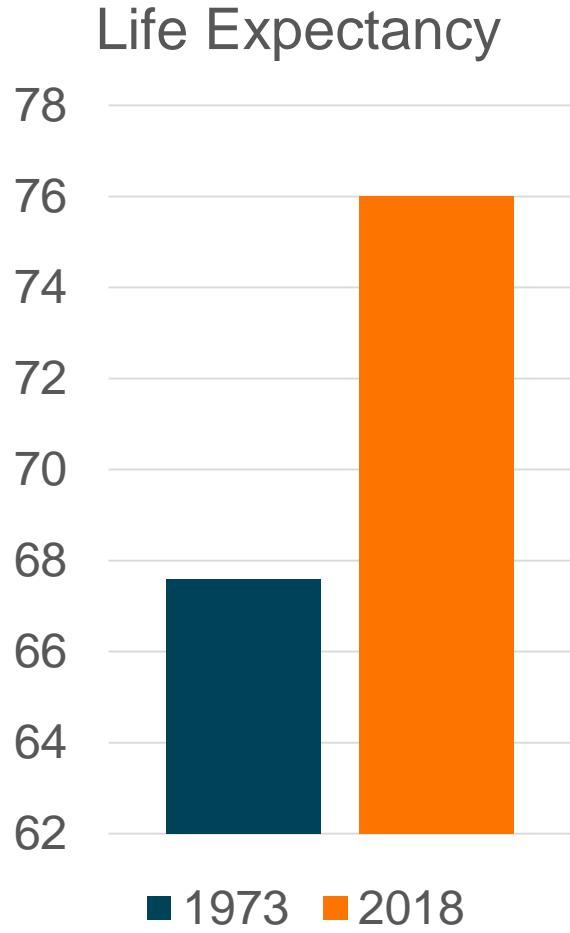
Real Wage Gains for Continuously Employed FT Workers



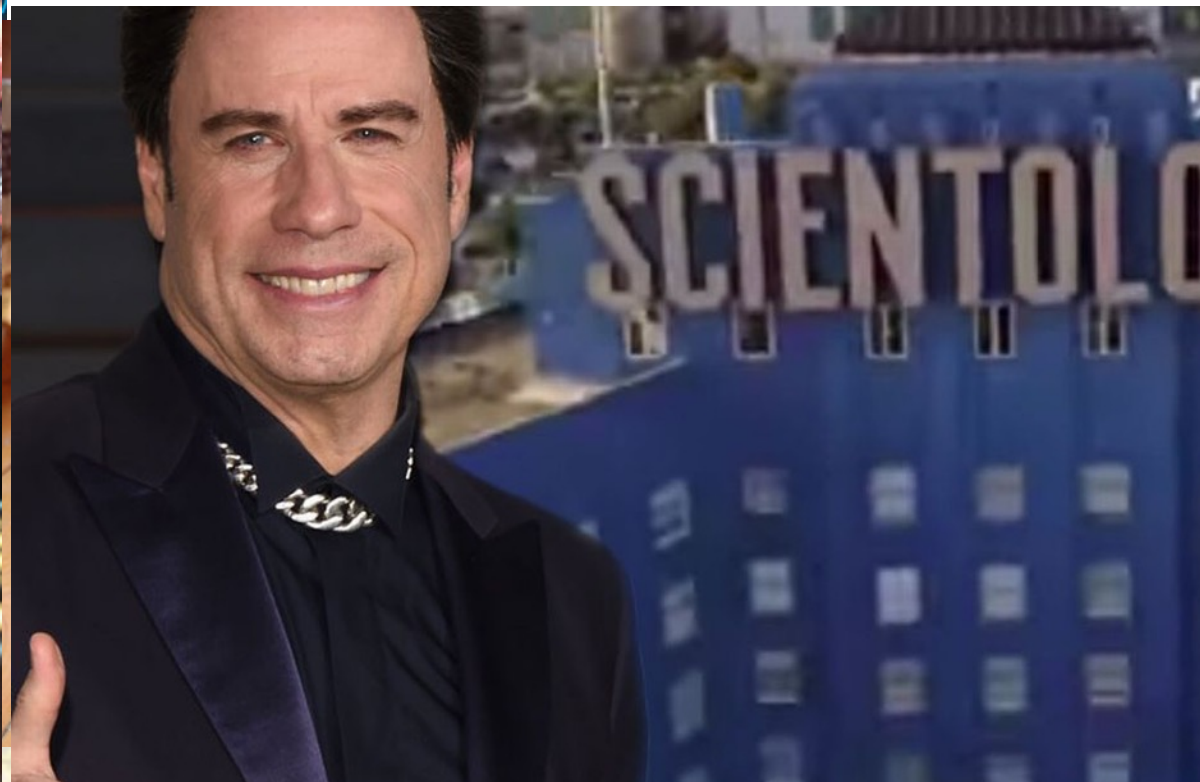
Real Median Income- Males



Quality of Life



Quality of Life



The Real Inequality



Real Average Net Worth by Bracket

	1989	2001	2016
< 25	\$(1)	\$0	\$(12)
	0%	0%	0%
25–49.9	\$43	\$60	\$45
	3%	3%	2%
50–74.9	\$166	\$227	\$204
	12%	11%	7%
75–89.9	\$422	\$612	\$659
	18%	17%	14%
90–100	\$2,317	\$3,748	\$5,336
	67%	70%	77%
Top 1%	\$10,407	\$17,772	\$26,645
	30%	33%	39%

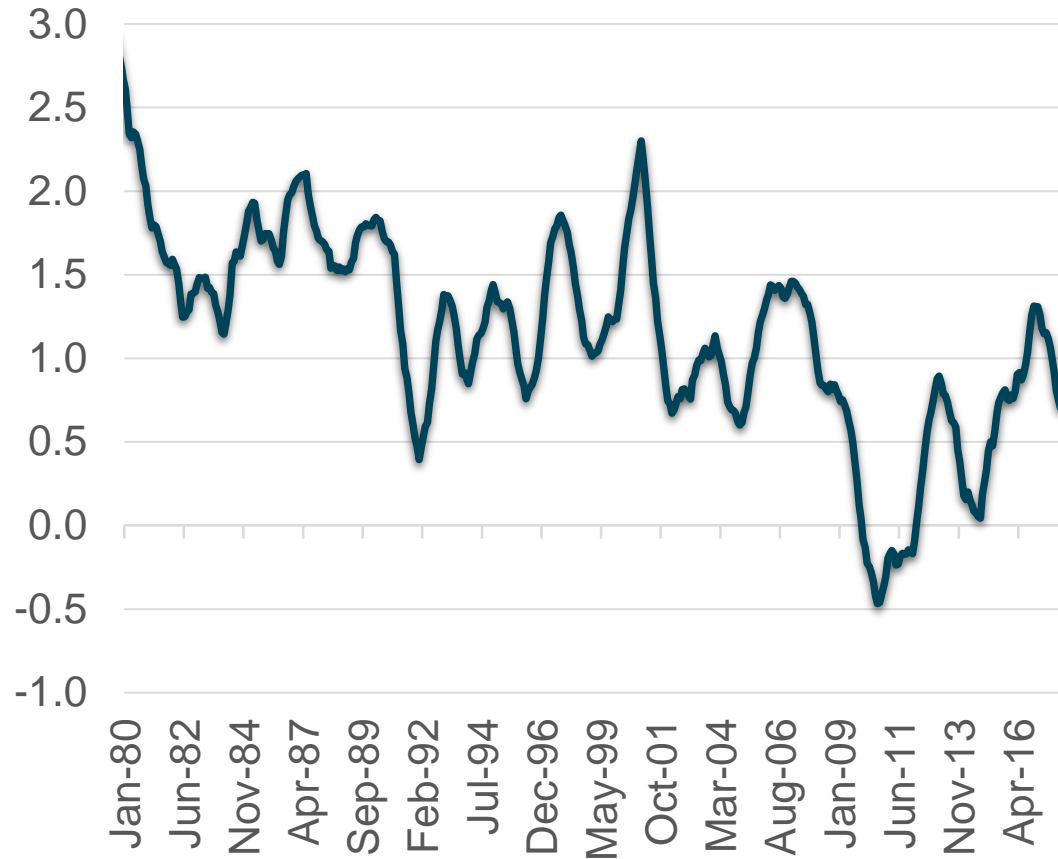
Real Average Net Worth by Age

Family characteristic	1989		2016	
	Median	Mean	Median	Mean
All families	87.5	346.9	97.3	692.0
Age of head				
Less than 35	14.6	87.4	11.0	76.1
35–44	105.3	275.4	59.8	288.6
45–54	184.2	515.7	124.2	727.5
55–64	182.6	574.3	187.3	1167.4
65–74	143.1	522.0	223.4	1066.0
75 or more	135.2	450.7	264.8	1066.9

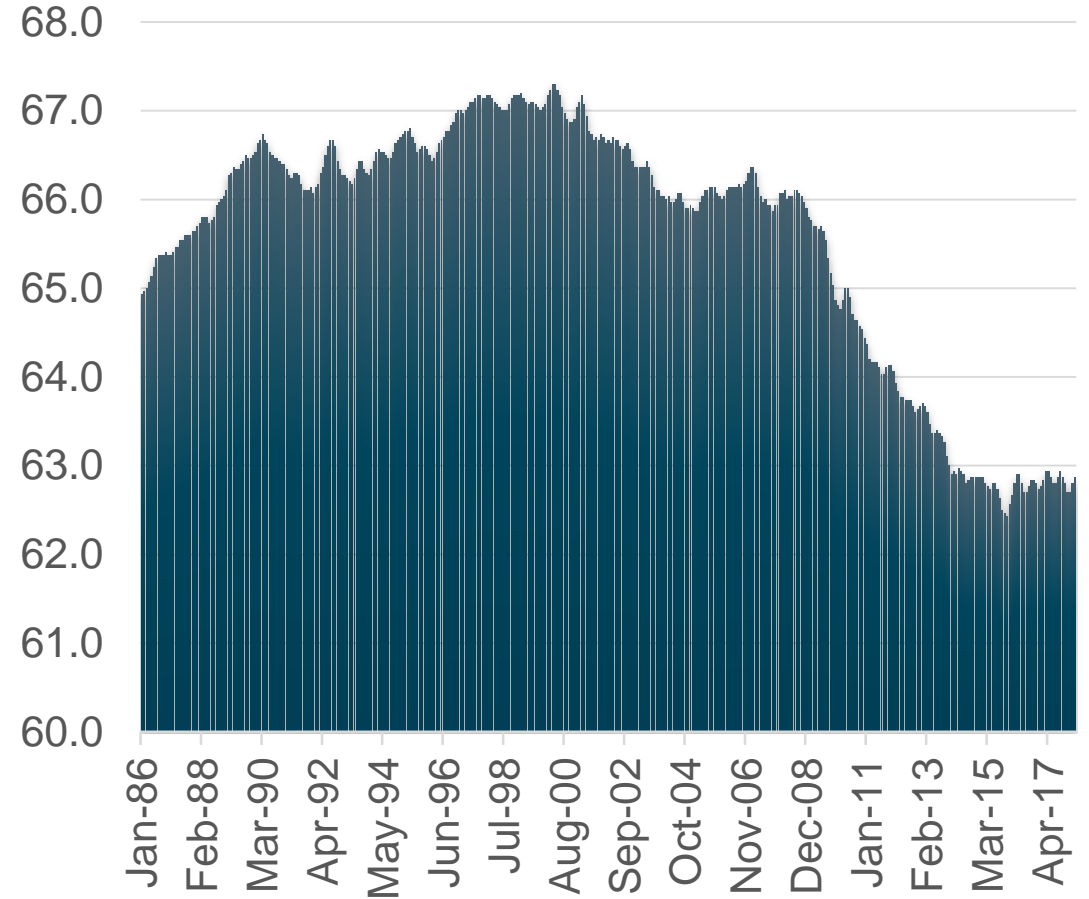
Workforce Growth



US Labor Force Growth (Smoothed)



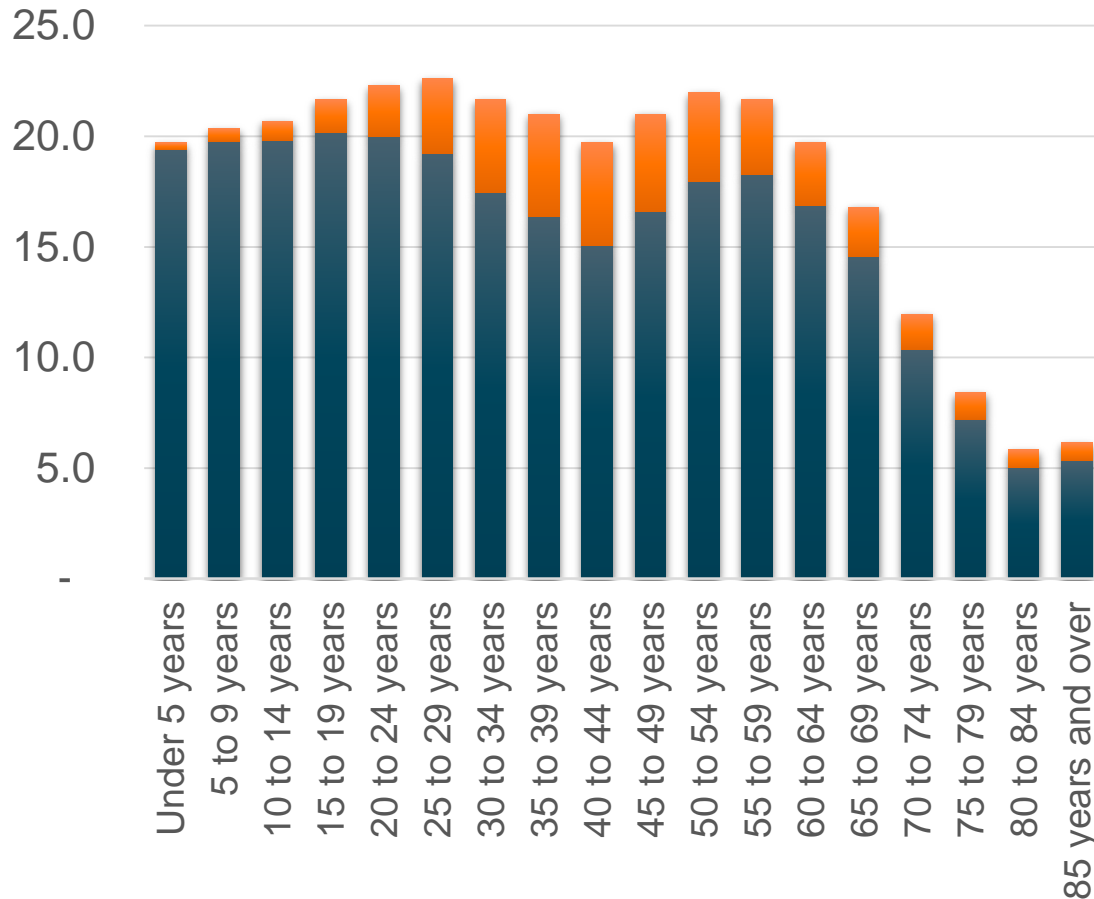
US Participation Rate



Looking Ahead



2016 Population by Age (Millions)



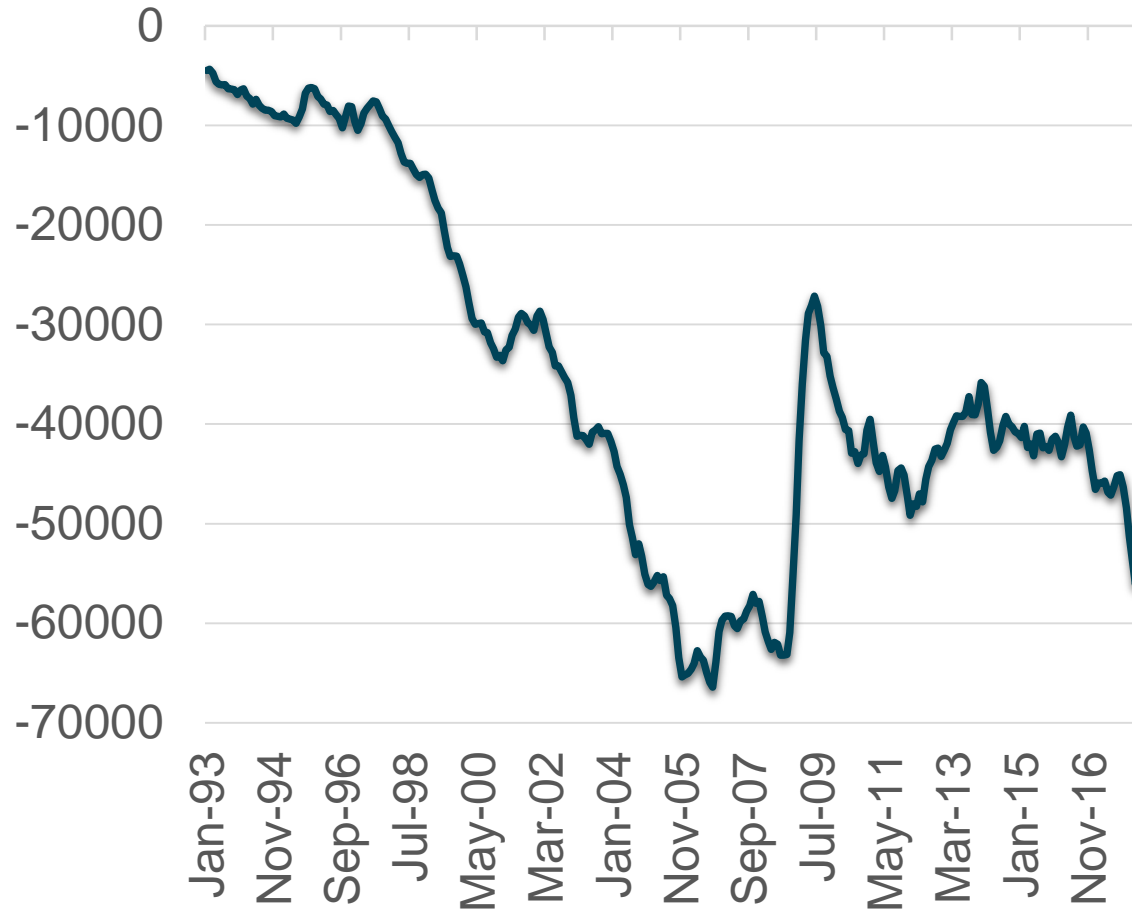
US Population Forecast

	0-24	25-64	65+
Current	104.5	169.4	49.2
2016-26	0.9	4.7	17.8
2026-36	2.0	6.2	11.9
2036-46	2.3	9.4	4.8
Total	5.3	20.3	34.5

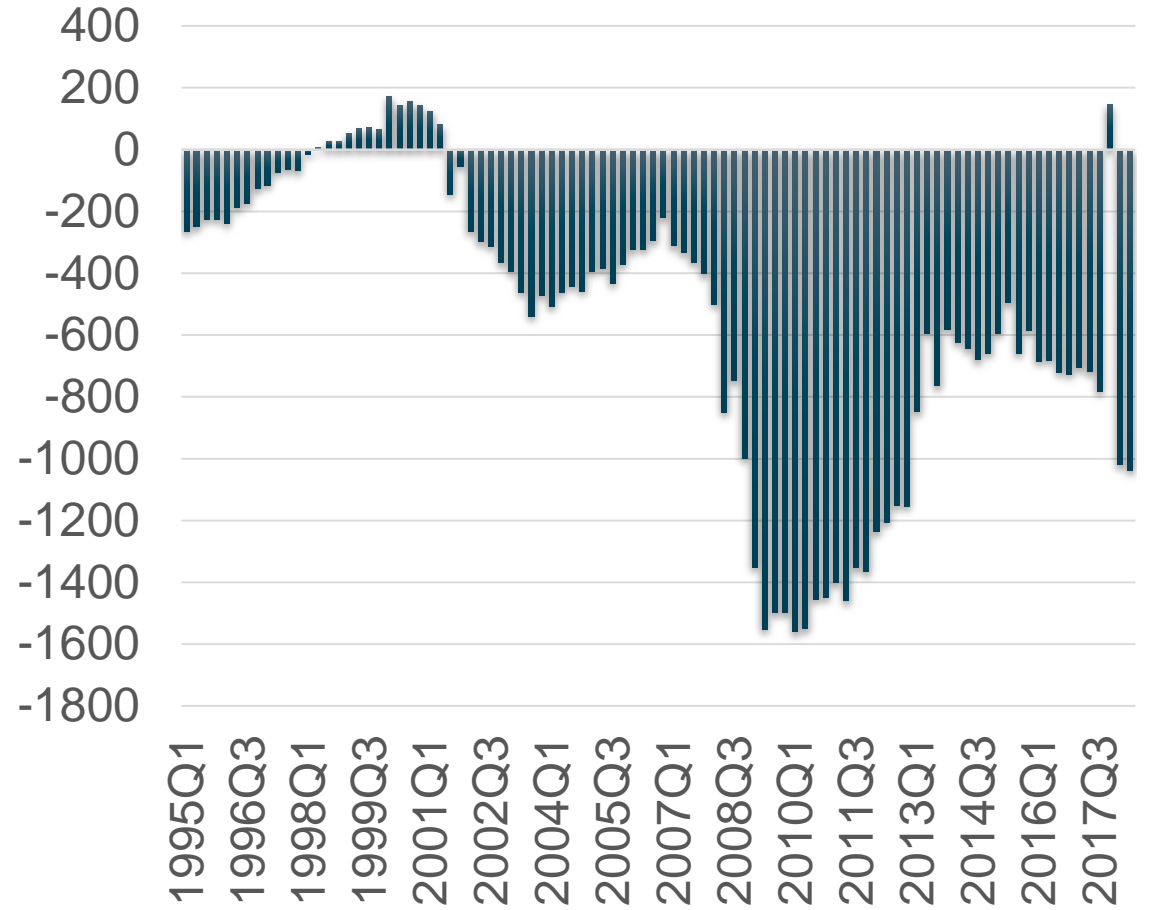
Twin Deficits



Trade Deficit



Net Surplus Federal Go





Trump Just Ripped Up Nafta. Here's What's in the New Deal.

BUSINESS

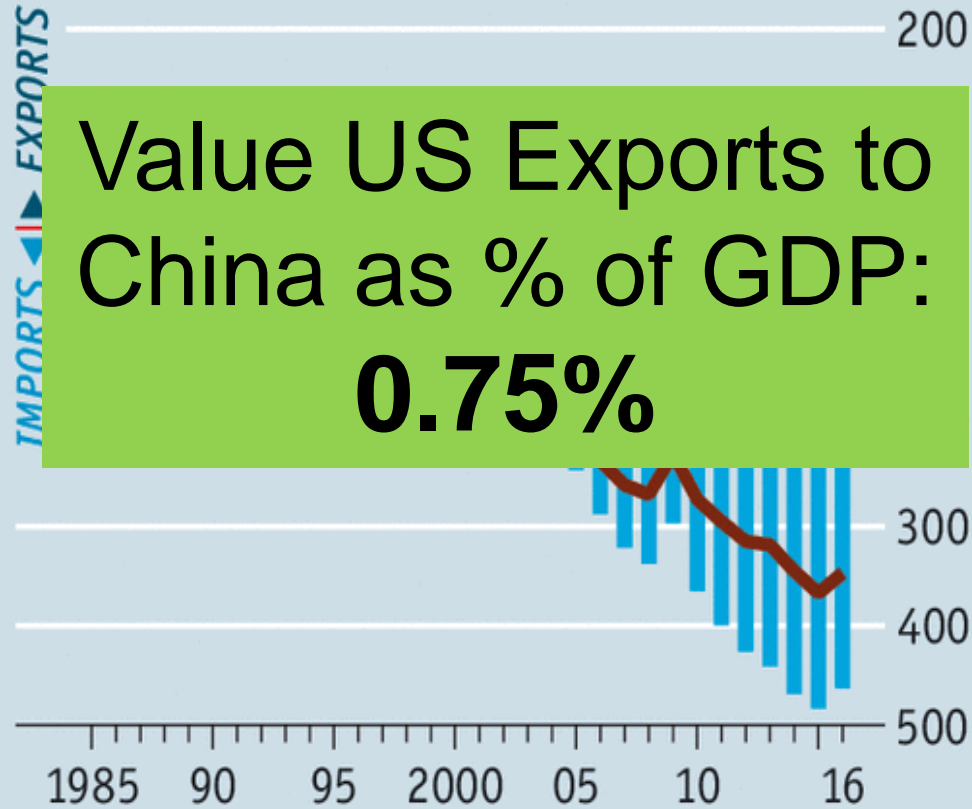
U
t

Changes for automakers, dairy farmers, labor unions and large corporations headline the renegotiated U.S.M.C.A., which is poised to replace Nafta.

The China Syndrome



United States goods trade with China, \$bn



Country	Exports		Imports	
Total,	829.8		1233.9	
China	64.0	7.7%	249.7	20.2%
Canada	151.0	18.2%	180.0	13.0%
Mexico	100.0	12.1%	120.0	13.7%
Japan	100.0	12.1%	50.0	5.7%
Germany	100.0	12.1%	50.0	5.0%
United Kingdom	100.0	12.1%	40.0	2.4%
Korea	100.0	12.1%	30.0	2.9%
France	18.1	2.2%	25.7	2.1%
India	15.5	1.9%	26.8	2.2%
Italy	11.9	1.4%	26.8	2.2%
Taiwan	13.6	1.6%	21.6	1.8%
Netherlands	24.2	2.9%	10.7	0.9%

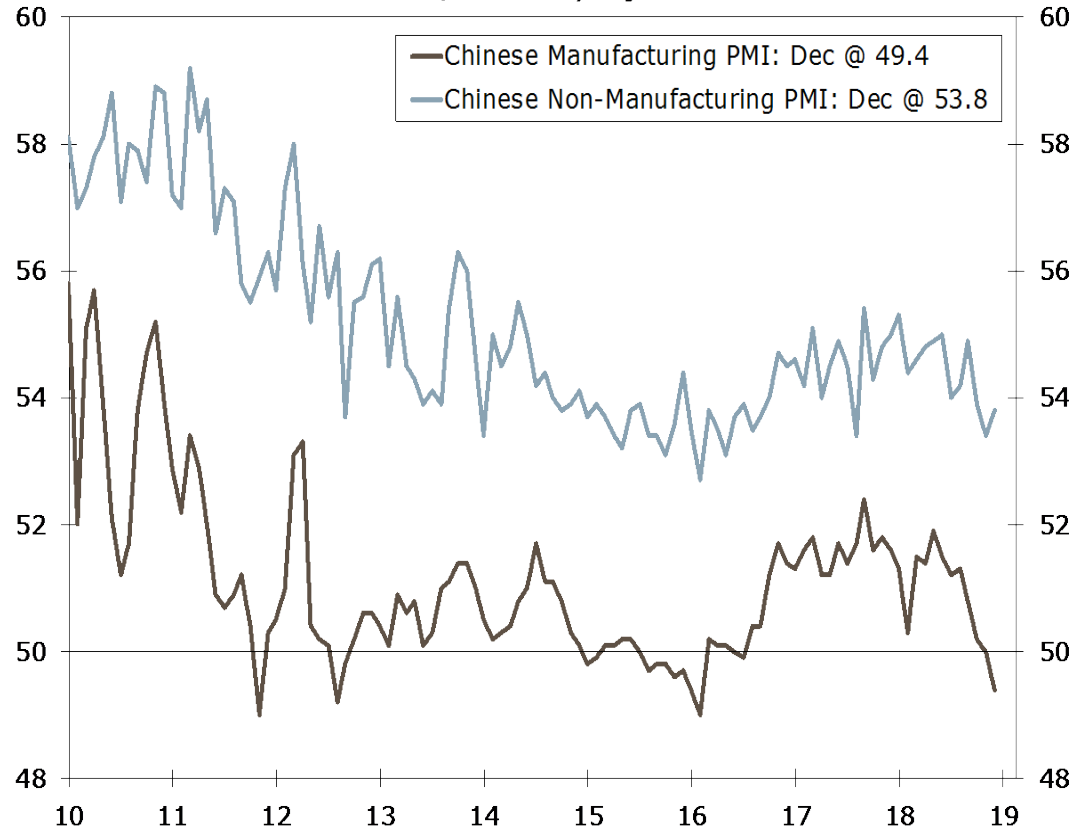
Value China Exports to US as % of GDP: **4.0%**

The Yuan response



China Purchasing Managers' Indices

Index, Seasonally Adjusted



Yuan / Dollar Exchange Rate



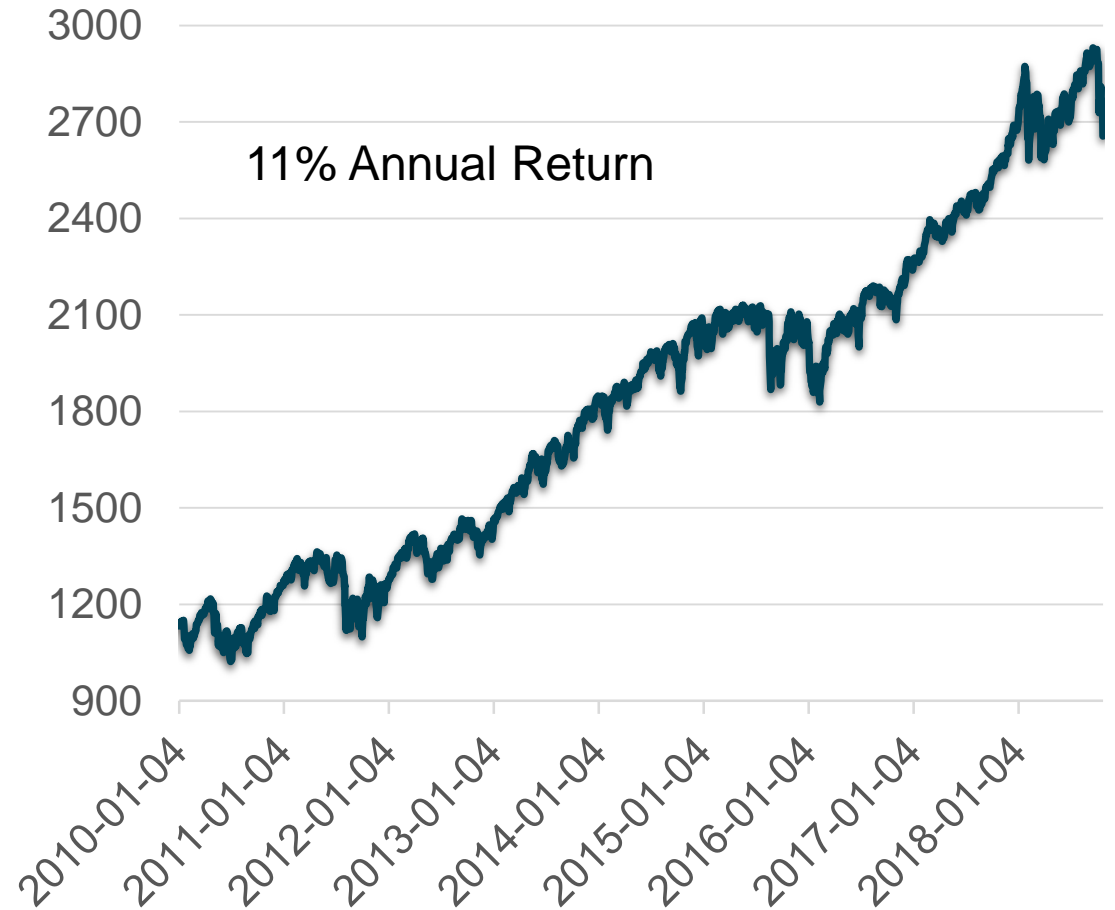
The Markets



S&P 500



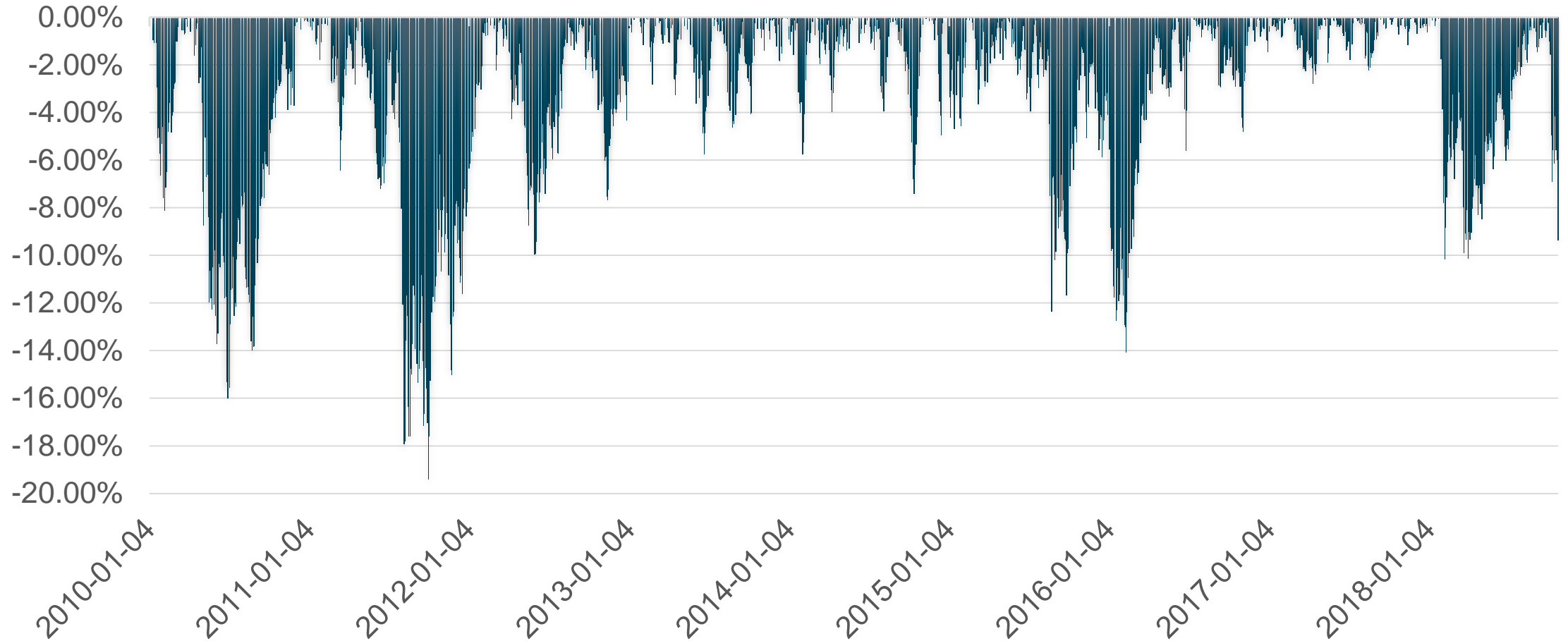
S&P 500



The Markets



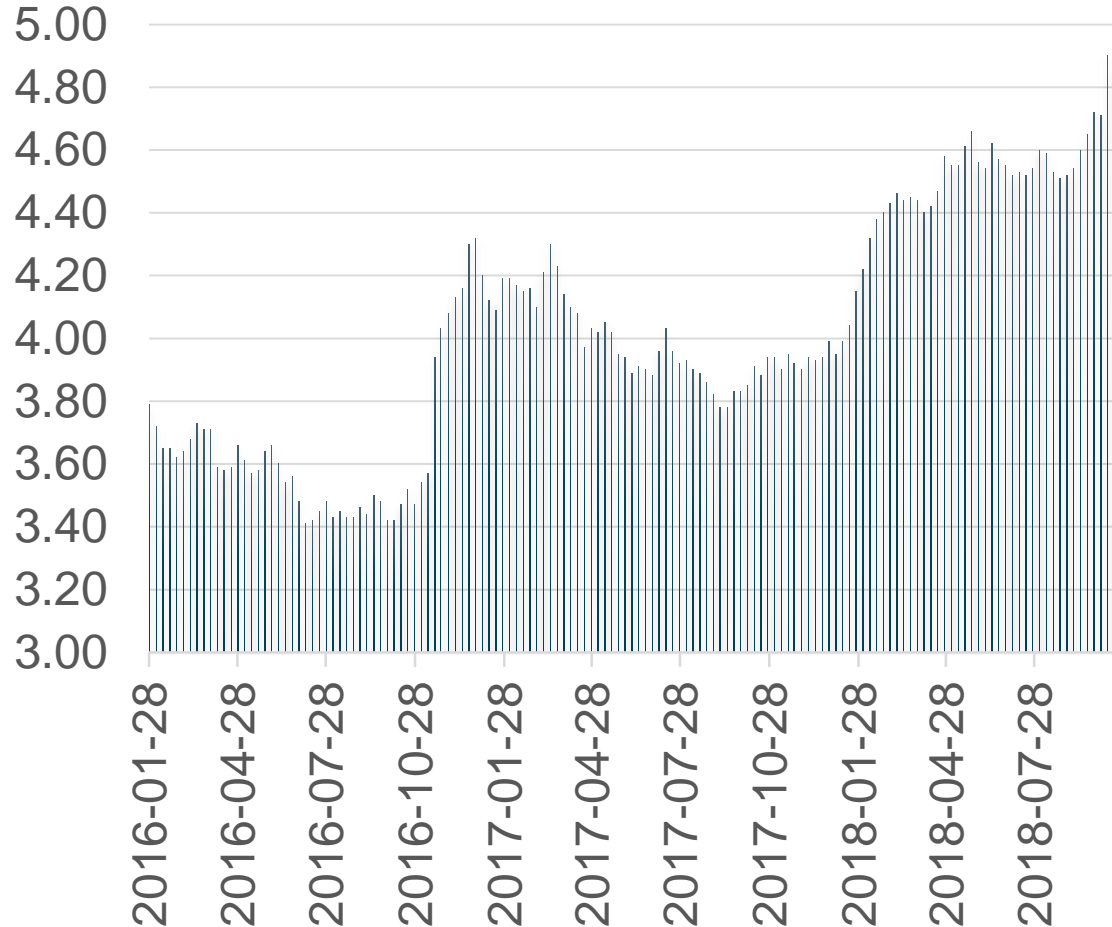
Market Selloffs Current Expansion



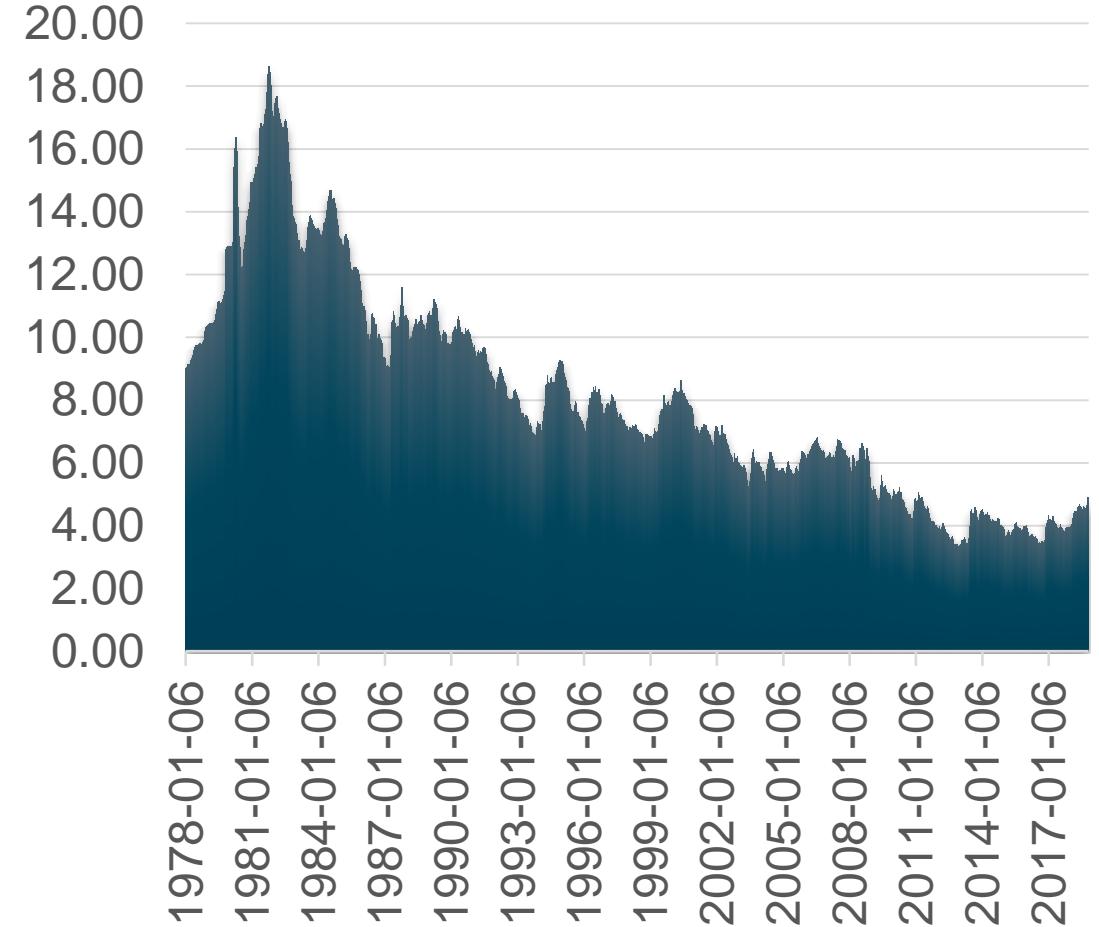
A Rising Rate Trigger?



Mortgage Rates (30 Year Fixed)



Mortgage Rates (30 Year Fixed)



Inflation?



Core Inflation



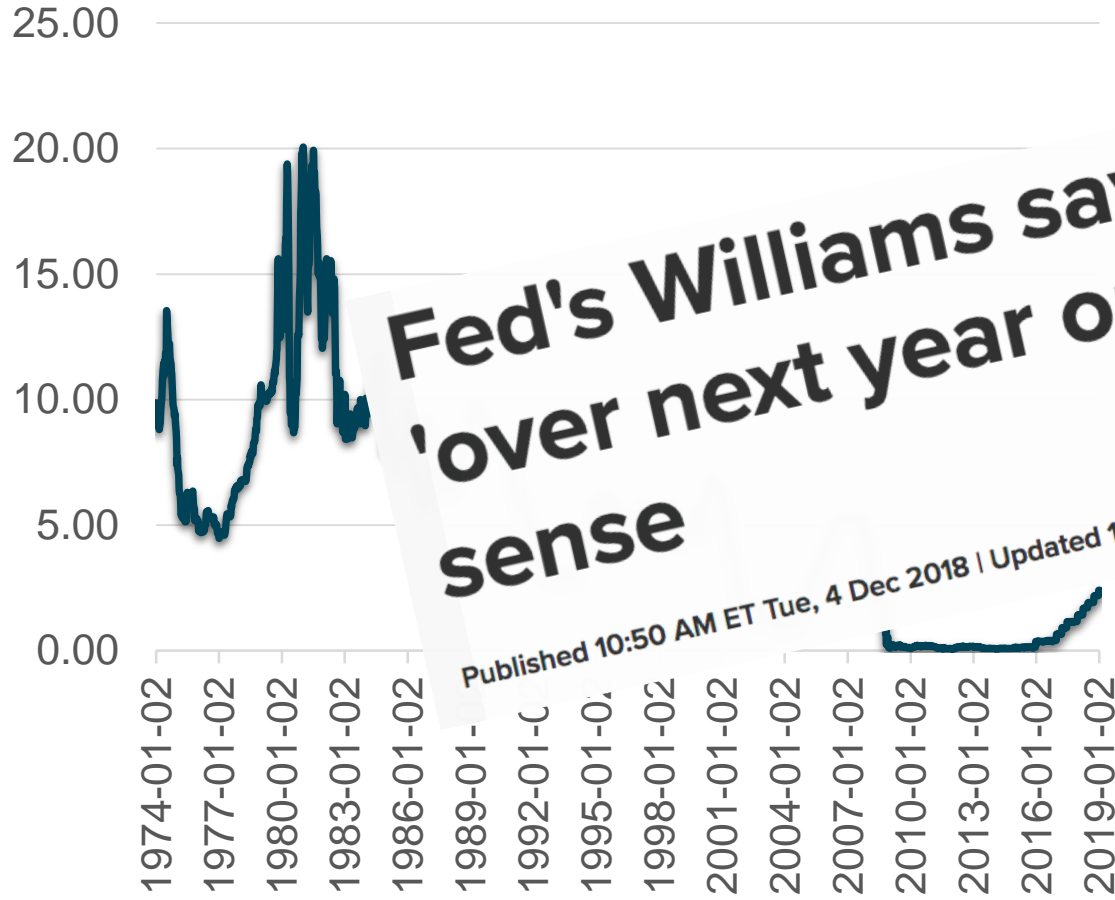
M2 Growth (Y-o-Y)



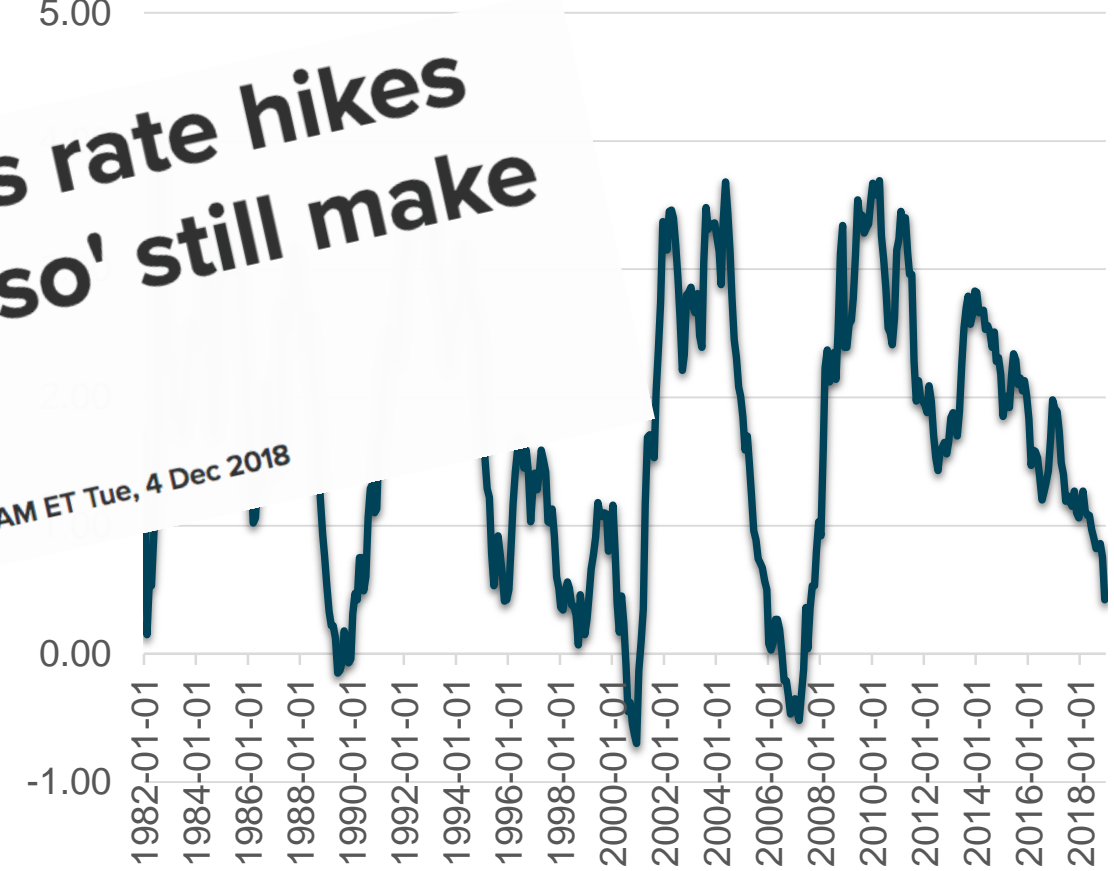
Federal Reserve Policy: Normalization?



Federal Funds Rate



10 Year 3 Month Spread

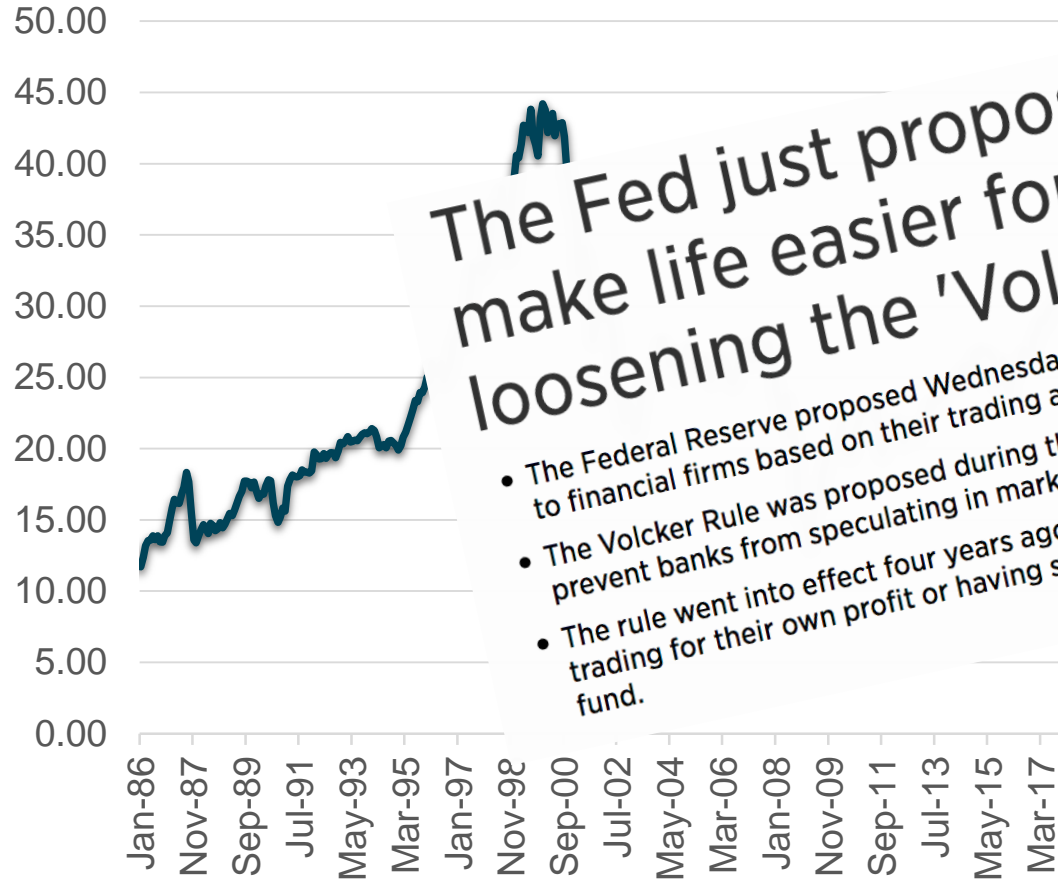


Fed's Williams says rate hikes 'over next year or so' still make sense

Another Bubble?



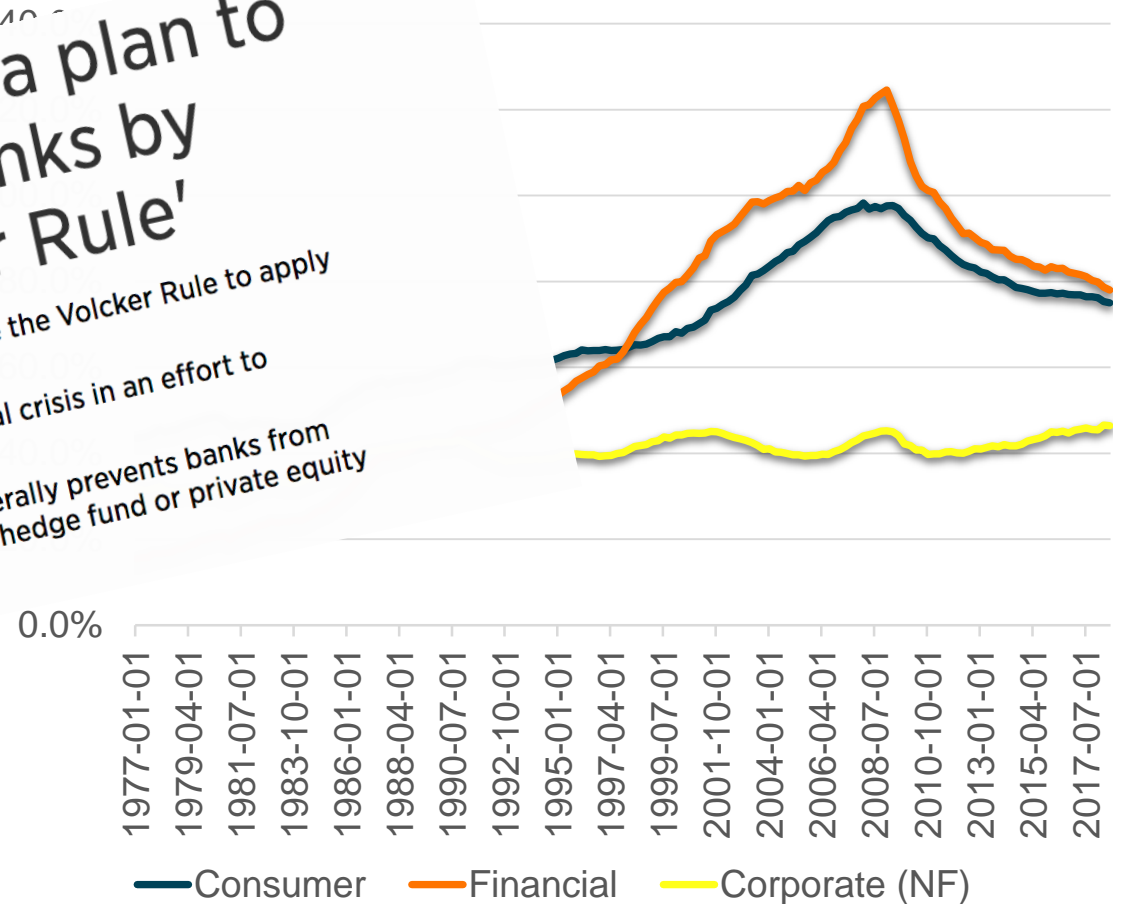
Shiller P/E Ratio



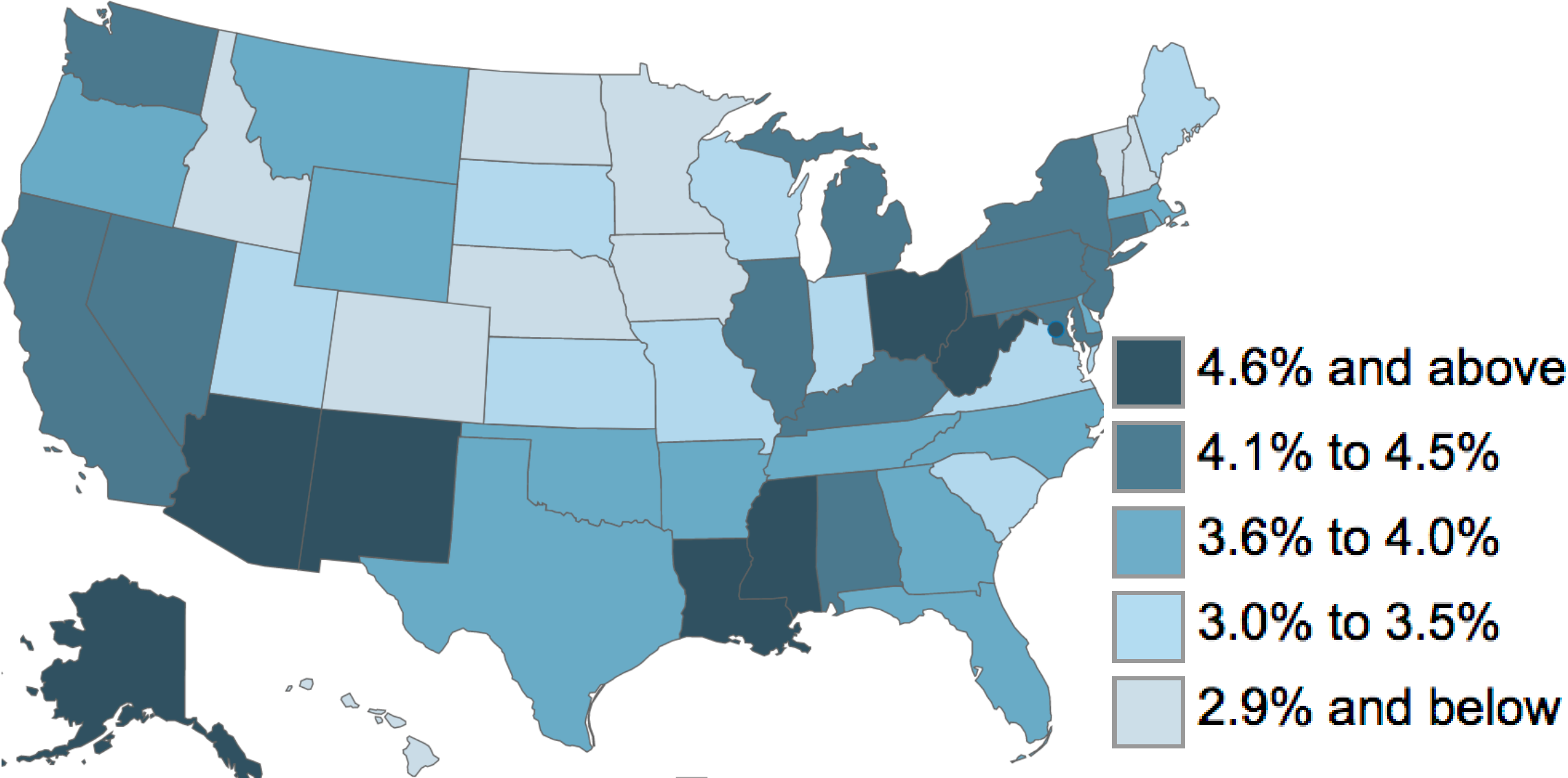
The Fed just proposed a plan to make life easier for banks by loosening the 'Volcker Rule'

- The Federal Reserve proposed Wednesday to revise the Volcker Rule to apply to financial firms based on their trading activity.
- The Volcker Rule was proposed during the financial crisis in an effort to prevent banks from speculating in markets.
- The rule went into effect four years ago and generally prevents banks from trading for their own profit or having stakes in a hedge fund or private equity fund.

Debt to GDP



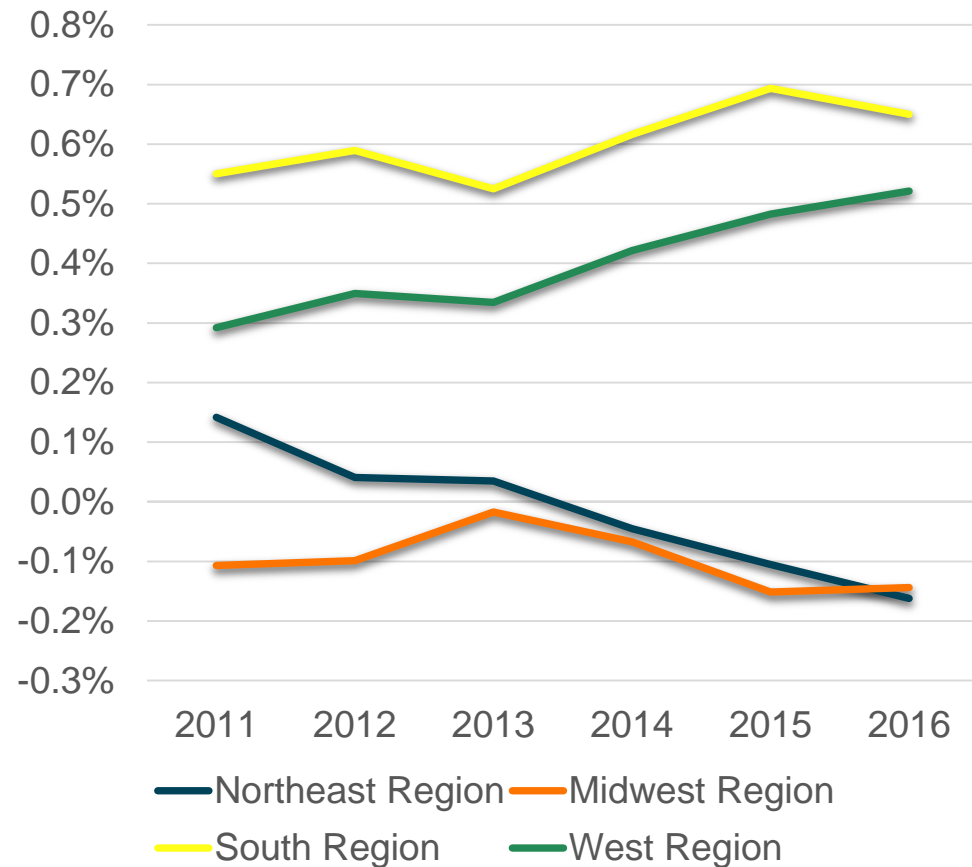
State unemployment rates, August 2018, seasonally adjusted



Population Shifts



Net Migration (% of Pop) by region



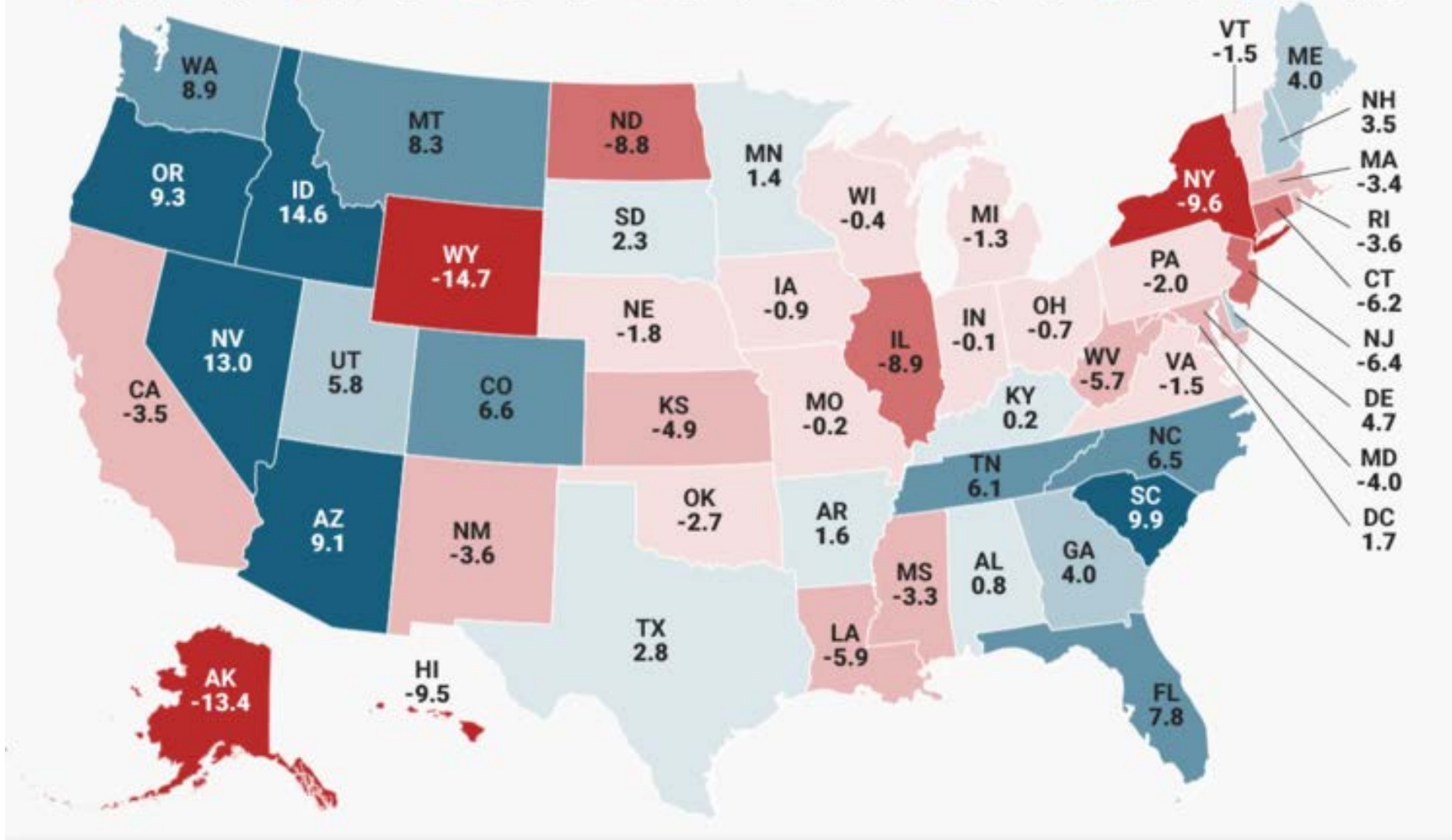
Net Migration by State 14-16

Florida	1.51%	Ohio	-0.05%
Nevada	1.27%	Penn	-0.06%
Colorado	1.10%	Wisconsin	-0.08%
Oregon	1.08%	Michigan	-0.08%
South Carolina	1.04%	New Jersey	-0.14%
Washington	0.99%	Vermont	-0.19%
Arizona	0.96%	W Virginia	-0.26%
Texas	0.90%	New York	-0.27%
North Dakota	0.79%	Mississippi	-0.28%
Idaho	0.77%	Kansas	-0.30%
Delaware	0.66%	Connecticut	-0.32%
North Carolina	0.66%	Wyoming	-0.35%
Montana	0.60%	New Mexico	-0.47%
Georgia	0.54%	Illinois	-0.58%
Tennessee	0.53%	Alaska	-0.73%

NET DOMESTIC MIGRATION

NET DOMESTIC MIGRATION PER 1,000 RESIDENTS, JULY 1, 2016 – JULY 1, 2017

■ -14.7 – -9
 ■ -9 – -6
 ■ -6 – -3
 ■ -3 – 0
 ■ 0 – 3
 ■ 3 – 6
 ■ 6 – 9
 ■ 9 – 14.6



California fact versus fiction



Chief Executive NETWORK

CONTINUOUS IMPROVEMENT FOR YOU - THE CEO

2016 Best & Worst States For Business

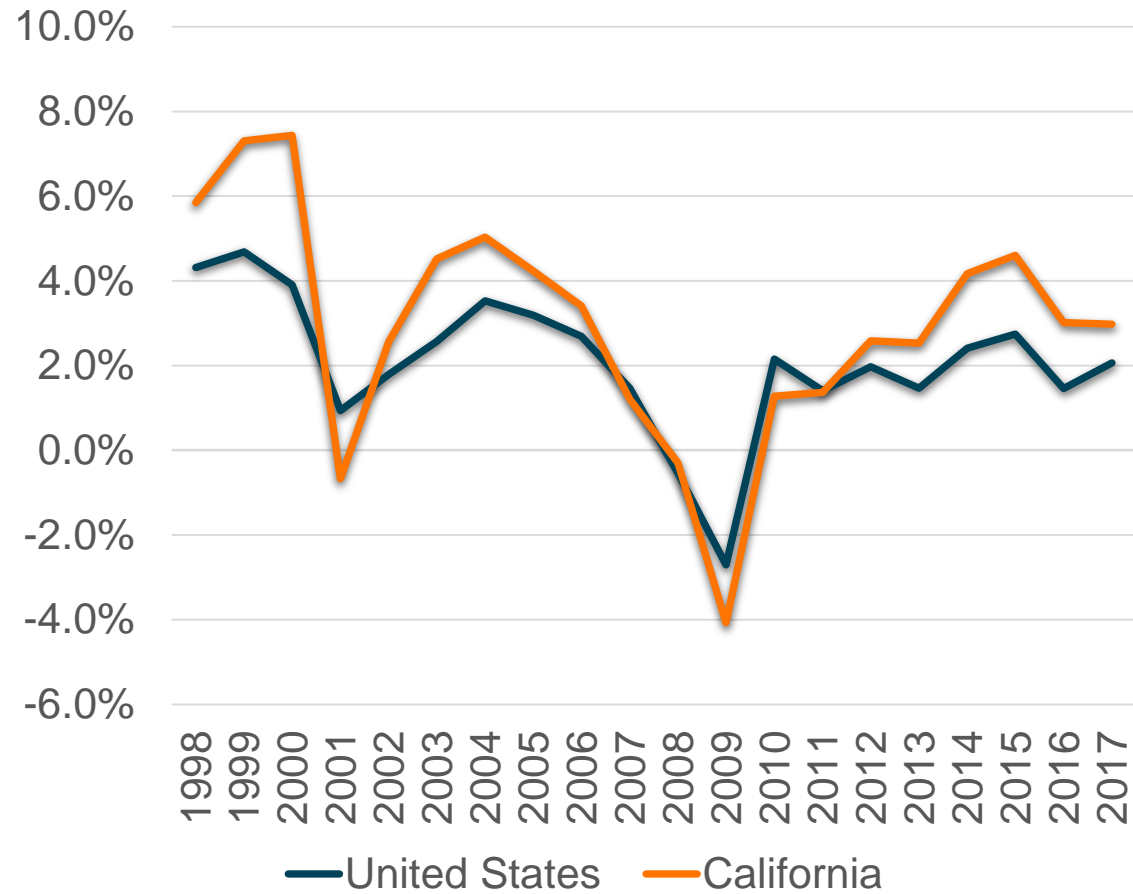
- 50 [California](#)
- 49 [New York](#)
- 48 [Illinois](#)
- 47 [New Jersey](#)
- 46 [Massachusetts](#)
- 45 [Connecticut](#)
- 44 [Hawaii](#)
- 43 [Michigan](#)
- 42 [Oregon](#)
- 41 [Vermont](#)
- 40 [Maryland](#)
- 39 [Mississippi](#)
- 38 [West Virginia](#)
- 37 [Rhode Island](#)



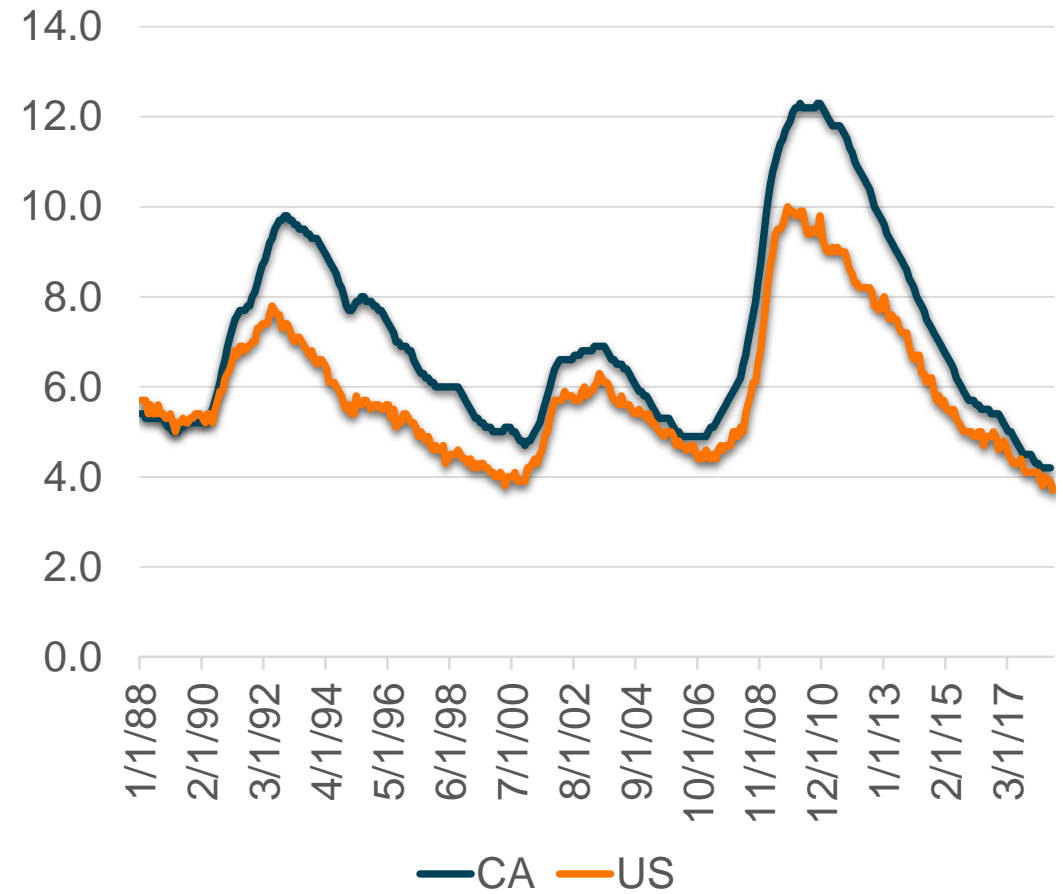
Booms and Busts



Growth in Real Output



US Unemployment

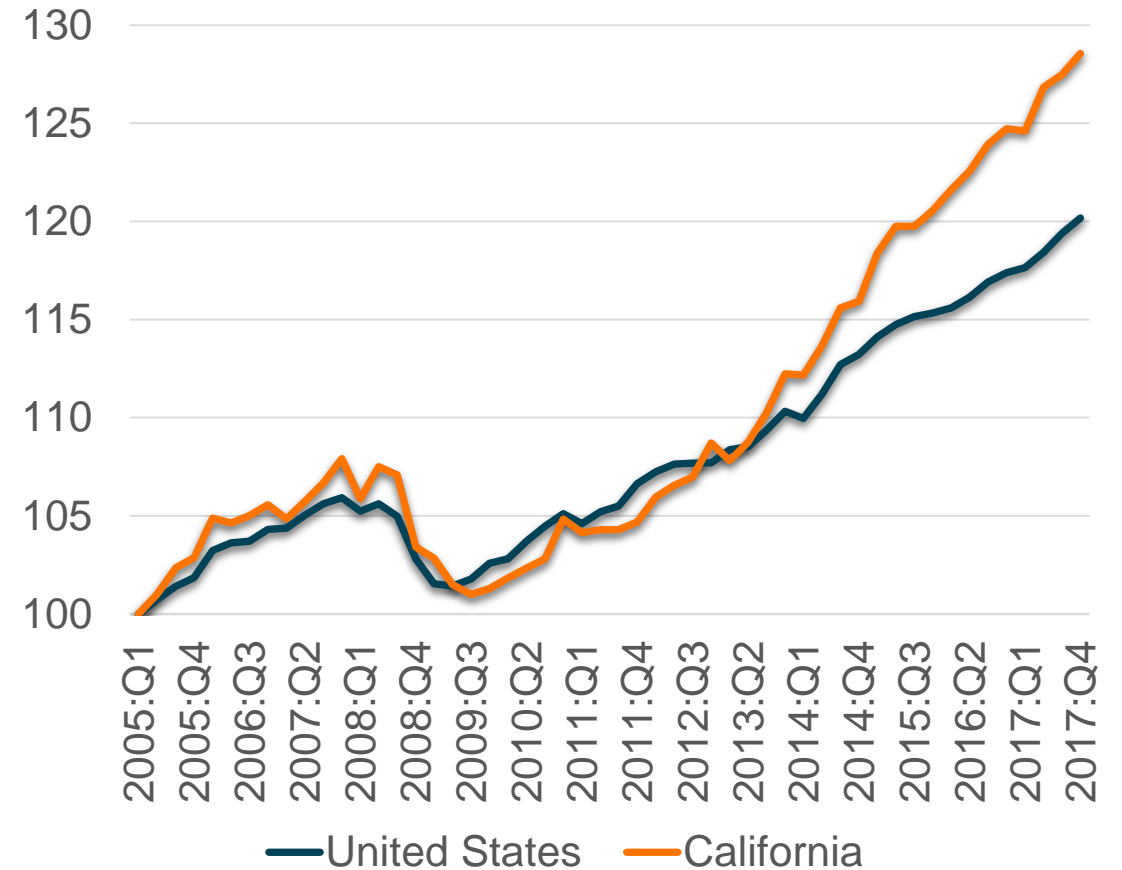


California Economic Engine



Q1 2018	1 Year	5 Year
Washington	4.3%	3.7%
California	3.5%	3.7%
Utah	3.7%	3.4%
Colorado	4.5%	3.4%
Oregon	3.4%	2.9%
Florida	2.3%	2.8%
Texas	4.2%	2.8%
Idaho	3.2%	2.8%
Georgia	2.5%	2.8%
Nevada	4.0%	2.7%

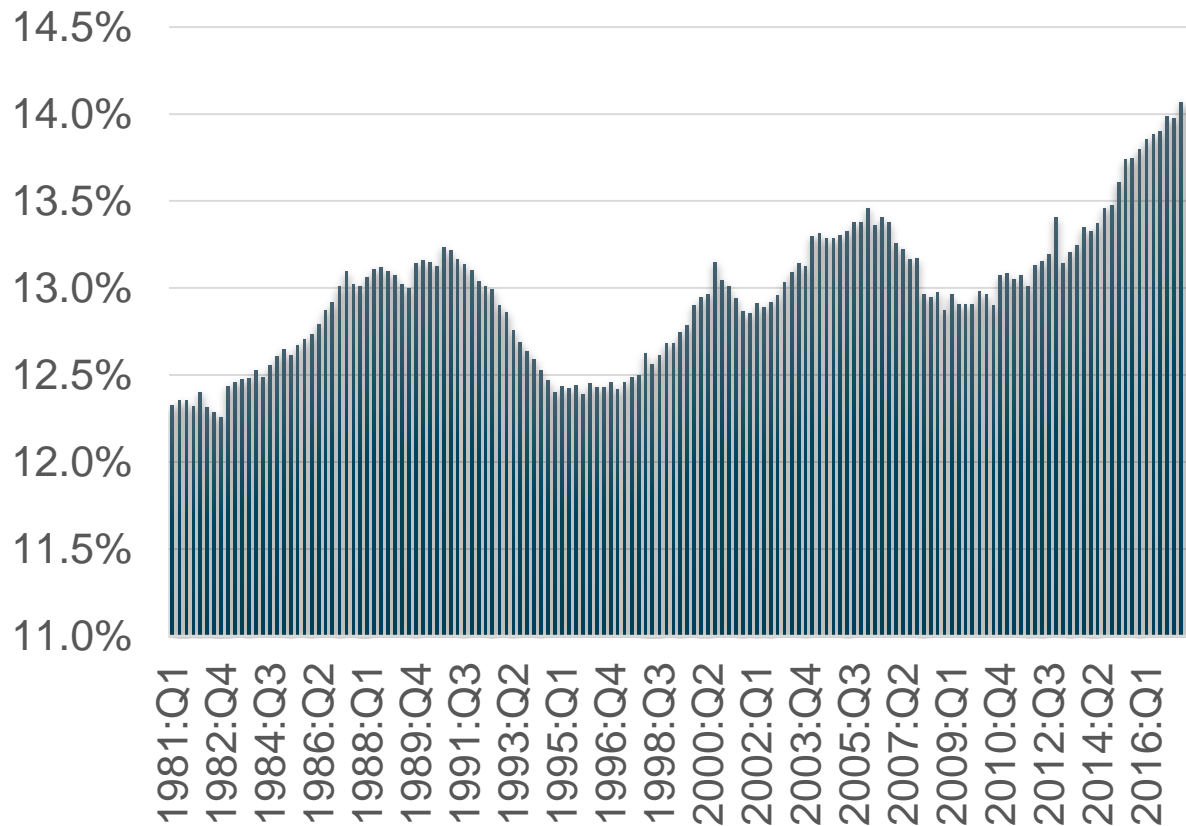
Real State Output Index



California Economic Engine



California Share National Personal Income



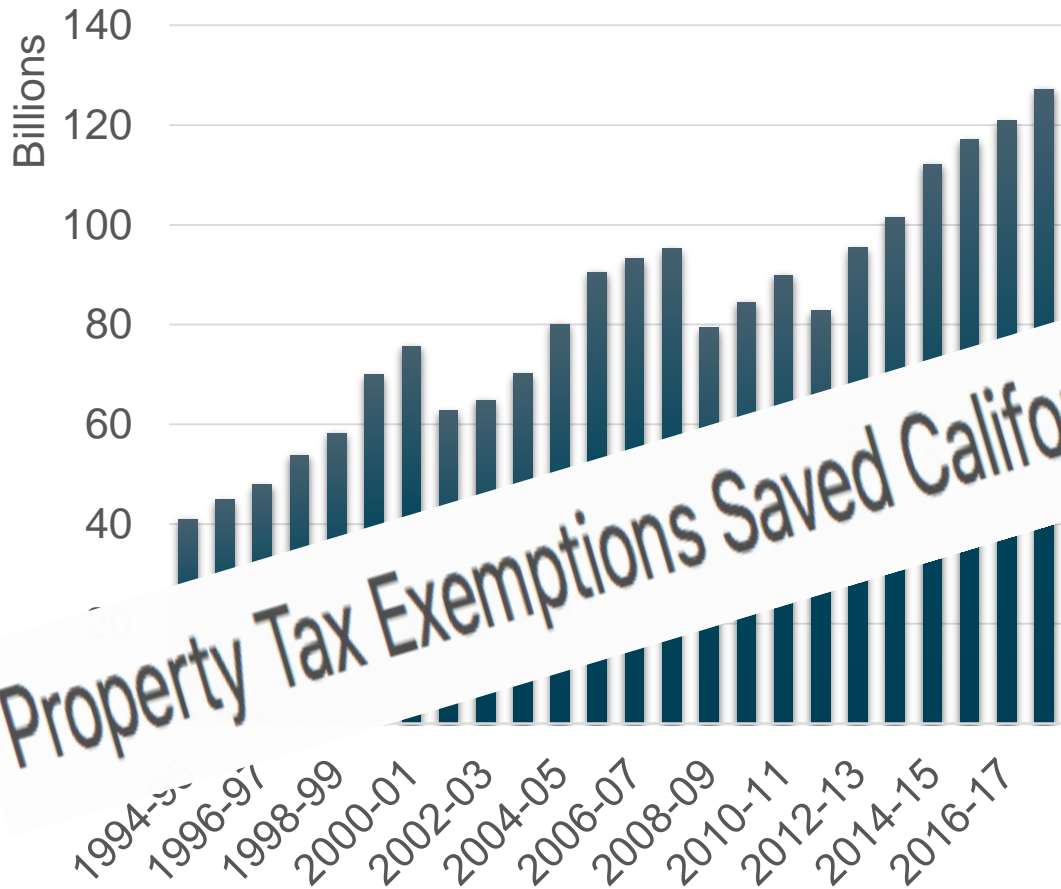
Employment

Rk	State	#	Ann Gr	Share US
1	Nevada	211.2	3.4%	1.7%
2	Utah	218.3	3.2%	1.7%
3	Florida	1238.2	3.1%	9.8%
4	Oregon	252.1	2.9%	2.0%
5	Idaho	92.1	2.8%	0.7%
6	Colorado	328.7	2.7%	2.6%
7	Washington	413.1	2.7%	3.3%
8	California	2051	2.6%	16.3%
9	Georgia	537.9	2.6%	4.3%
10	South Carolina	237.6	2.4%	1.9%

A (Temporary) Revenue Glut



State Revenues from Taxes



Tax Revenues as % GSP

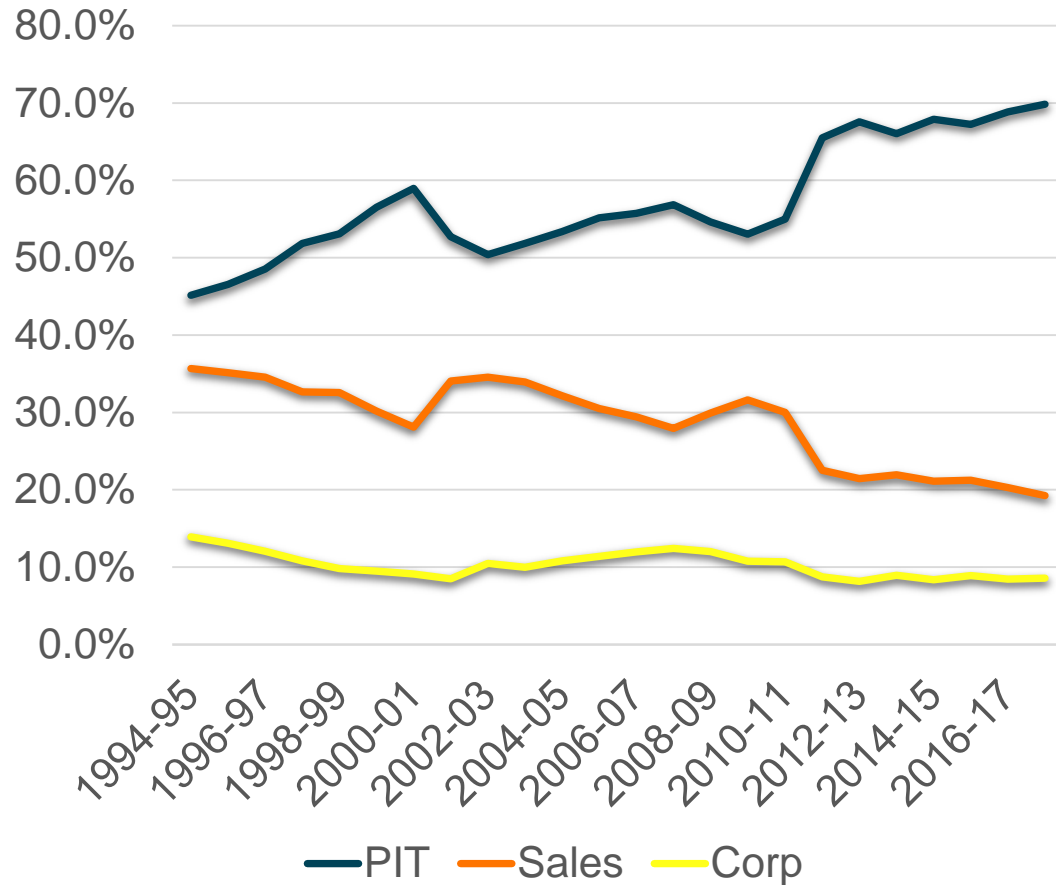
1 Mississippi	24.8%	14 Alabama	16.5%
2 West Virginia	23.1%	15 North Dakota	17.7%
3 New Mexico	22.5%	16 Iowa	17.5%
4 Vermont	21.9%	17 Michigan	17.5%
5 Kansas	20.6%	18 Louisiana	17.2%
6 Maine	20.1%	19 Minnesota	17.2%
7 Hawaii	19.2%	20 Idaho	16.8%
8 New York	19.1%	21 California	16.7%
9 Oregon	19.0%	22 Ohio	16.7%
10 Kentucky	18.9%	23 New Jersey	16.6%
11 South Carolina	18.8%	24 Oklahoma	16.5%

Property Tax Exemptions Saved Californians \$30 Billion in 2018 - Zillow Research

A (Temporary) Revenue Glut



Share by Source

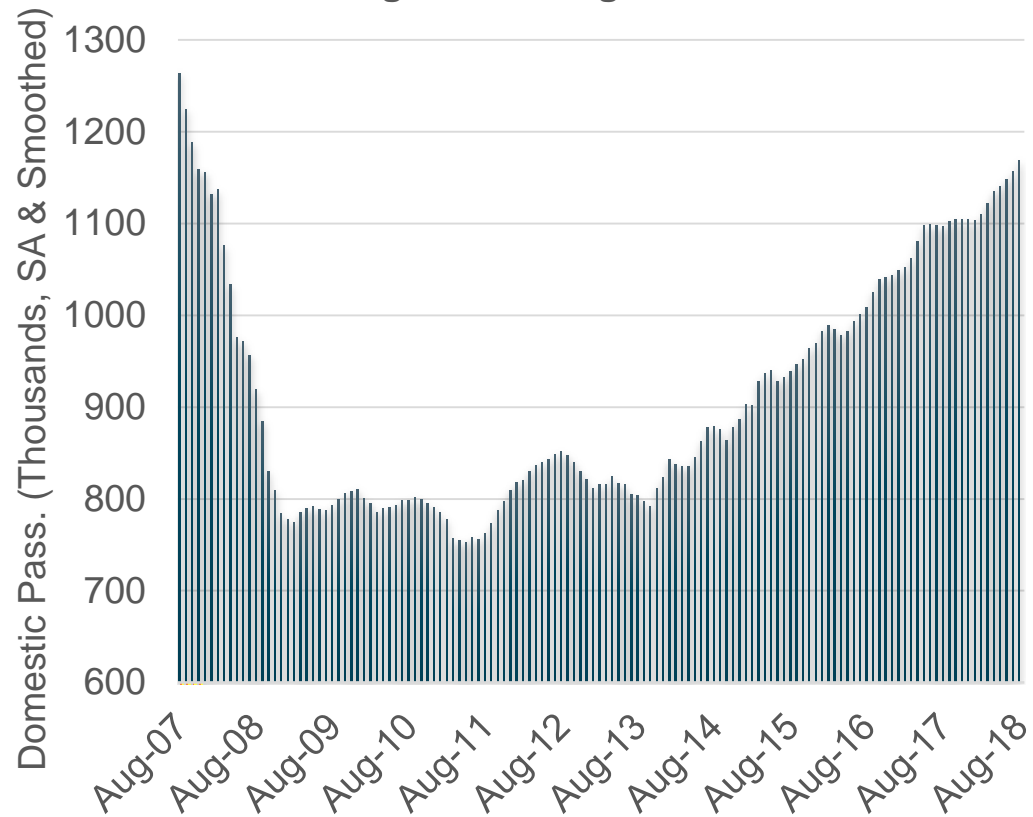


- Hyper-Cyclical
- Progressive / Regressive
- Tax on Effort vs Tax on Wealth
- Inflation for Goods relative to Inflation for Services
- Evolutionary vs revolutionary reform

Air Traffic



**Domestic Passengers
Oakland International Airport
Aug. 2007 – Aug. 2018**



Airport	Domestic Pass. (000's) Aug. 2018	Year over Year % Change	Five Year % Change
OAK	1,168.8	6.6%	45.4%
SFO	3,665.8	1.8%	26.9%
SJC	1,132.6	19.9%	62.8%

Hotels

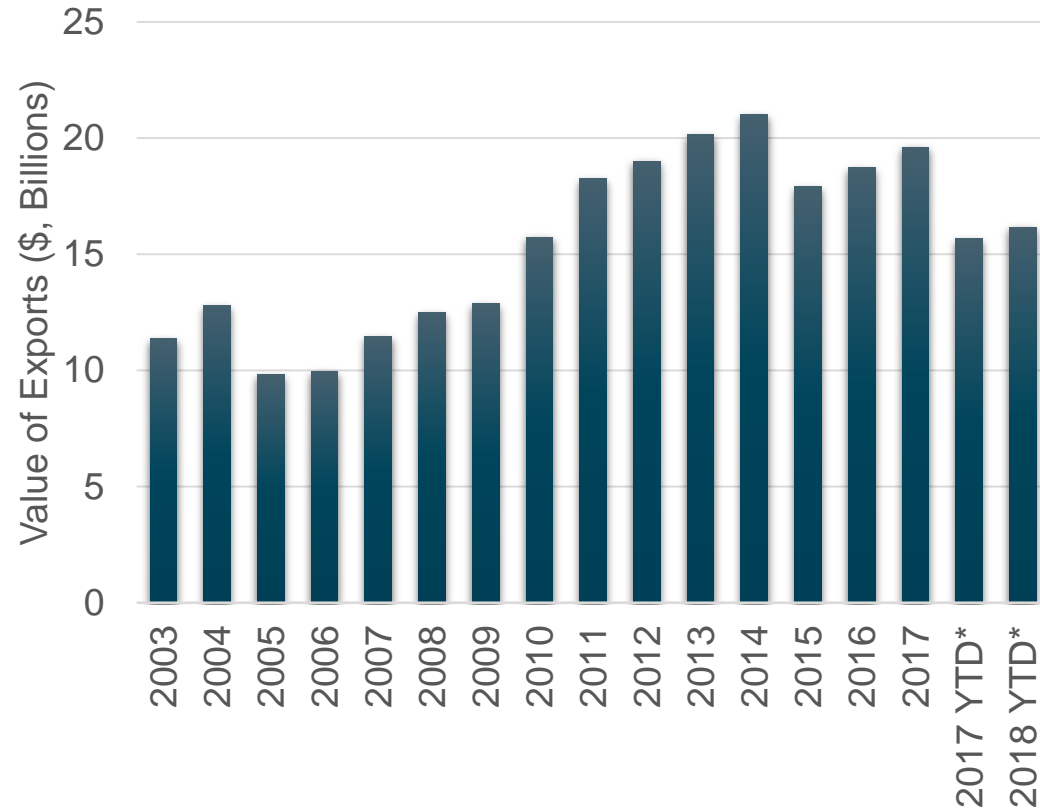


	AVERAGE DAILY ROOM RATE			OCCUPANCY PERCENT		
	2018	2017	VAR	2018	2017	VAR
SAN FRANCISCO	\$299.19	\$282.82	5.8%	86.6%	87.0%	-0.5%
SAN FRANCISCO AIRPORT	210.48	204.44	3.0%	88.1%	87.4%	0.8%
SAN JOSE/PENINSULA	224.46	212.59	5.6%	82.4%	81.7%	0.9%
OAKLAND/EAST BAY	173.16	164.80	5.1%	81.0%	81.4%	-0.4%
MONTEREY/CARMEL	322.18	308.85	4.3%	78.4%	76.7%	2.2%
CENTRAL VALLEY	107.56	103.30	4.1%	75.6%	76.3%	-1.0%
SACRAMENTO	137.01	131.82	3.9%	80.2%	81.2%	-1.2%
MARIN COUNTY	185.69	181.60	2.3%	81.1%	82.4%	-1.5%

Port of Oakland

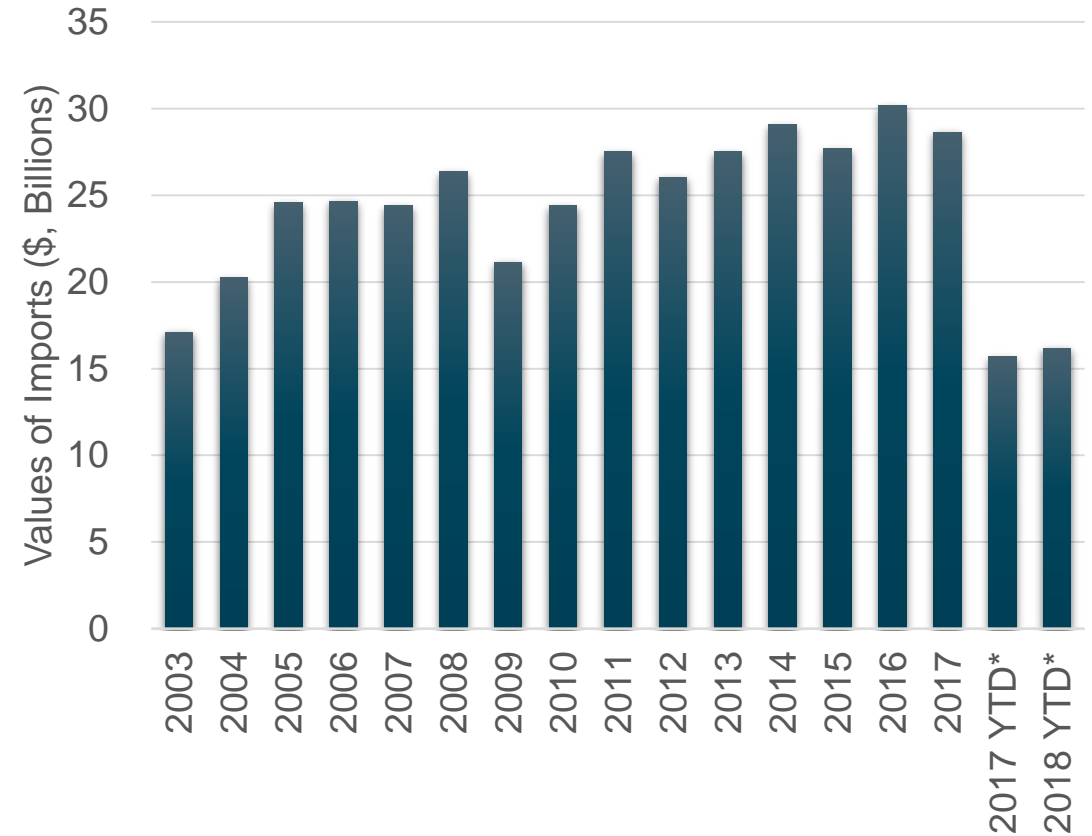


Value of Exports
All Commodities
2003 to 2018 YTD*

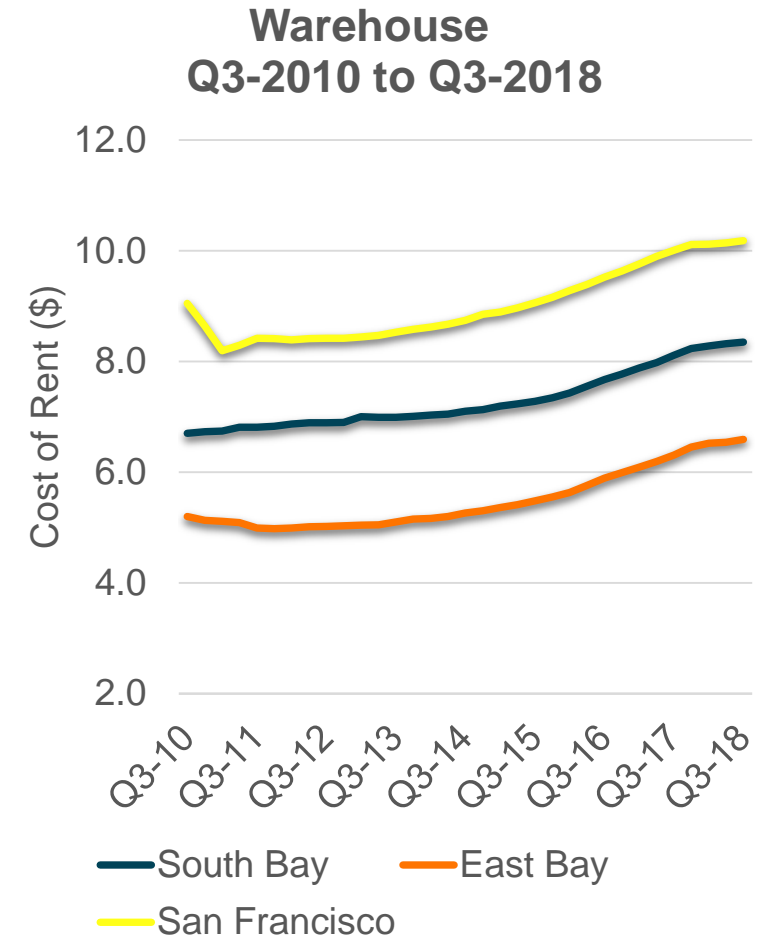
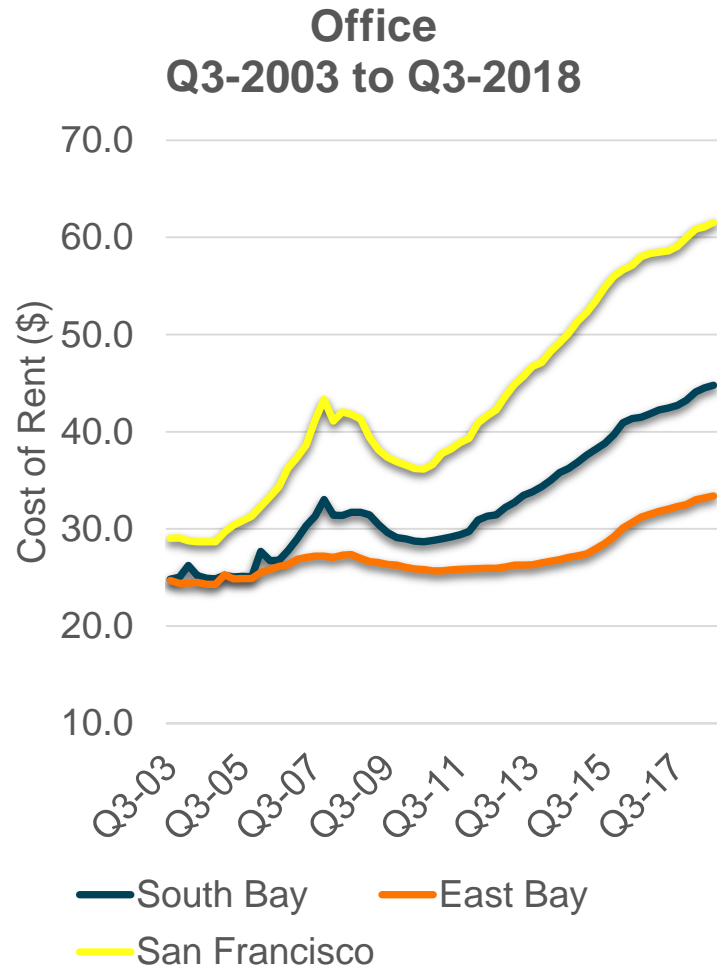
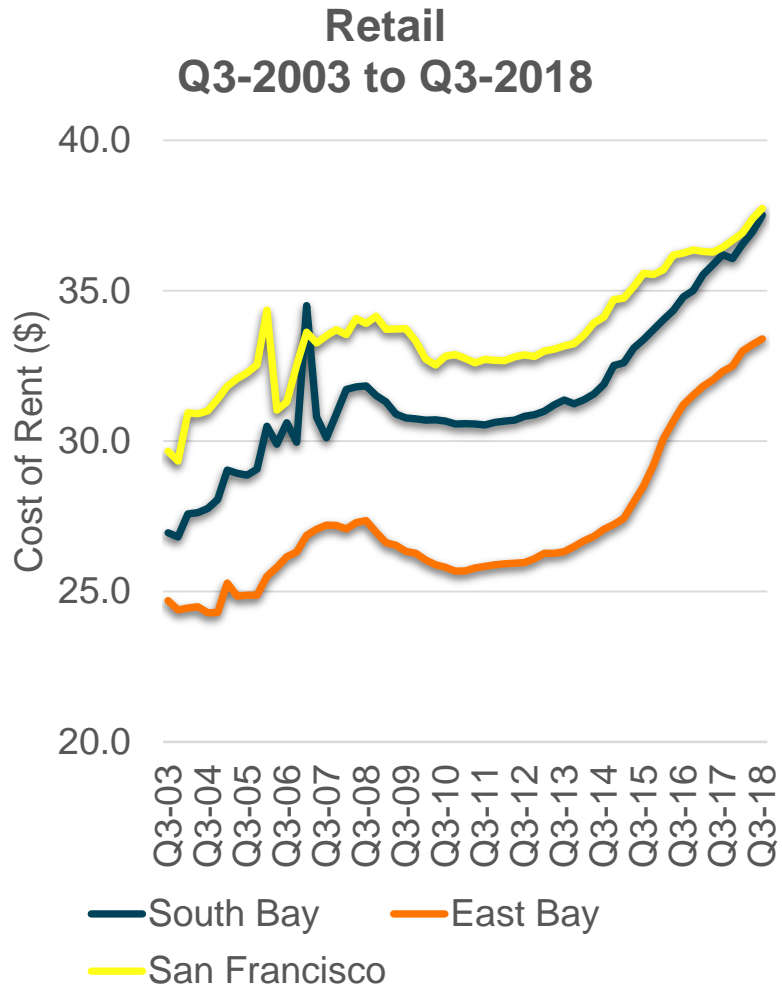


*Through October

Value of Imports
All Commodities
2003 to 2018 YTD*

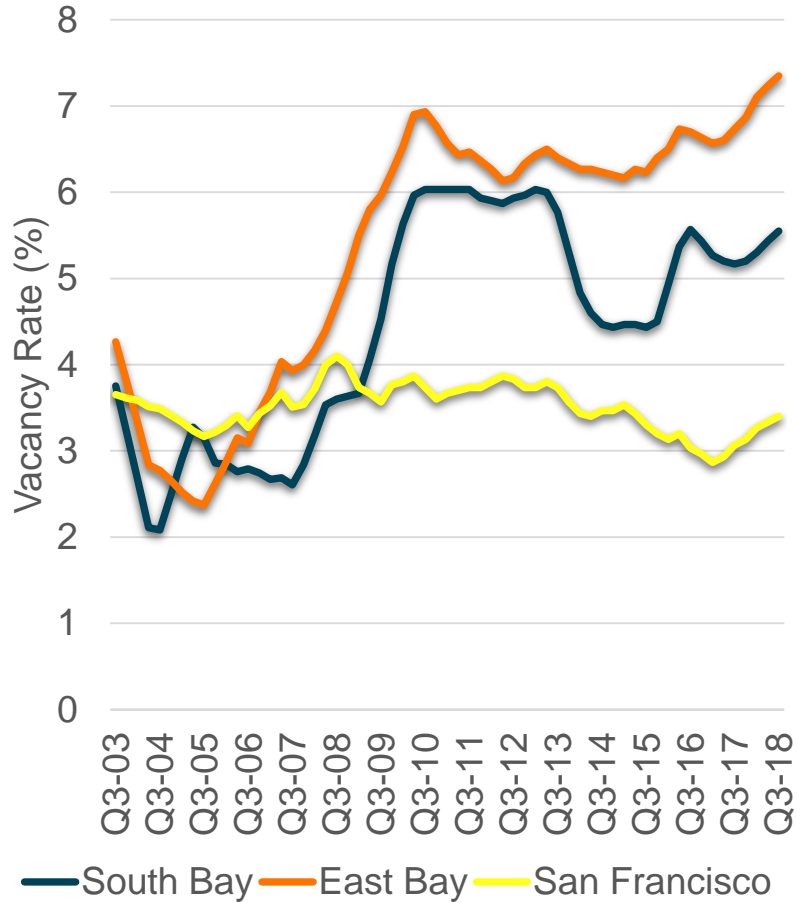


Rents

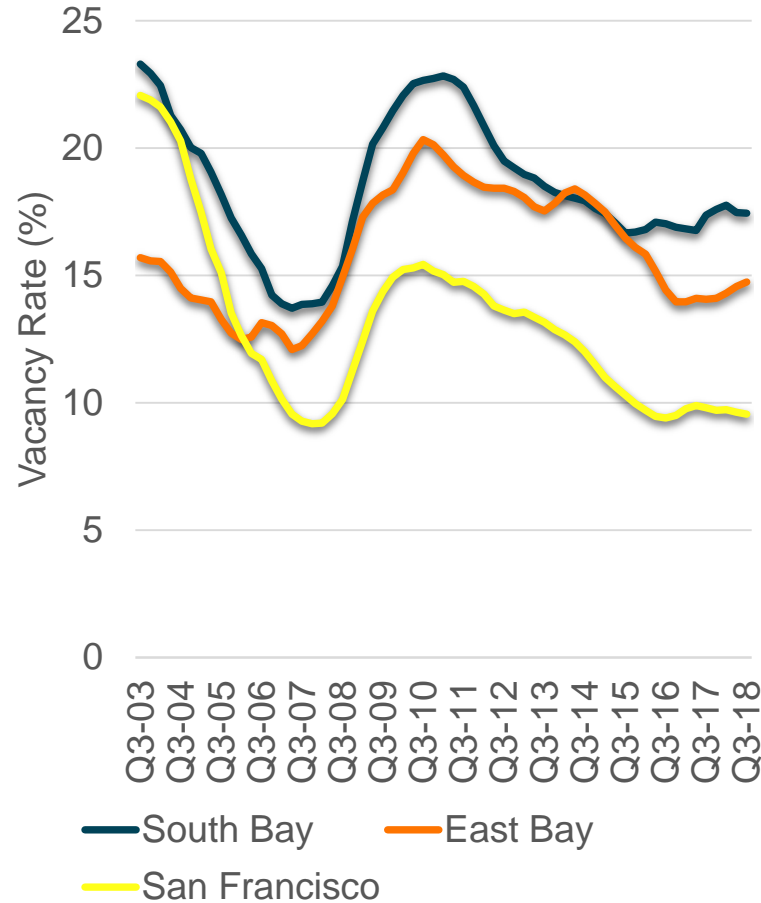


Vacancy Rates

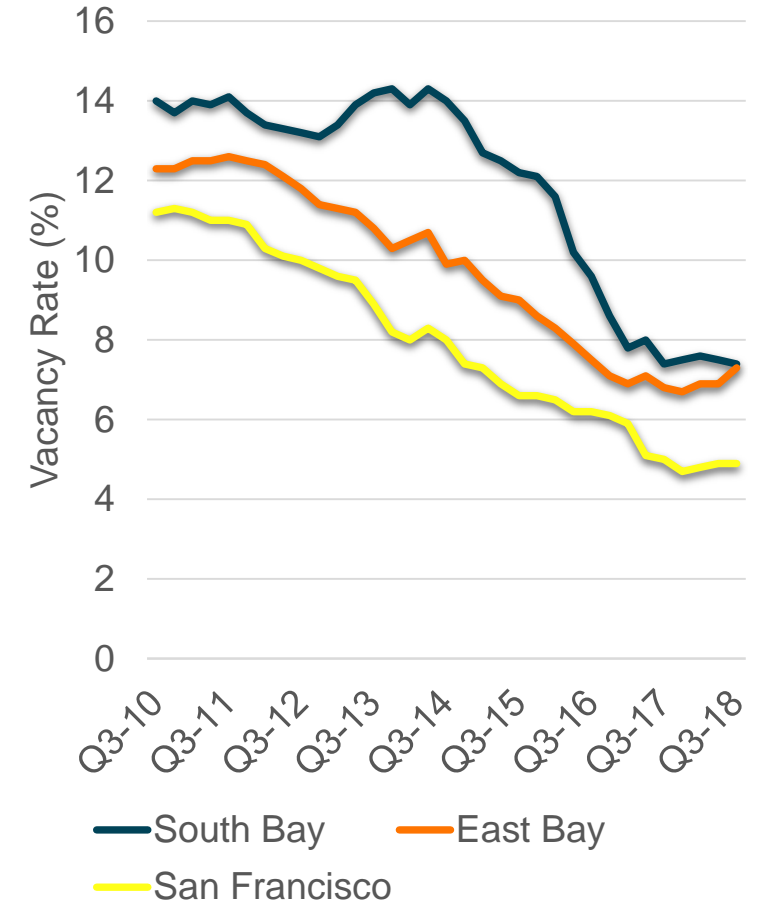
Retail
Q3-2003 to Q3-2018



Office
Q3-2003 to Q3-2018

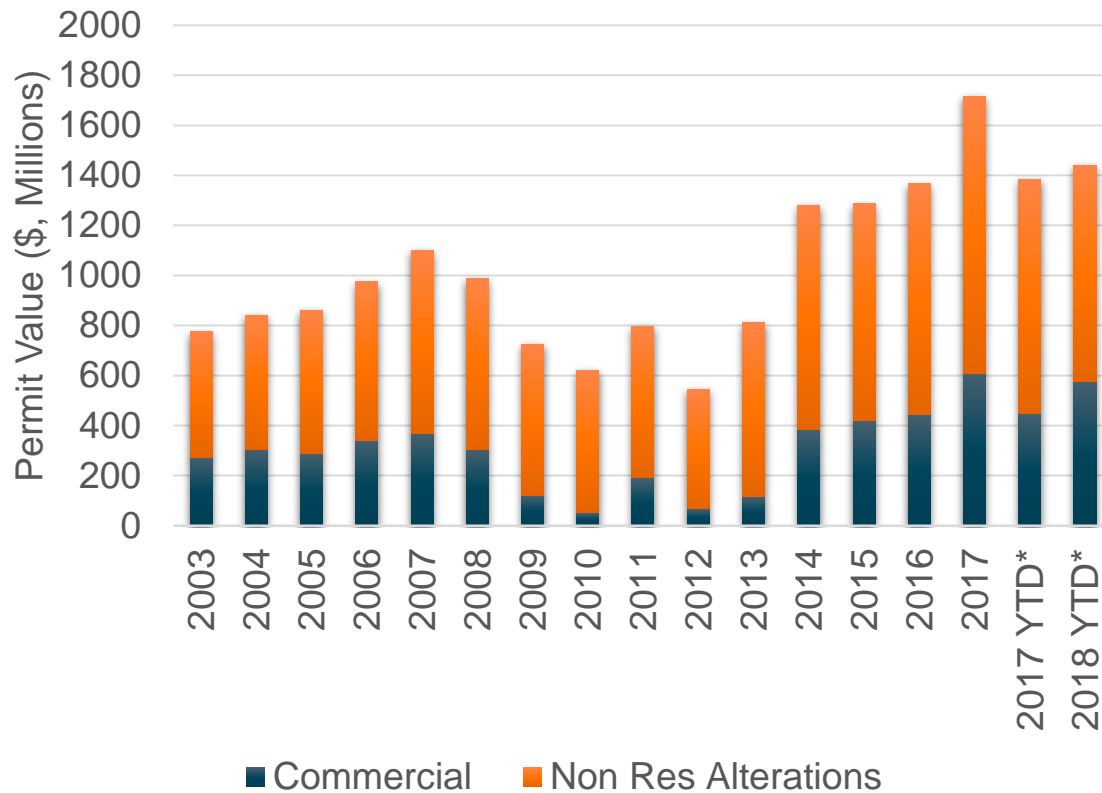


Industrial
Q3-2010 to Q3-2018



Nonresidential Real Estate Permits

**East Bay Nonresidential Permits
2003 to 2018 YTD***



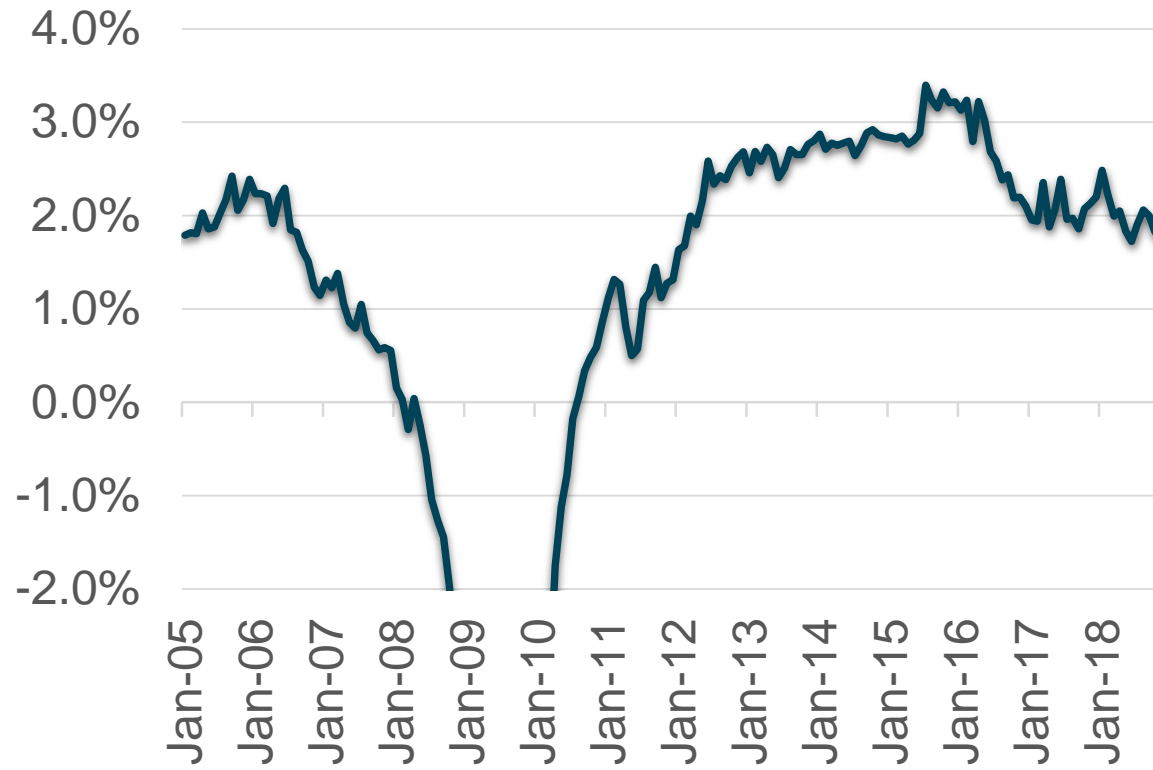
*through the third quarter

Region	Value of Permits 2018 YTD* (\$, Millions)		YTD Year over Year % Growth	
	Comm.	Alts.	Comm.	Alts.
East Bay	574.9	866.4	28.1%	-7.5%
San Francisco	1,622.2	1,842.3	-7.5%	-36.8%
South Bay	1,221.8	1,506.9	67.9%	25.6%

State Job Growth



**California Non Farm Payroll
YoY Growth**

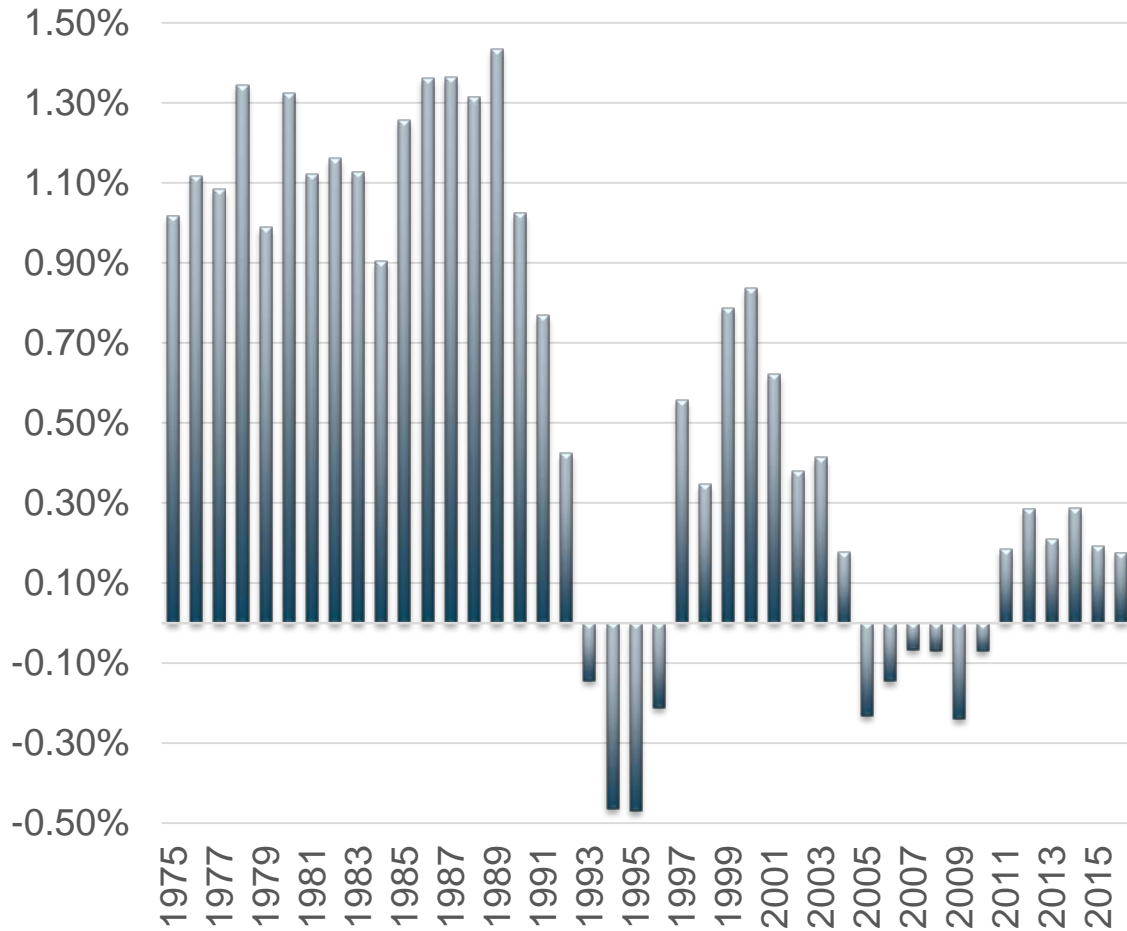


	Nov-18		
San Jose	1,147,800	2.6%	3.4%
Stockton	246,000	3.8%	3.1%
Santa Rosa	211,500	2.0%	2.3%
Riverside	1,509,100	4.2%	2.3%
Fresno	357,600	3.1%	2.1%
Oakland	1,194,800	2.0%	1.9%
San Francisco	1,146,000	1.9%	1.9%
Bakersfield	264,800	1.5%	1.8%
San Diego	1,490,500	1.8%	1.8%
Oxnard	309,400	1.1%	1.6%
Sacramento	993,500	2.6%	1.3%
Los Angeles	4,523,400	1.4%	1.3%
Orange	1,635,300	1.7%	0.4%

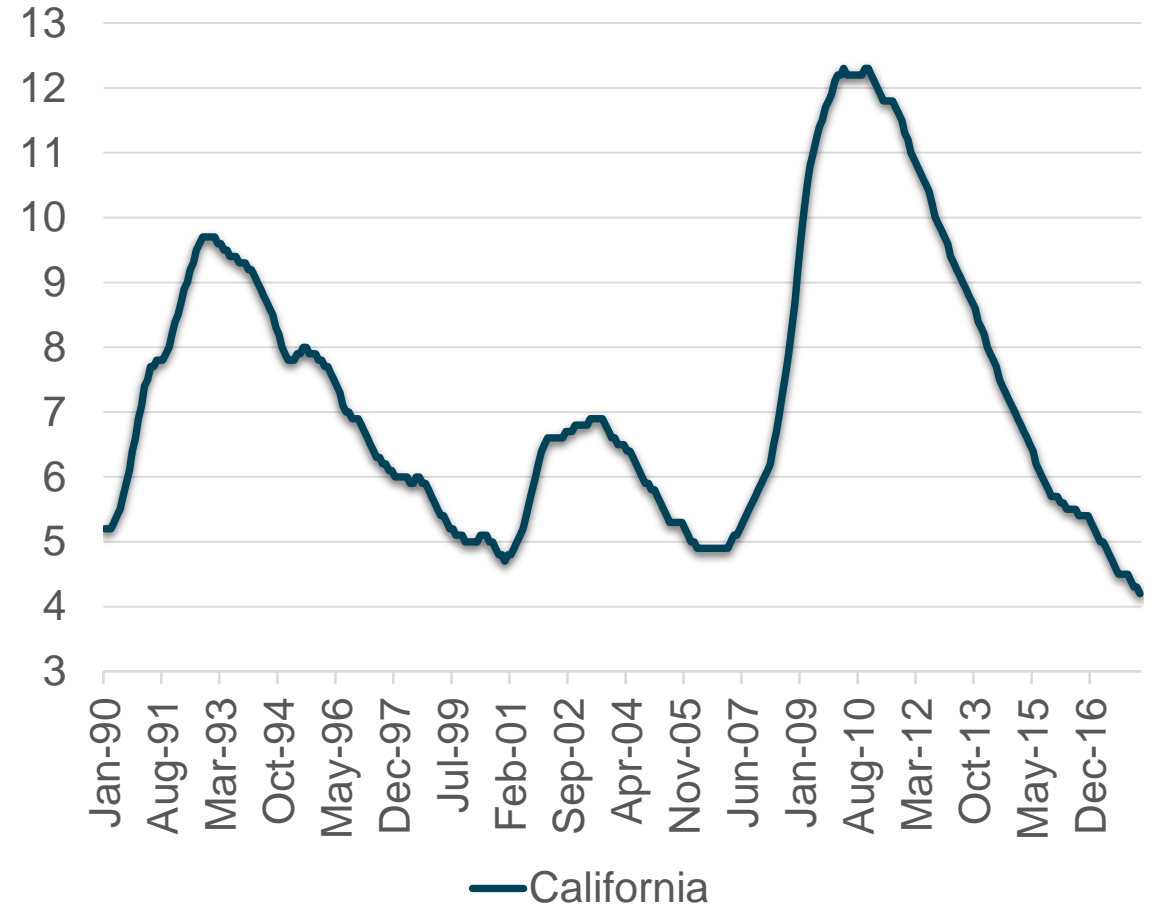
California Labor Markets



Net Migration as a % of Pop

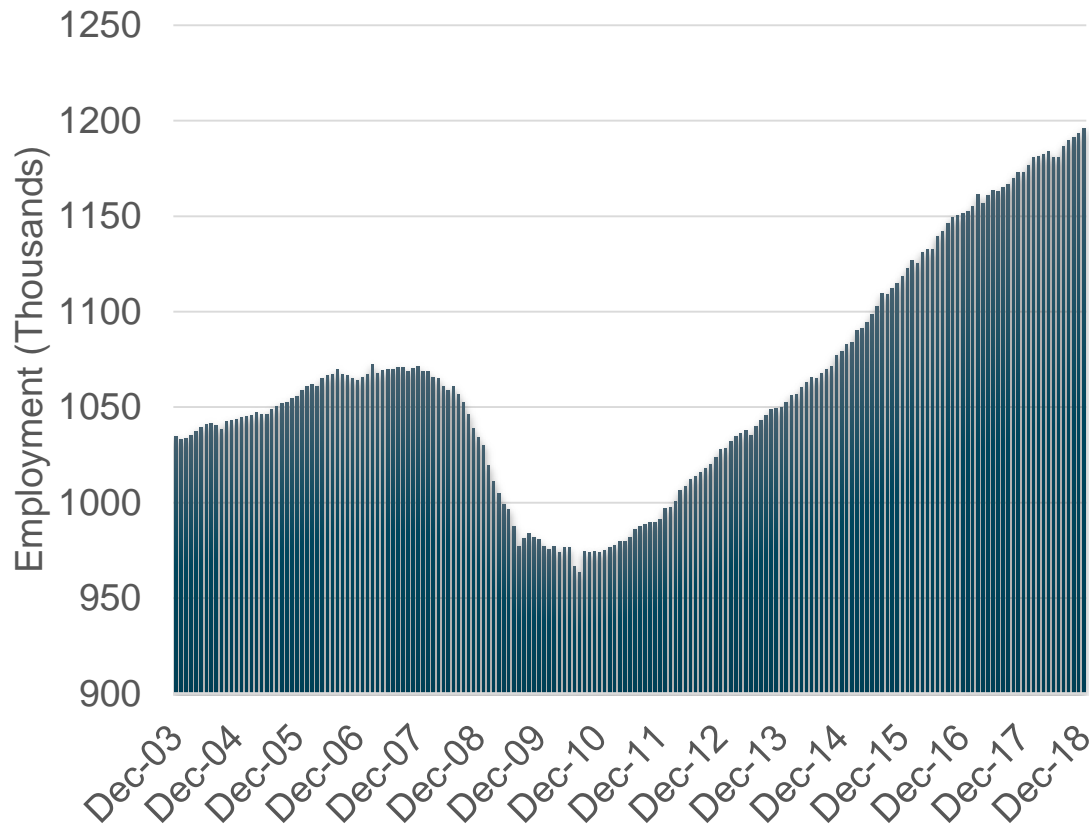


Unemployment Rate



Employment Comparisons

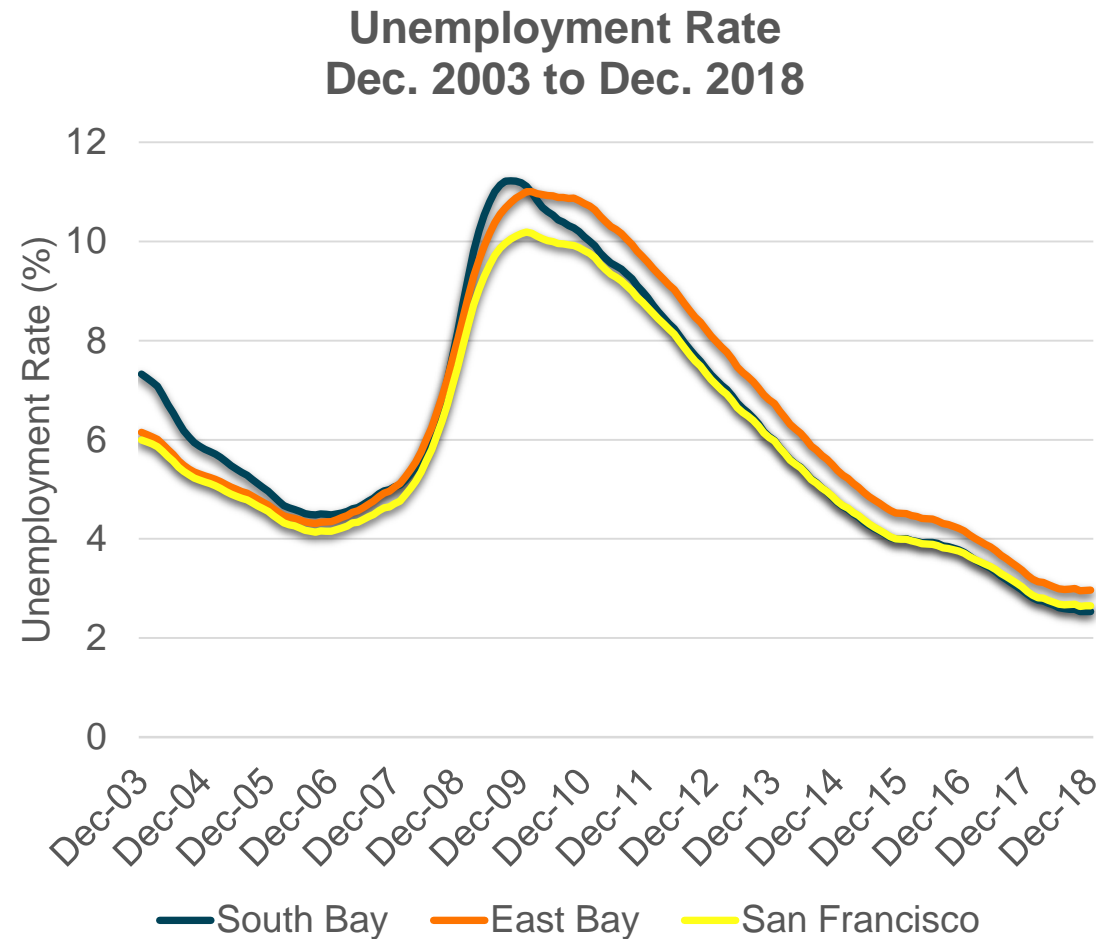
**East Bay Total Nonfarm
December 2003 to December 2018**



Region	Total Nonfarm Employment (000's)	Year over Year % Growth
South Bay	1,149	3.3
San Francisco	2,348	2.0
East Bay	1,196	2.0
California	17,287	1.7

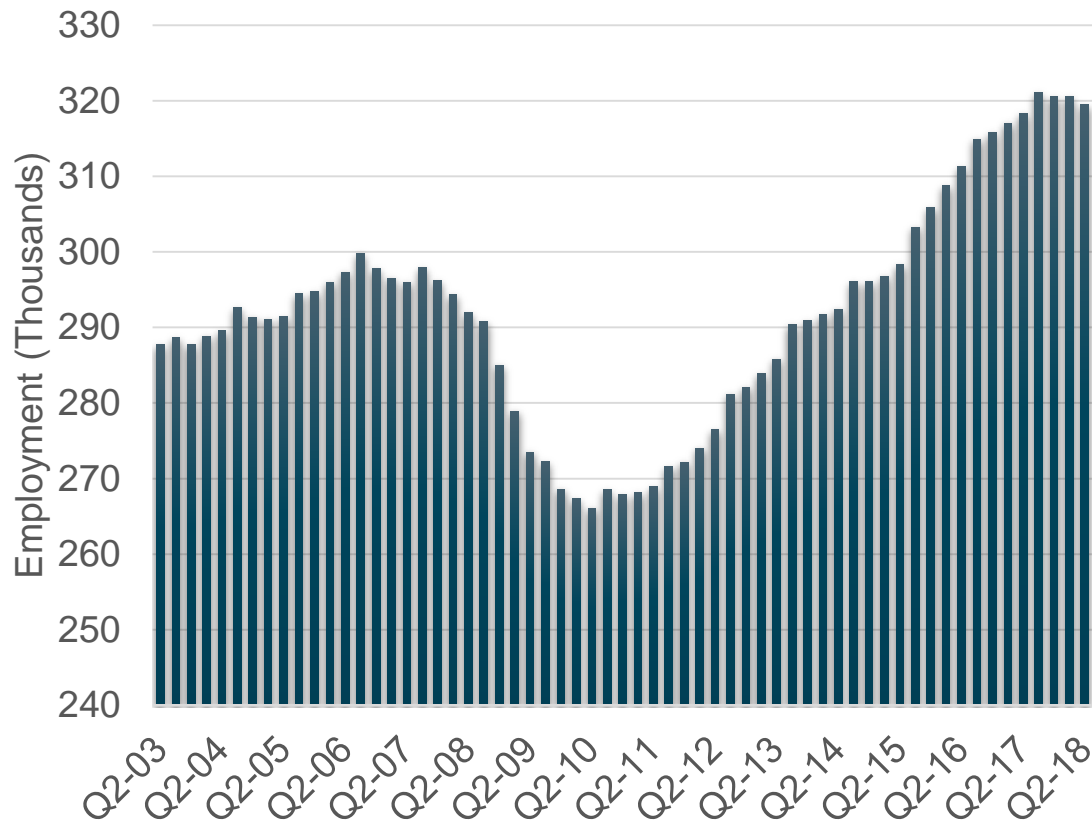
Industry Comparisons – December 2018

Industry	East Bay		California
	Emp	% Gr	% Gr
Total Nonfarm	1,196	2.0	1.7
Admin Support	72	10.7	2.8
Construction	76	4.0	2.6
Professional	100	2.4	4.1
Other Services	41	2.3	-0.7
Education/Health	198	2.0	2.5
Logistics	210	1.7	0.4
Retail Trade	117	1.3	-0.5
Manufacturing	98	1.2	0.4
Hospitality	117	0.5	2.8
Information	27	0.4	1.5
Government	176	0.3	1.2
Financial Activities	57	-0.9	0.5
Wholesale Trade	48	-3.0	-0.7



Employment Comparisons

**Total Private Employment
Q2-2003 to Q2-2018**



County	Total Private Employment (000's)	Year over Year % Growth
San Francisco	635.5	3.2
Santa Clara	1,004.7	2.9
Alameda	676.4	2.3
Contra Costa	321.1	1.0

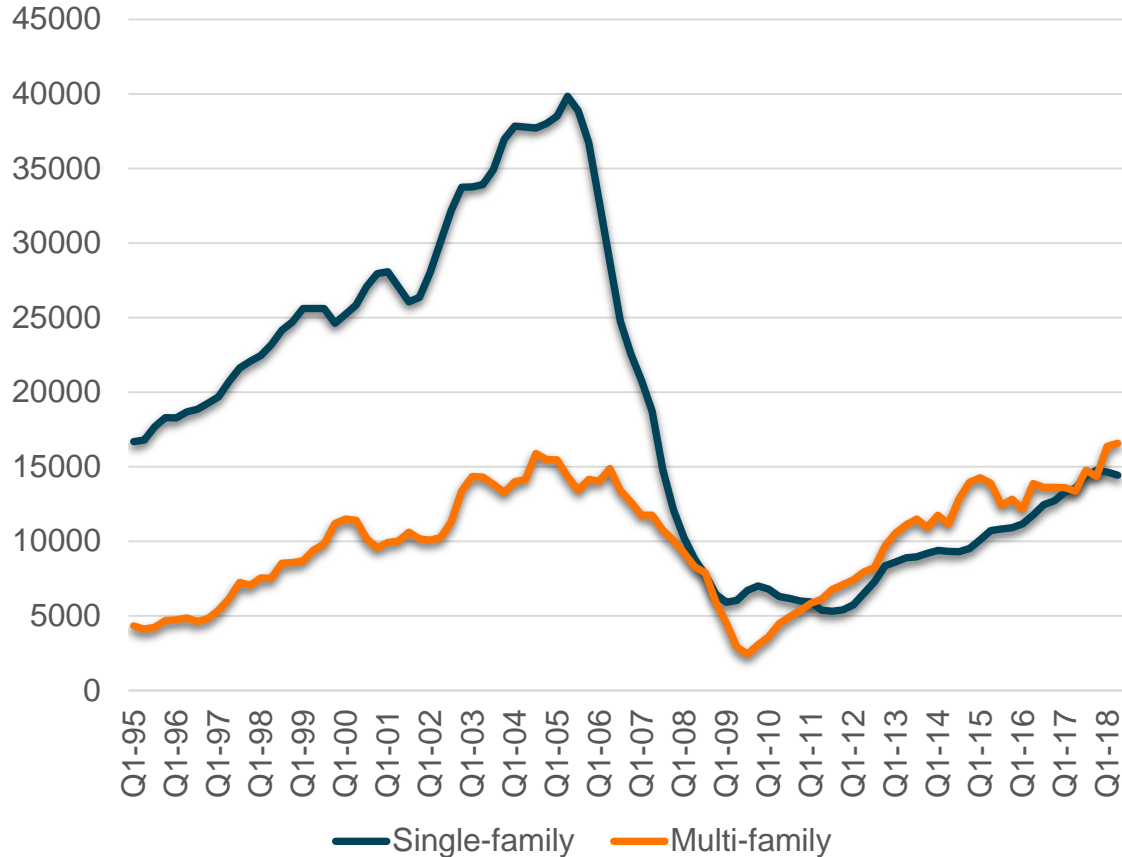
Employment – Contra Costa County

Industry	Employment Q2-2018	Year over Year % Change	Average Annual Wage (\$)	Year over Year % Change
Total Private	321,060	1.0	66,157	-9.3
NR/Construction	838	25.9	40,951	-0.1
Hospitality	41,322	4.4	23,517	-2.2
Other Scvs.	12,824	3.2	40,321	0.7
Admin Support	22,790	2.2	51,956	-4.5
Education	7,623	2.1	40,256	1.4
Manufacturing	15,495	0.6	92,068	-22.5
Health Care	62,111	0.4	67,808	4.5
FIRE	27,312	0.2	98,005	-16.2
Professional	15,774	0.2	110,481	-16.5
Information	7,958	-0.1	107,769	-25.3
Retail Trade	42,116	-0.7	35,424	0.8
Wholesale Trade	9,728	-2.7	93,438	-9.8

New Housing Supply



New Home Permits



How Much Housing Needed? Housing Needed to maintain 2% State Job Growth

Method 1	
Total	722,022
Per Year	206,674
Current	111,185
Shortfall	100,489
Method 2	
Total	911,001
Per Year	263,667
Current	111,185
Shortfall	157,482

How Much of a Backlog?



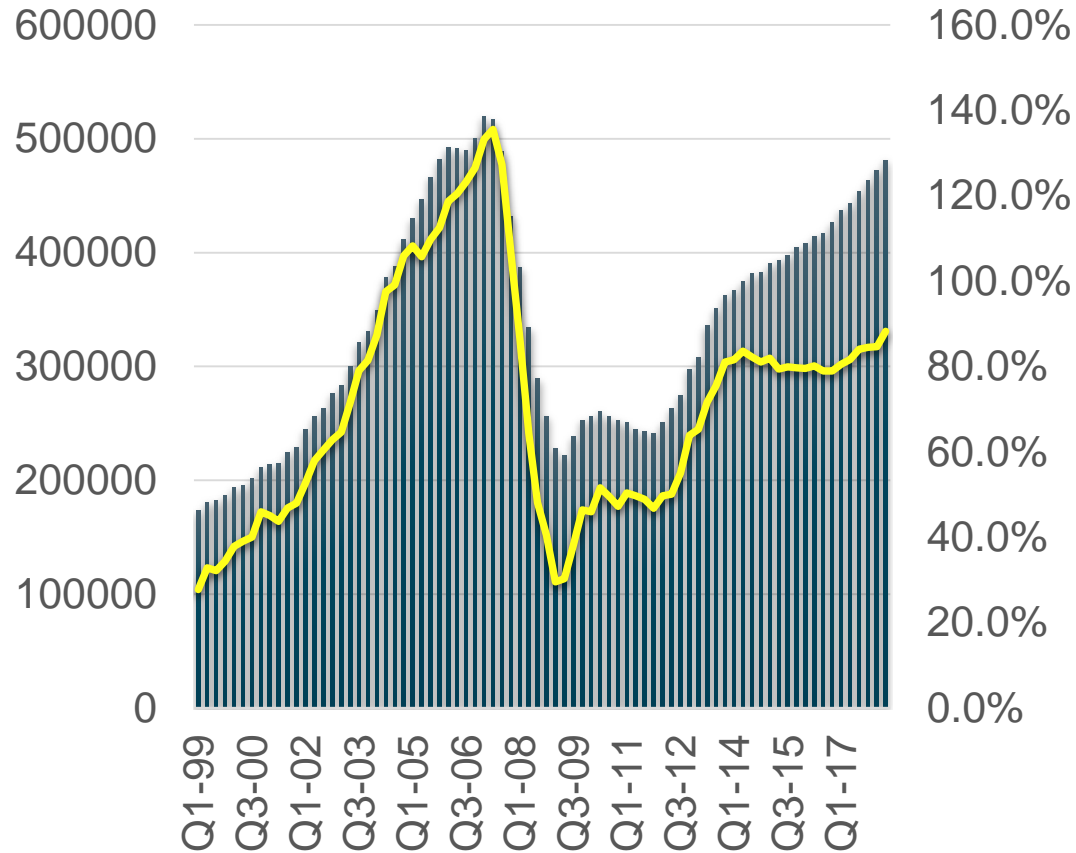
	Units	Vacancy	Rk	00-17 Gr%	Rk	00-17 Ch
Texas	10,933	9.4%	28	34%	4	2,776
Florida	9,442	13.2%	6	29%	6	2,139
California	14,177	5.8%	52	16%	21	1,963
N Carolina	4,623	11.1%	17	31%	8	1,099
Georgia	4,282	8.4%	34	30%	9	1,001
Arizona	2,999	13.1%	7	37%	3	810
Washington	3,103	7.3%	44	27%	10	652
New York	8,328	8.1%	39	8%	44	648
Virginia	3,513	7.1%	46	21%	15	609
Colorado	2,385	8.3%	35	32%	7	577

	Backlog
Avg Growth	291
Avg Vacancy	676
Total	967
High Growth	1,408
Avg Vacancy	676
Total	2,084
Texas Growth	1,849
Avg Vacancy	676
Total	2,525

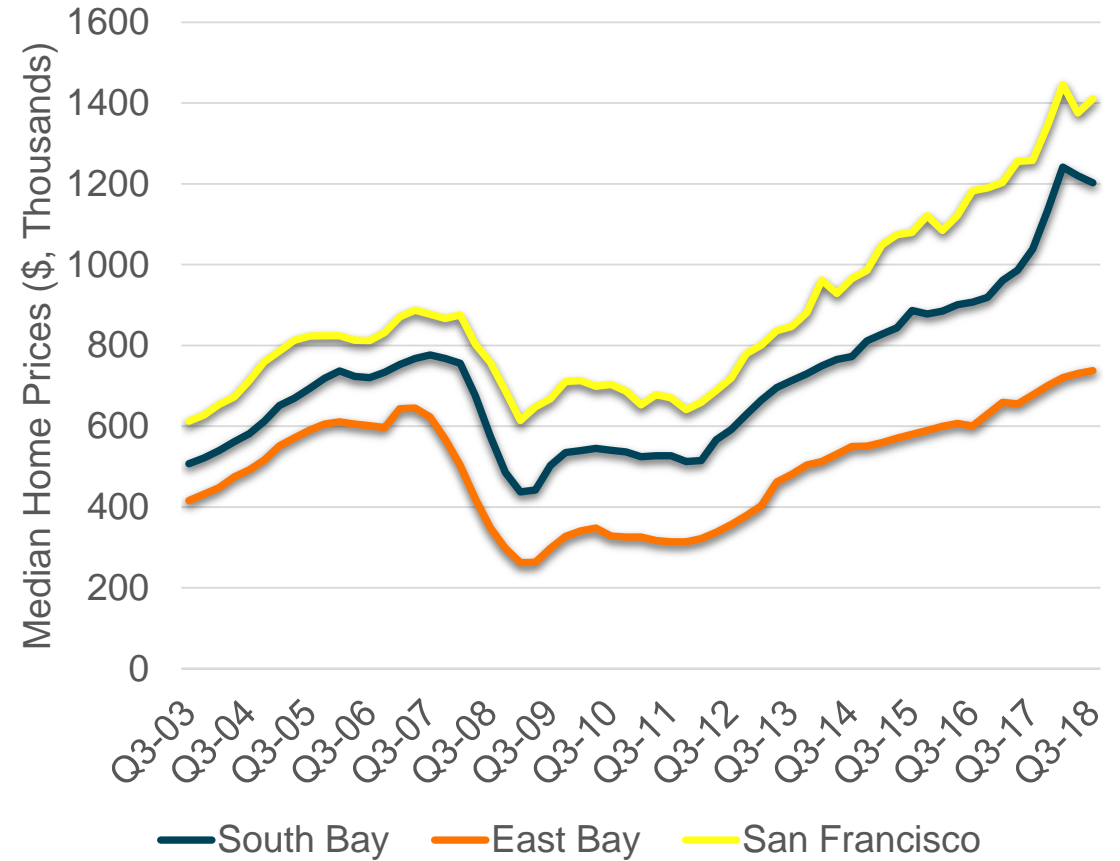
The Housing Exodus



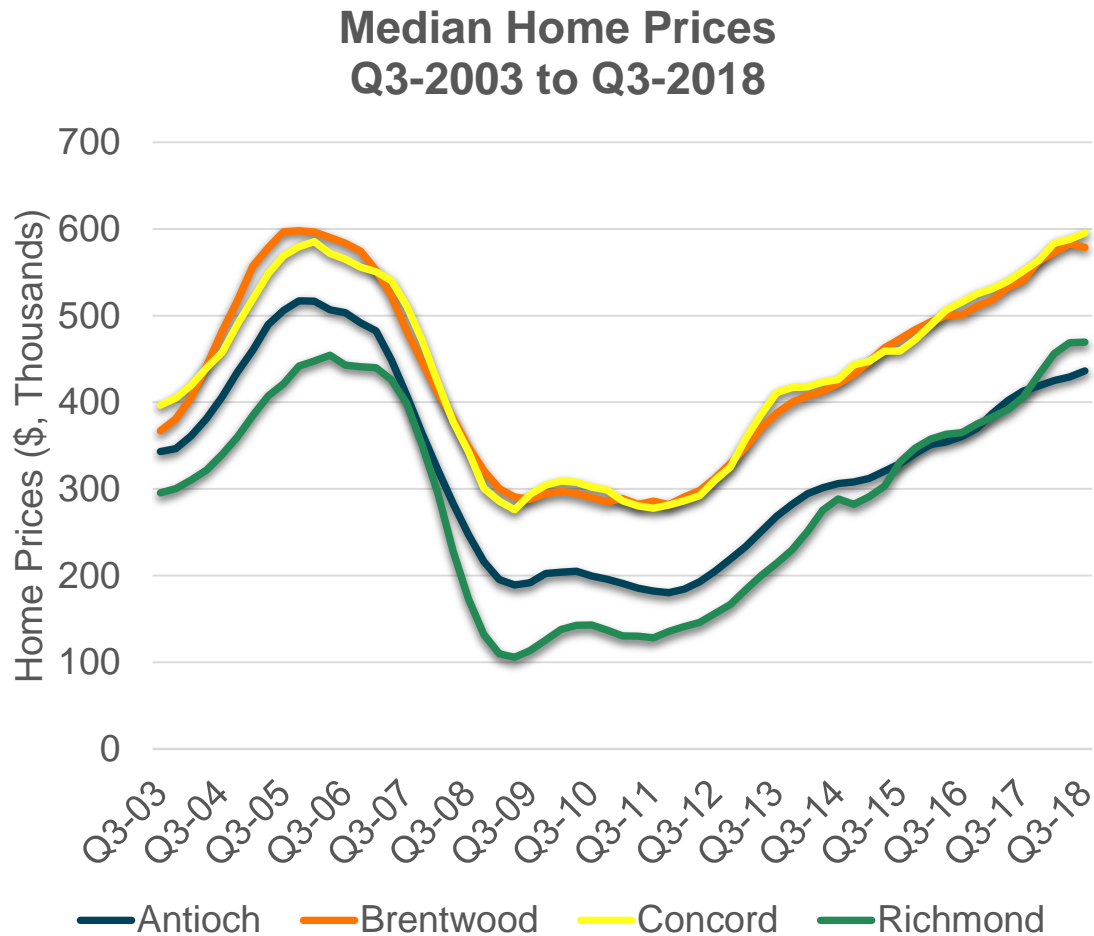
California Home Prices Relative to US



Median Home Price Q3-2003 to Q3-2018



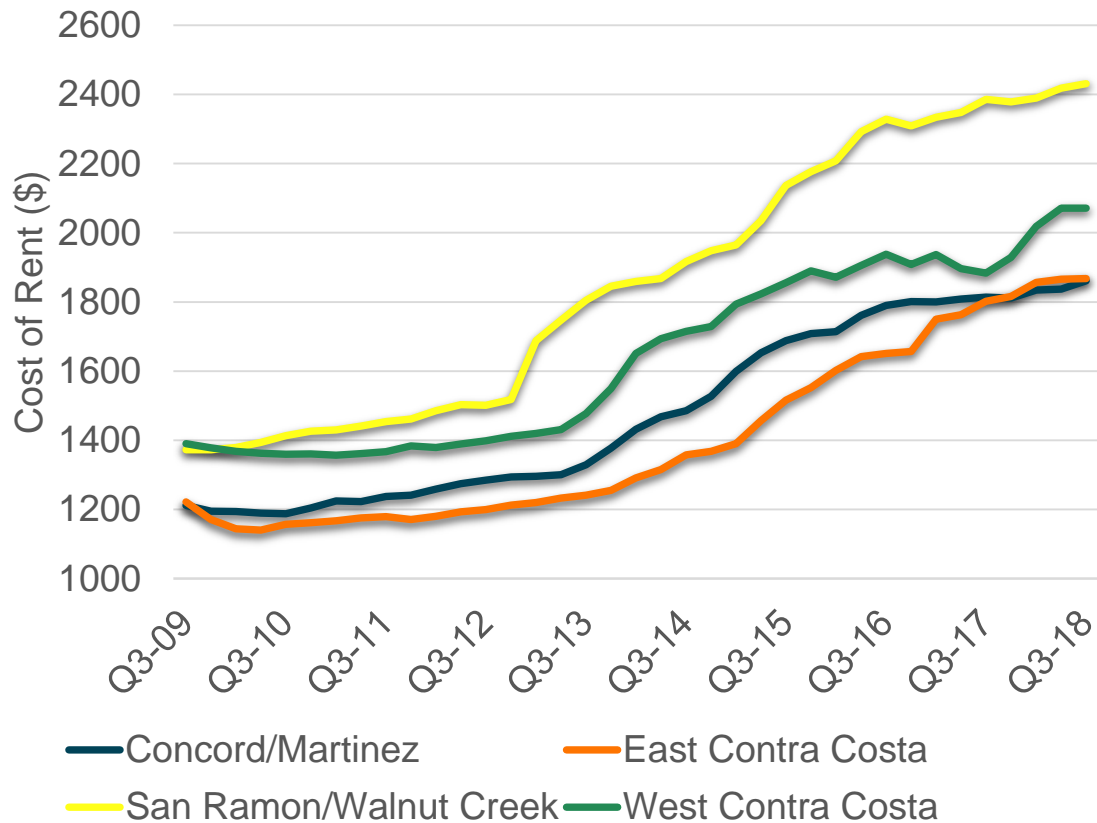
Residential Real Estate - Local



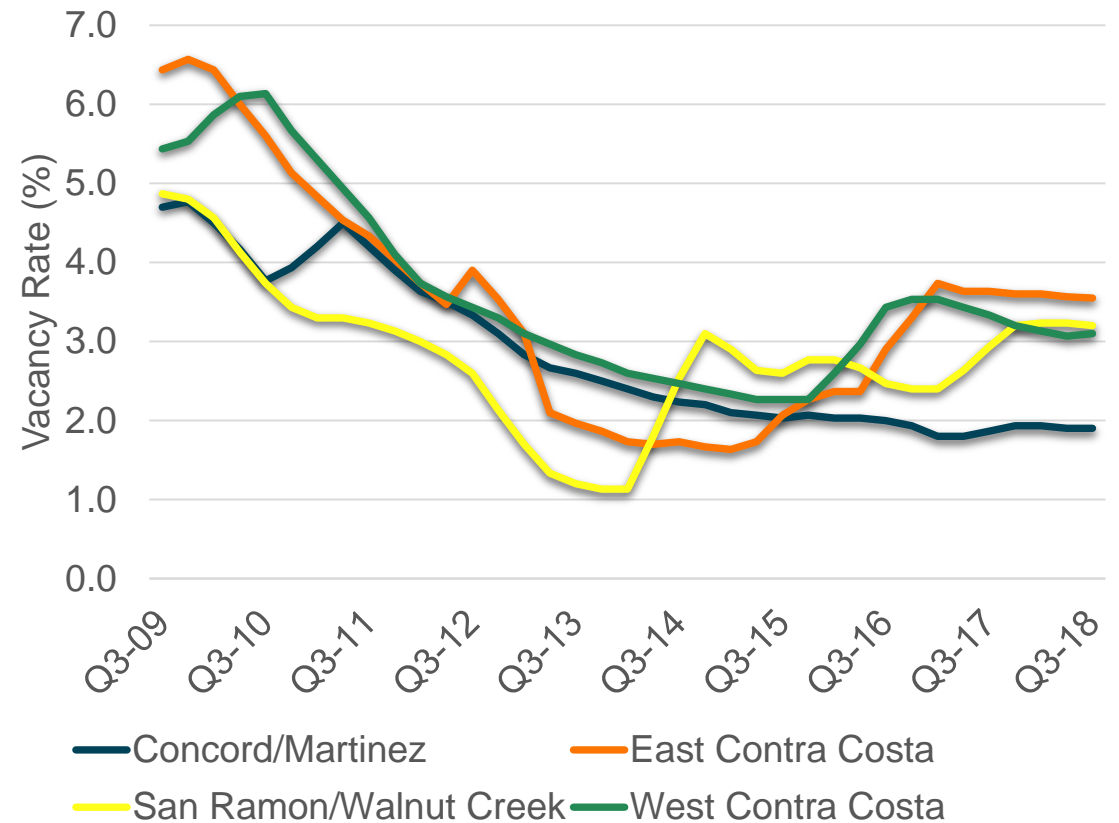
City	Median Home Prices in Q3-2018 (000's)	Year over Year % Change
Richmond	461.8	15.0
Brentwood	590.0	9.9
Concord	591.1	9.6
Antioch	436.9	4.9

Residential Real Estate - Local

Apartment Rents Q3-09 to Q3-2018

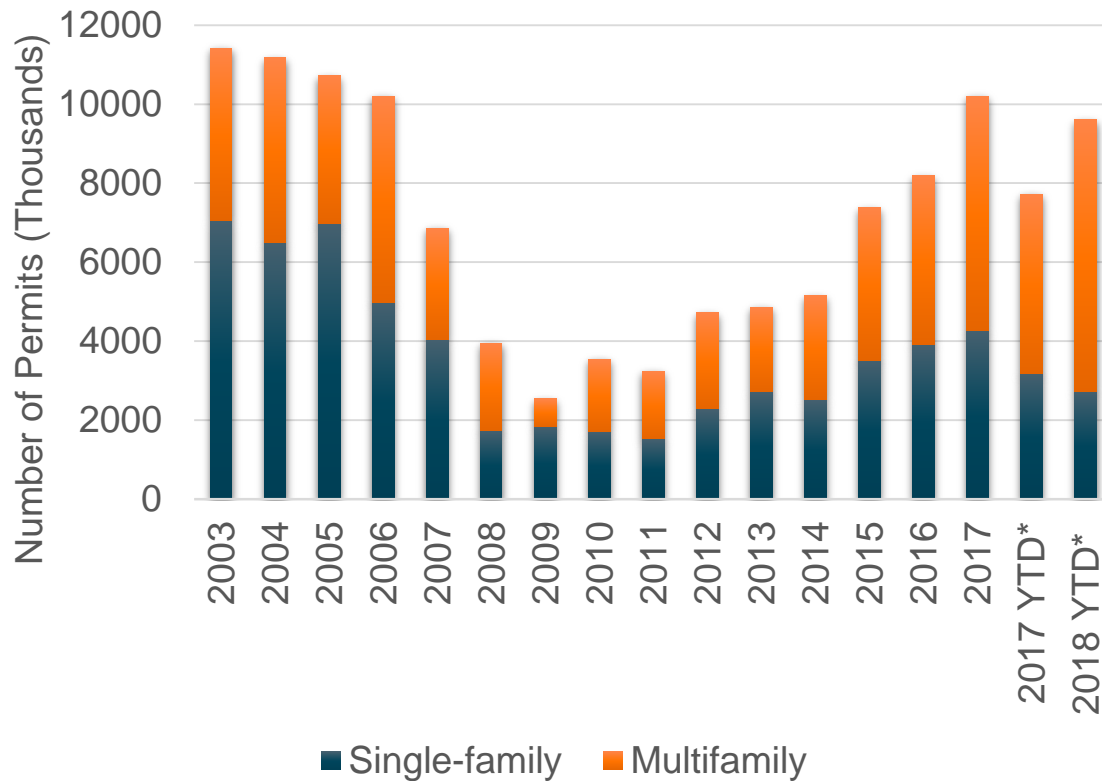


Apartment Vacancy Rate Q3-2009 to Q3-2018



Residential Real Estate – Permits

**East Bay Residential Permits
2003 to 2018 YTD***

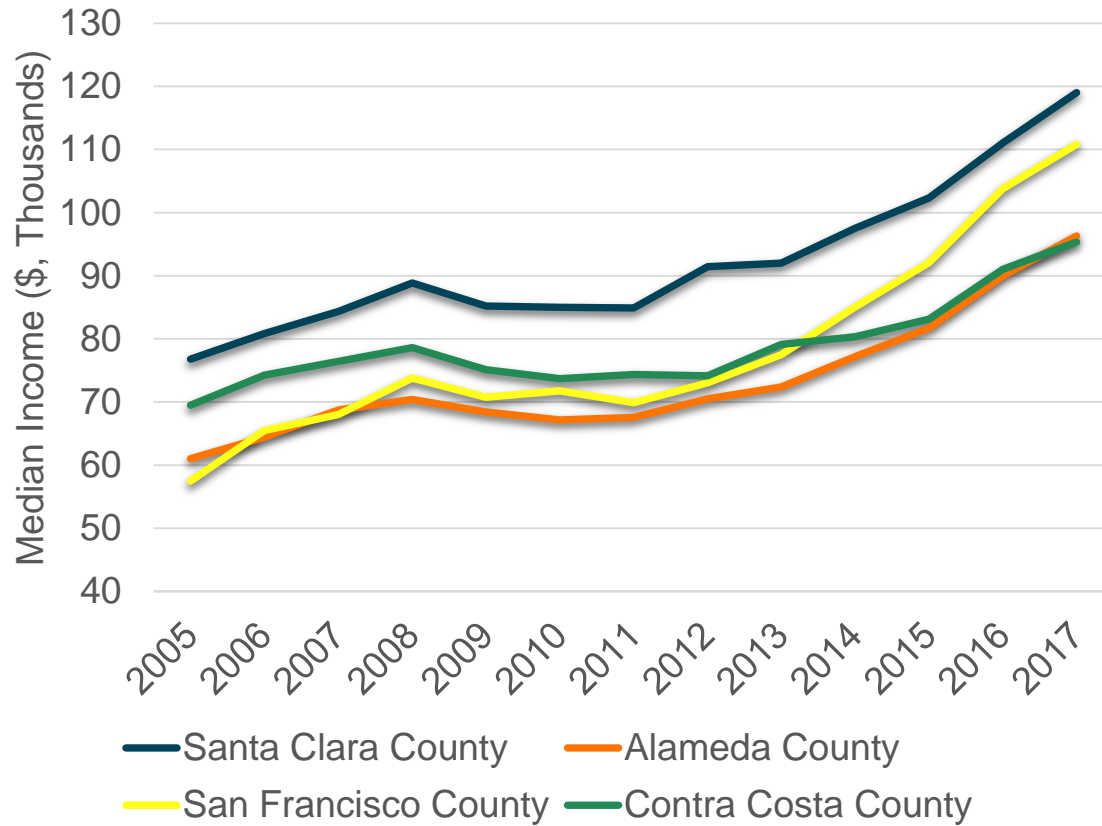


*through the third quarter

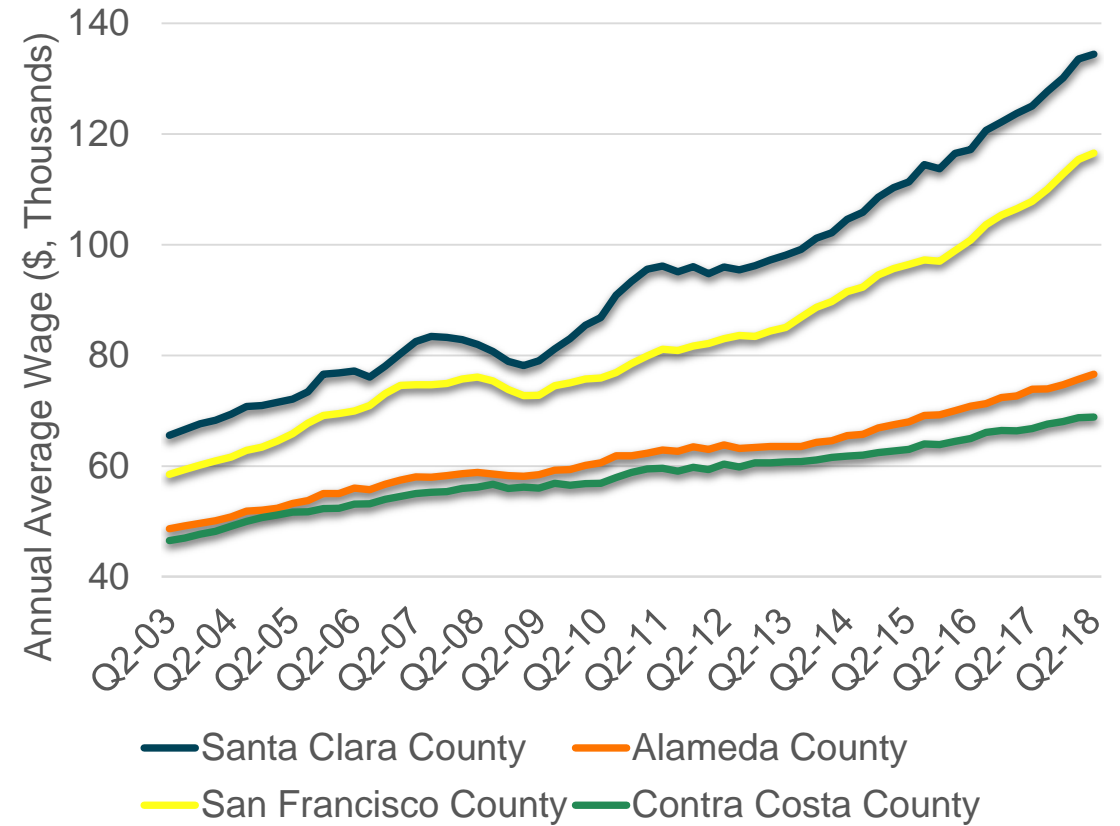
Region	Number of Permits 2018 YTD*		YTD Year over Year % Growth	
	Multi-family	Single-family	Multi-family	Single-family
East Bay	6,870	2,734	51.3%	-13.9%
San Francisco	3,252	1,662	-22.8%	-16.1%
South Bay	4,008	538	-12.1%	17.2%

Households vs Payrolls

**Median Household Income
2005 to 2017**

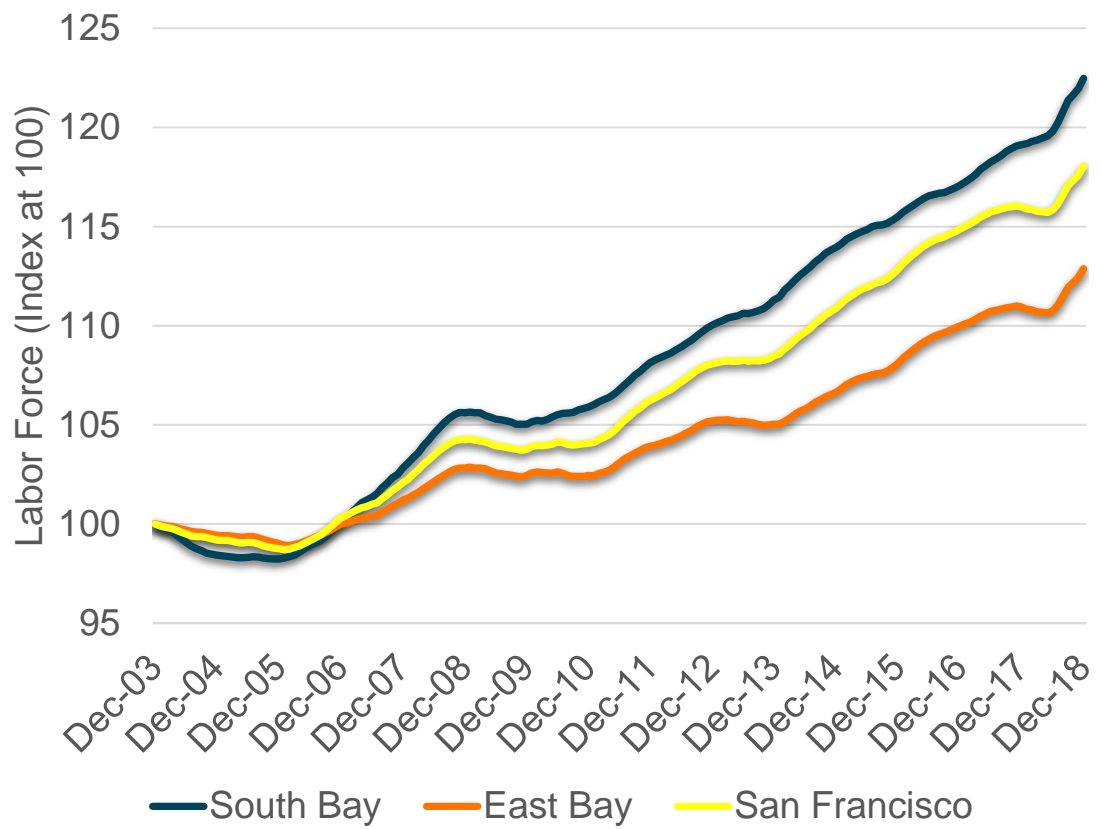


**Annual Average Wages
Q2-2003 to Q2-2018**

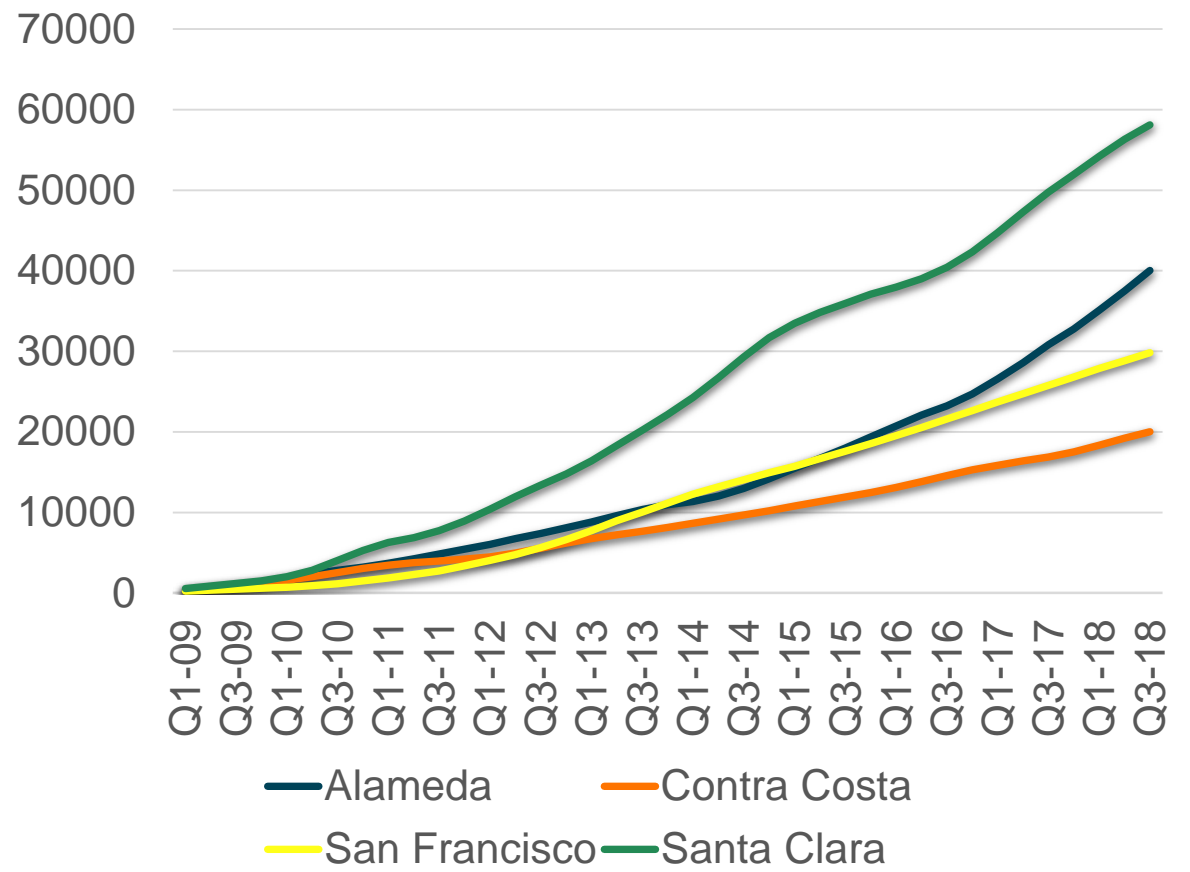


Labor Force and Housing

Labor Force
Dec. 2003 to Dec. 2018

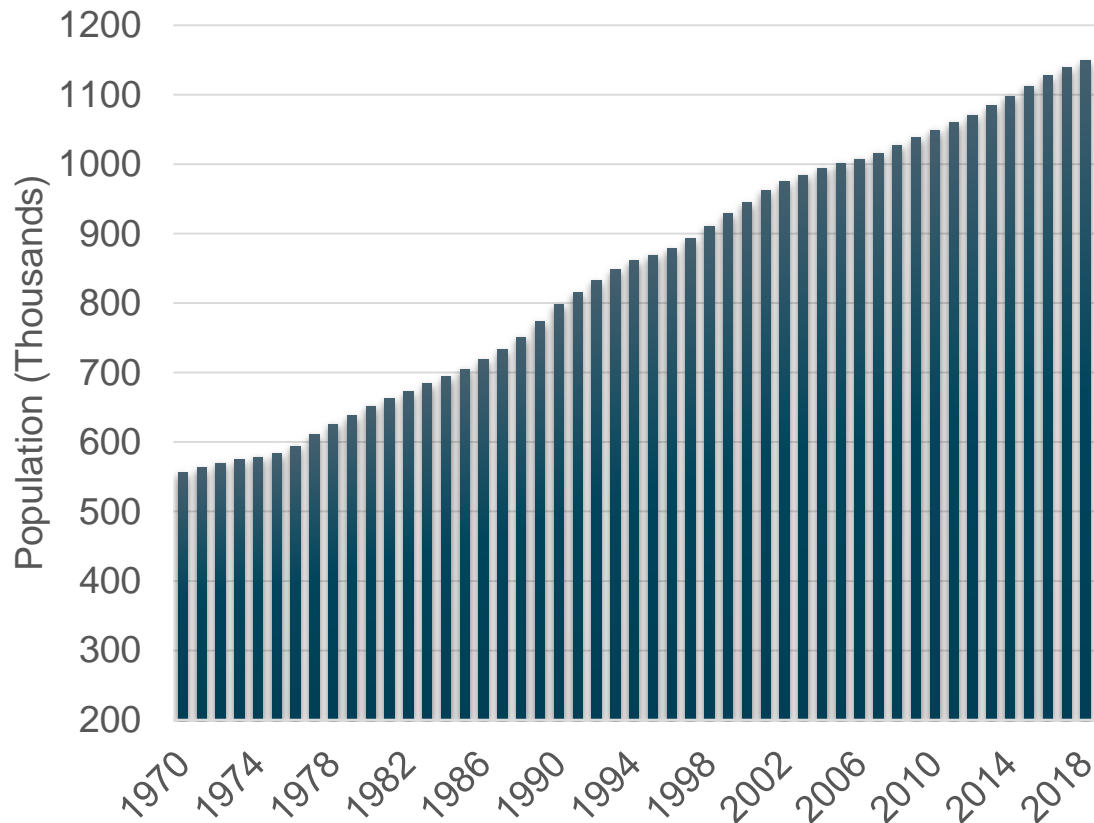


Cumulative Housing Permits



Population – Contra Costa County

**Total Population
1970 to 2018**



City	2018 Population (000's)	Year % Change	Five Year % Change
County Total	1,149.4	0.9	6.0
Concord	129.2	0.7	3.5
Antioch	113.1	0.7	5.1
Richmond	111.0	0.8	3.9
San Ramon	82.6	1.6	8.1
Pittsburg	72.6	1.8	9.2
Walnut Creek	70.7	0.2	6.5
Brentwood	63.0	2.7	16.7
Danville	44.4	0.8	4.7
Oakley	41.7	1.5	10.7
Martinez	38.1	0.7	4.2

The Impact



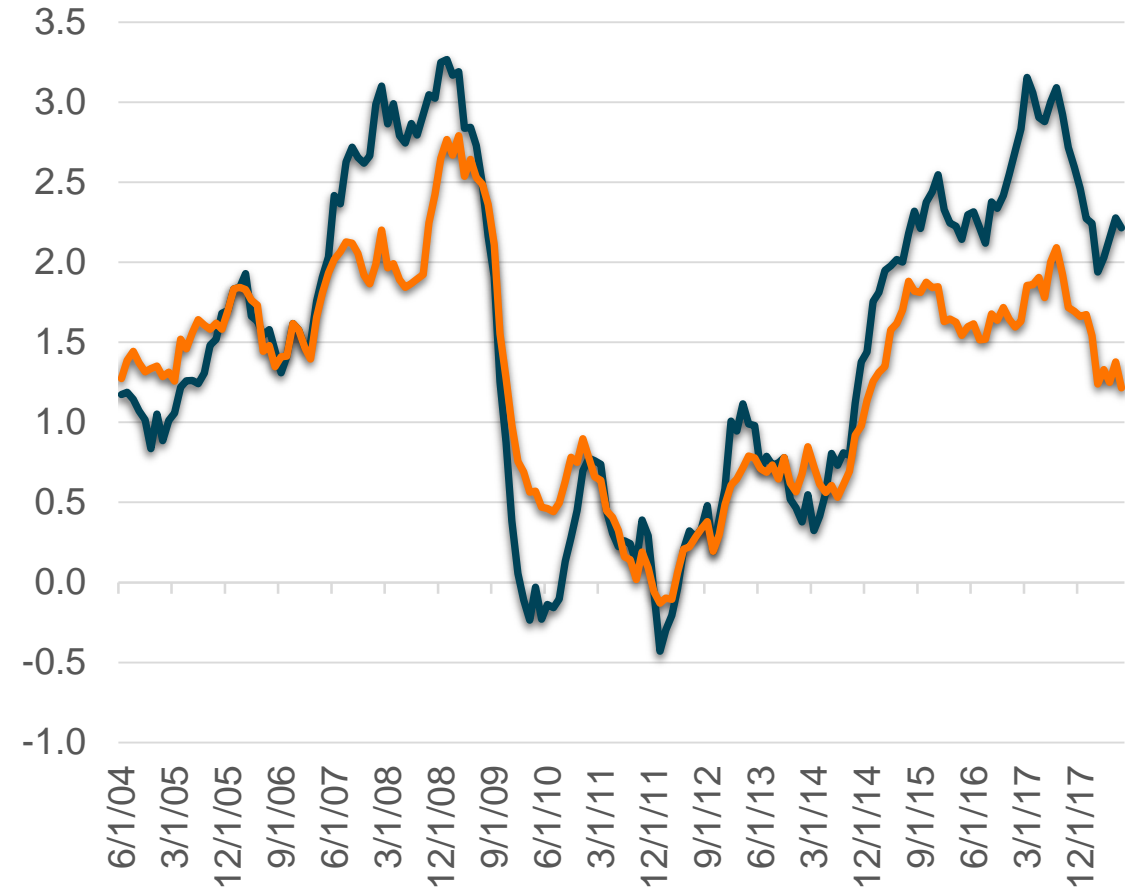
	California	Alameda	Los Angeles	Orange	San Diego	San Francisco	Santa Clara
Renters 2016	6,000,750	273,116	1,832,068	447,586	532,265	222,703	276,842
Change 11-16	375,376	16,779	112,284	36,722	36,656	3,678	14,125
Growth 11-16	6.7%	6.5%	6.5%	8.9%	7.4%	1.7%	5.4%
Overcrowded	818,737	39,668	303,691	72,153	60,812	16,739	43,186
Share	13.6%	14.5%	16.6%	16.1%	11.4%	7.5%	15.6%
Change 11-16	75,986	15,758	12,676	2,078	16,673	-2,091	7,089

The Upside of Labor Shortages



	Number (Mil)	Median Income 2016	Change 13-16	Unemp 2016	Change 13-16
Total	20.96	40,005	10.2%	5.5%	-3.0%
No High School	3.52	21,558	13.1%	8.2%	-3.7%
High School	4.26	30,231	10.9%	7.0%	-4.0%
Some College	6.14	36,985	3.1%	5.5%	-3.4%
Bachelor plus	7.03	60,121	9.4%	3.6%	-1.6%

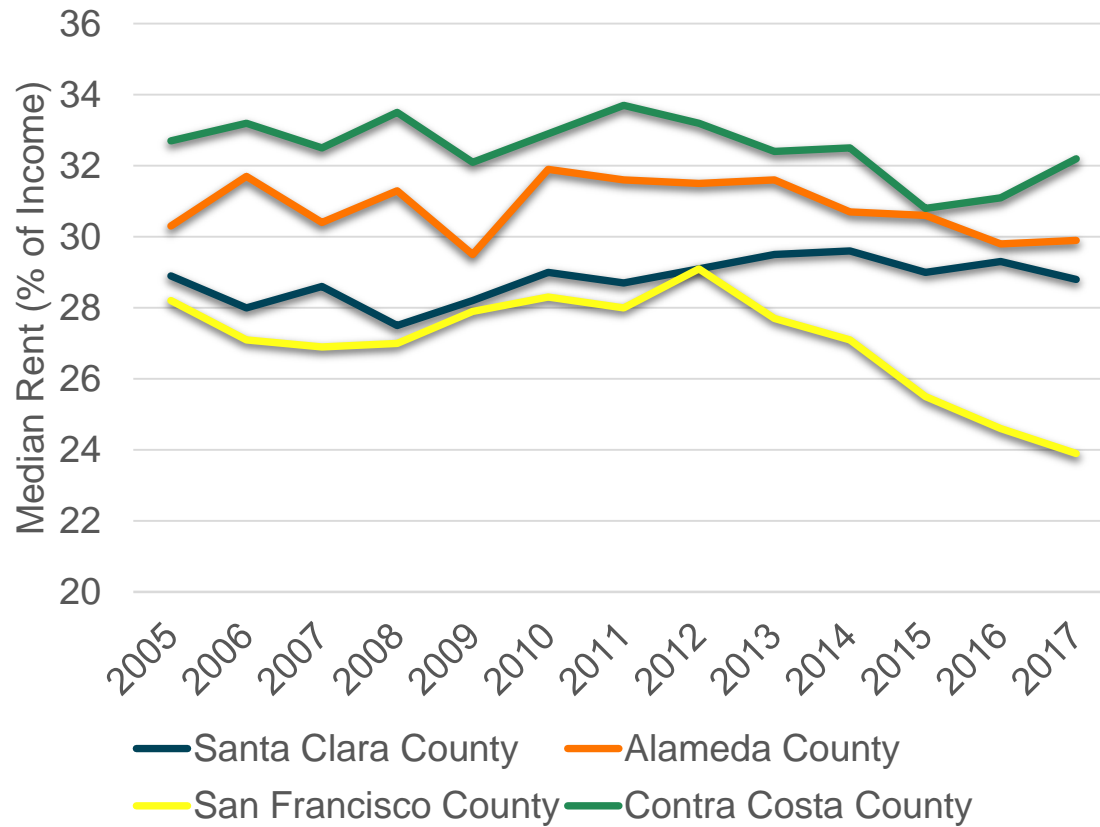
Median Wage Growth West VS US



Don't Just Focus on Affordable Rentals



**Median Rent as % of Income
2005 to 2017**



Share Households > 30% Income

	Renter		
	2013	2016	Ch
Fresno	54.8%	57.5%	2.7%
Los Angeles	57.0%	55.4%	-1.6%
San Bernardino	54.7%	55.4%	0.7%
Riverside	58.8%	54.8%	-4.0%
San Diego	53.7%	54.7%	1.0%
Orange	55.5%	54.1%	-1.4%
Sacramento	52.9%	52.1%	-0.9%
Alameda	50.8%	47.2%	-3.6%
Santa Clara	47.2%	46.2%	-1.1%
San Francisco	42.8%	36.8%	-6.0%

The Commute Impact

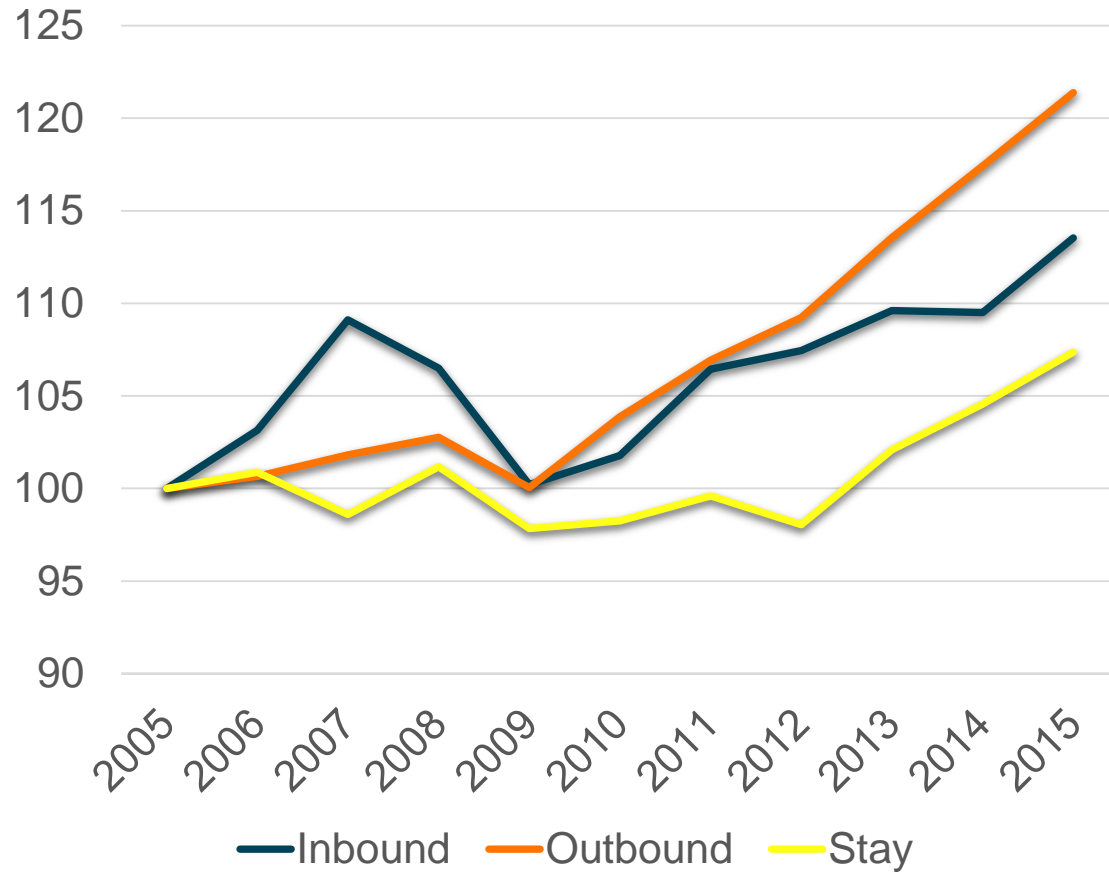


	Res Emp	Ch 12-17	Gr	Out Cnty	Sh
Alameda	770234	76444	9.9%	36005	47.1%
San Bernardino	890998	101571	11.4%	32113	31.6%
Contra Costa	543260	60182	11.1%	29556	49.1%
Riverside	1014984	150692	14.8%	28079	18.6%
Santa Clara	971960	109719	11.3%	25227	23.0%
Sacramento	689495	91152	13.2%	22646	24.8%
San Mateo	409921	39283	9.6%	21653	55.1%
San Joaquin	303851	45701	15.0%	19831	43.4%
Solano	204776	24954	12.2%	14919	59.8%
Stanislaus	230328	33644	14.6%	12592	37.4%
Madera	57028	15310	26.8%	9532	62.3%
Ventura	409760	23567	5.8%	7912	33.6%
Placer	177146	21908	12.4%	7596	34.7%

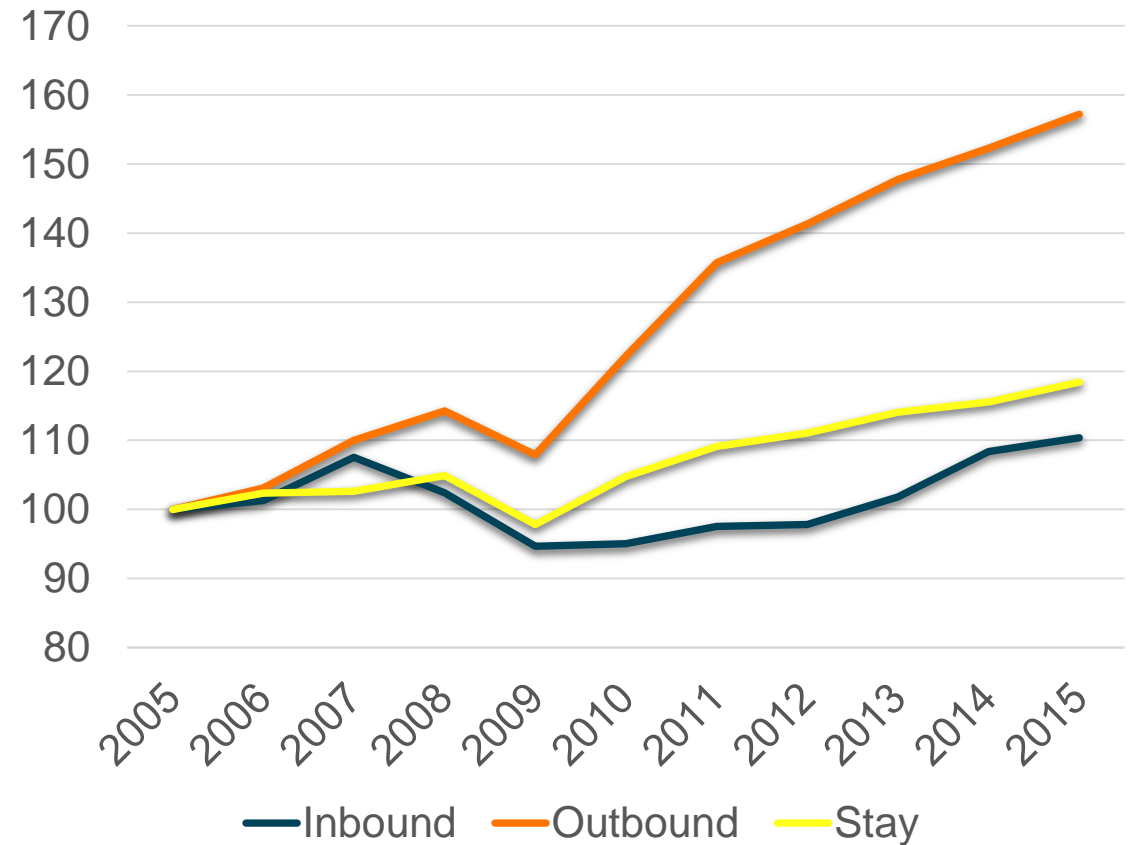
Contra Costa Commuting



Contra Costa County Worker Commuting Patterns

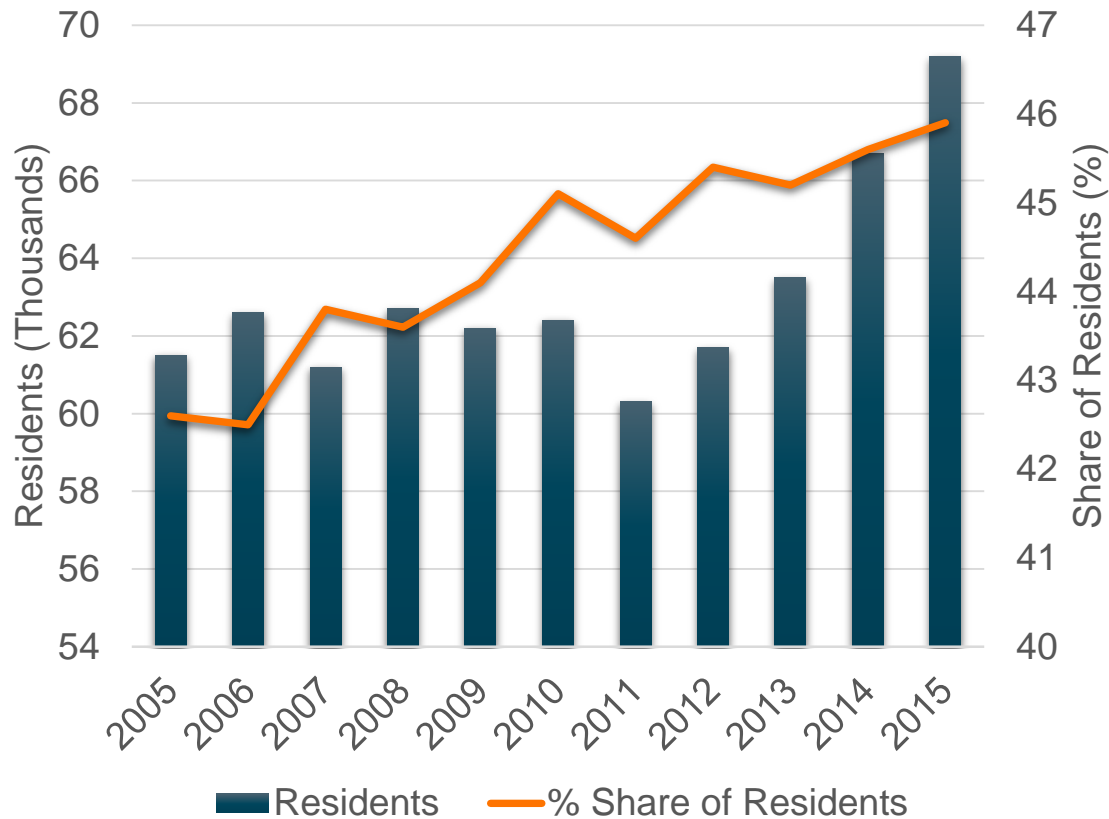


Tri-Valley Worker Commuting Patterns

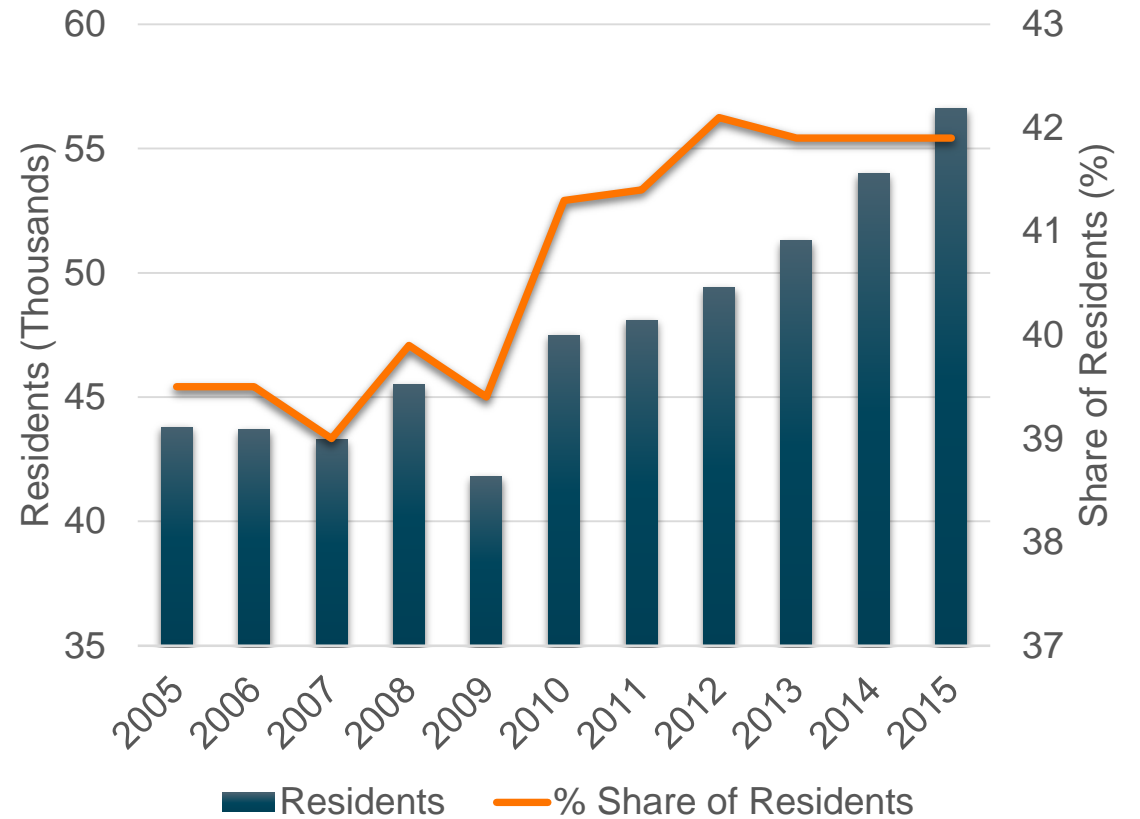


Commuting Patterns - Central Contra Costa

Outbound Commuting: Central CC 2005 to 2015

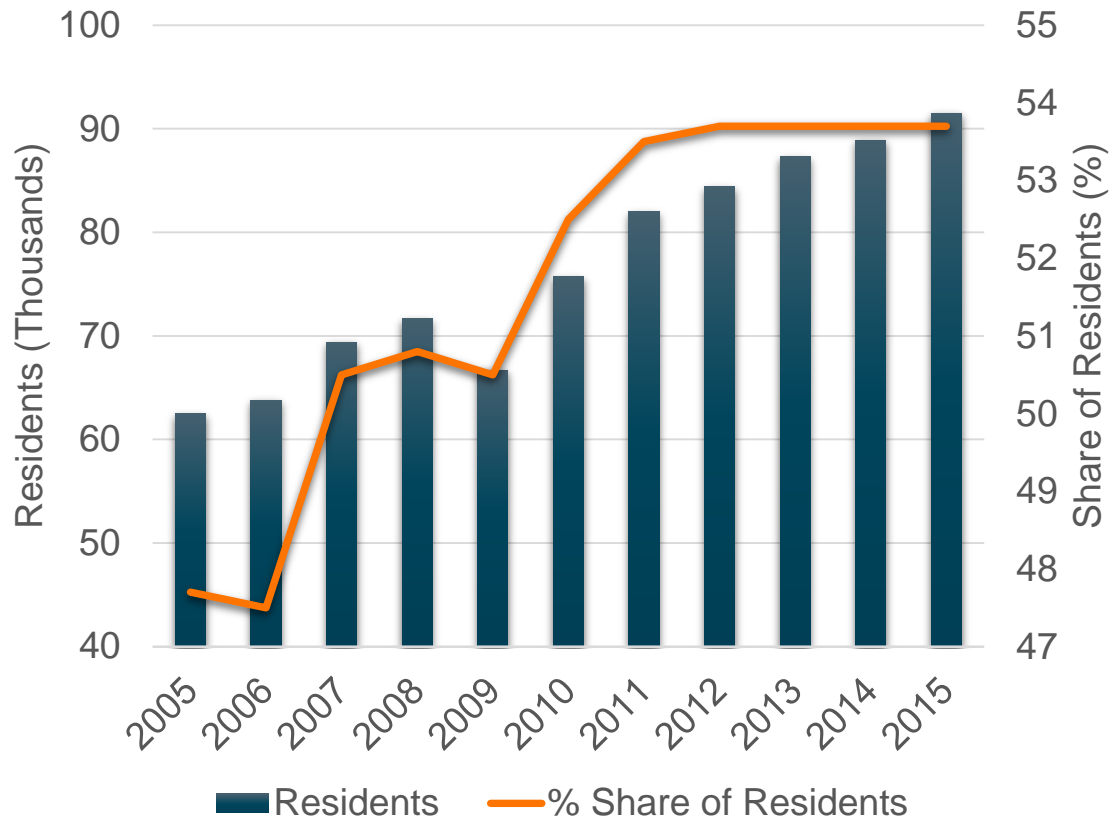


Outbound Commuting: East CC 2005 to 2015

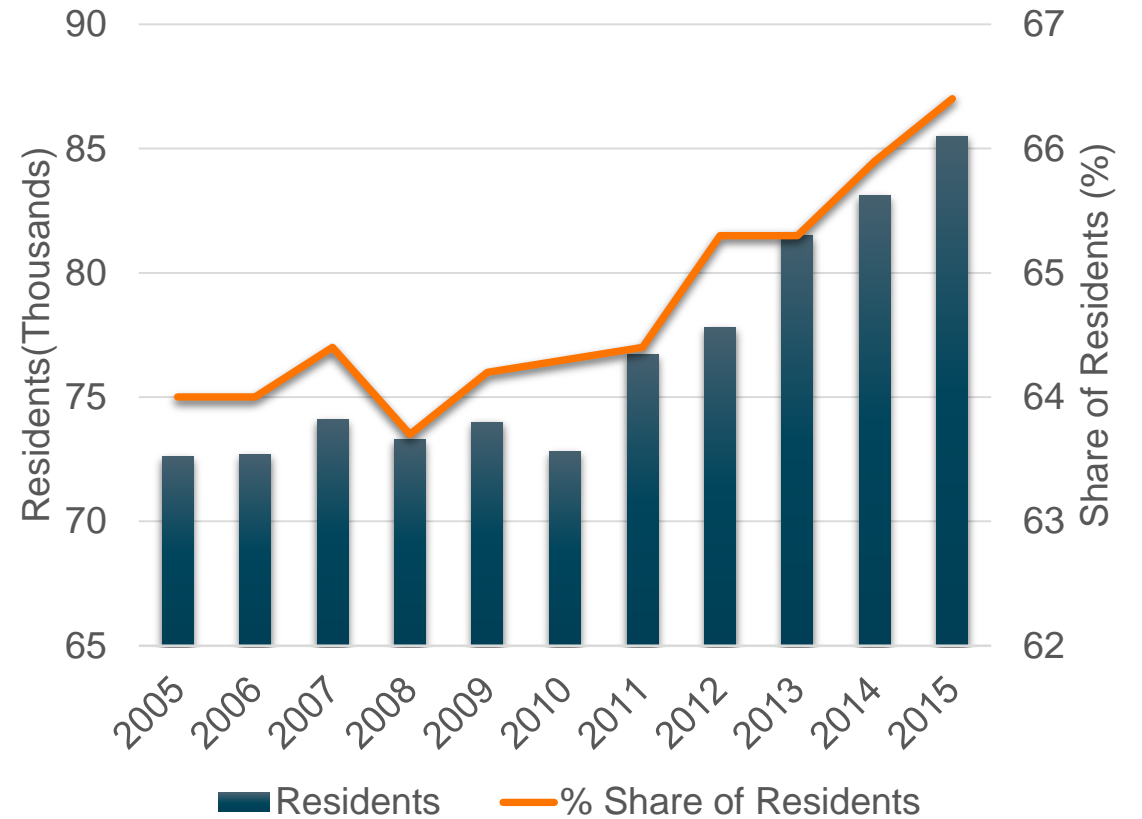


Commuting Patterns – Tri-Valley Region

Outbound Commuting: Tri Valley
2005 to 2015



Outbound Commuting: West CC
2005 to 2015



A Year Ago



Northern California Fires Destroy More Than 8,000 Structures: A Breakdown of the Damage

More than 70 percent of the buildings that burned were homes



L.A. NOW LOCAL

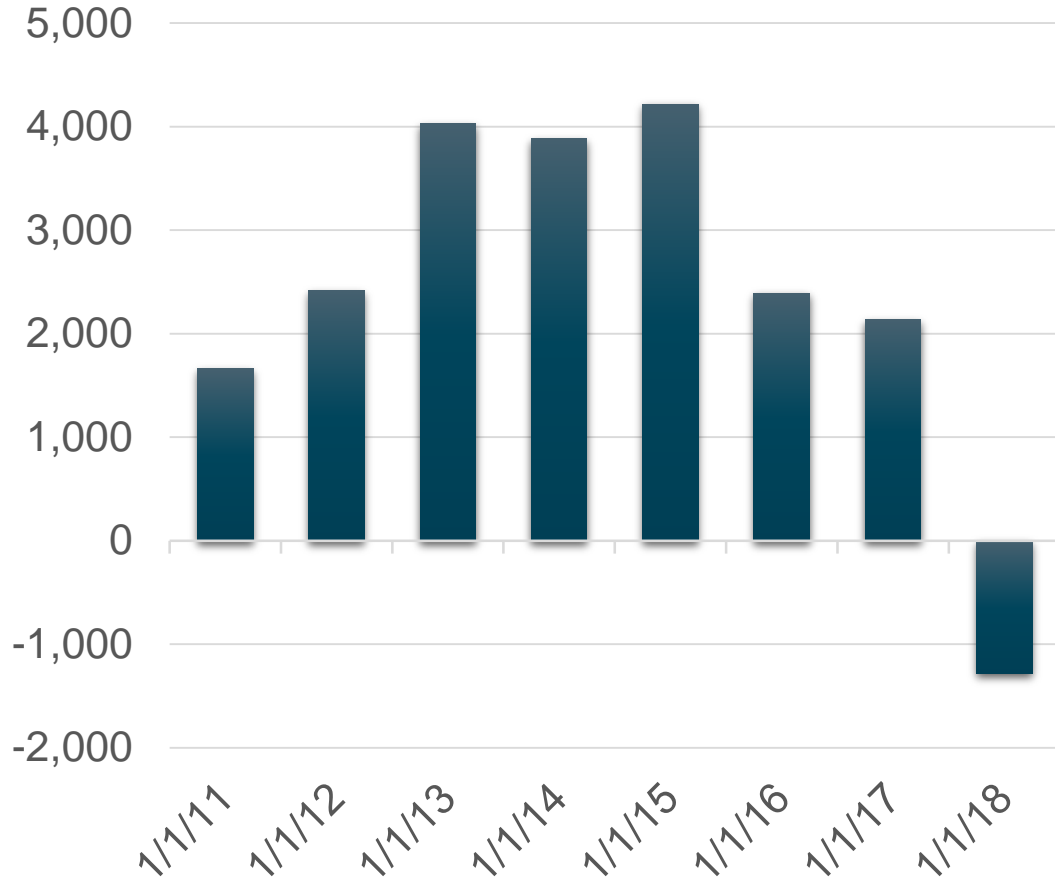
Death toll rises to 40 as firefighters continue to battle massive California wildfires



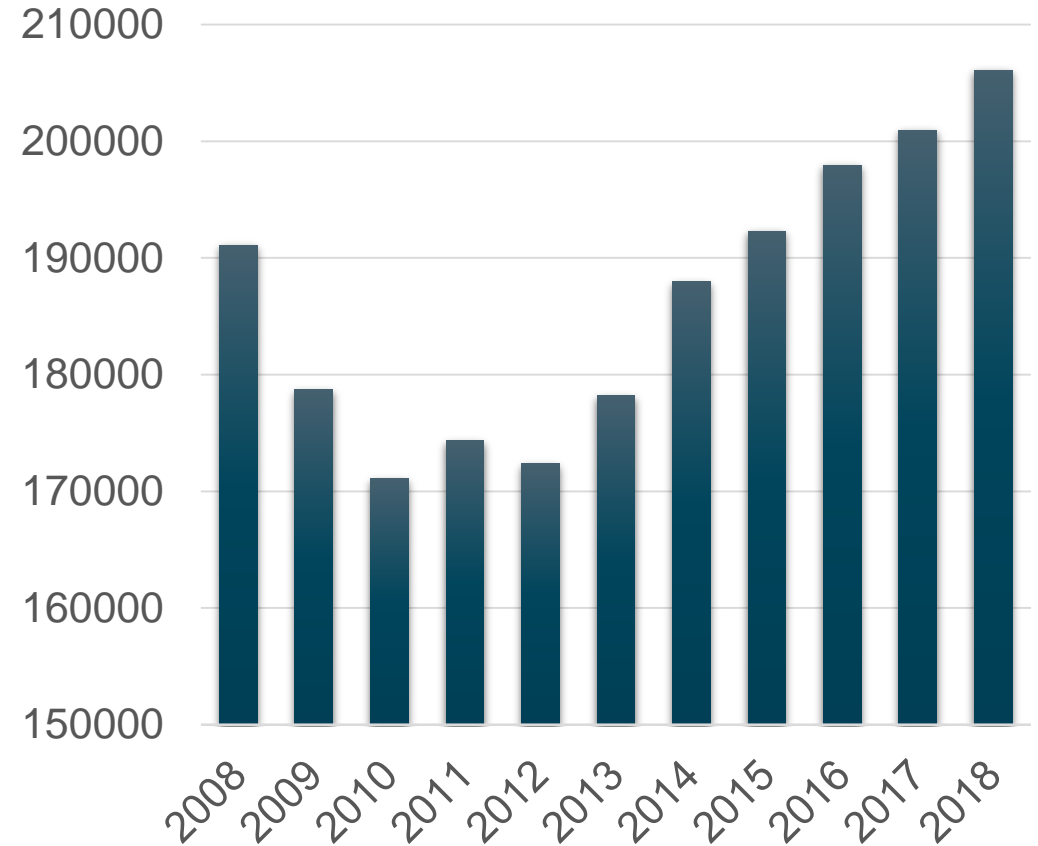
Local Population, Sonoma County



Change Pop Sonoma County



Sonoma Employment

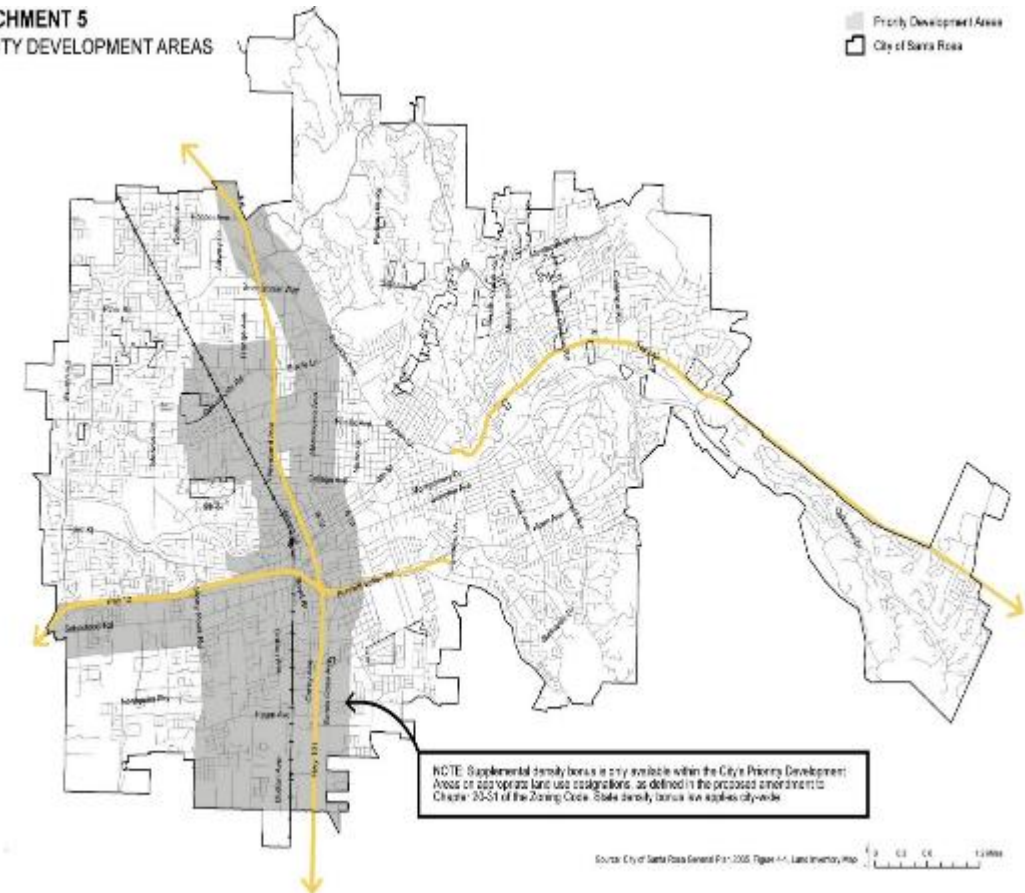


SUPPLEMENTAL DENSITY BONUS

Allow up to 100% Bonus

- Project Eligibility Requirements:
 - ✓ Achieves 35% State Bonus and
 - ✓ Located within a Priority Development Area or Station Area and
 - ✓ Located within appropriate General Plan Land Use Designation
- Density above 35% granted for:
 - ✓ Affordable Housing or
 - ✓ Affordable Housing and Community Benefits

ATTACHMENT 5
PRIORITY DEVELOPMENT AREAS



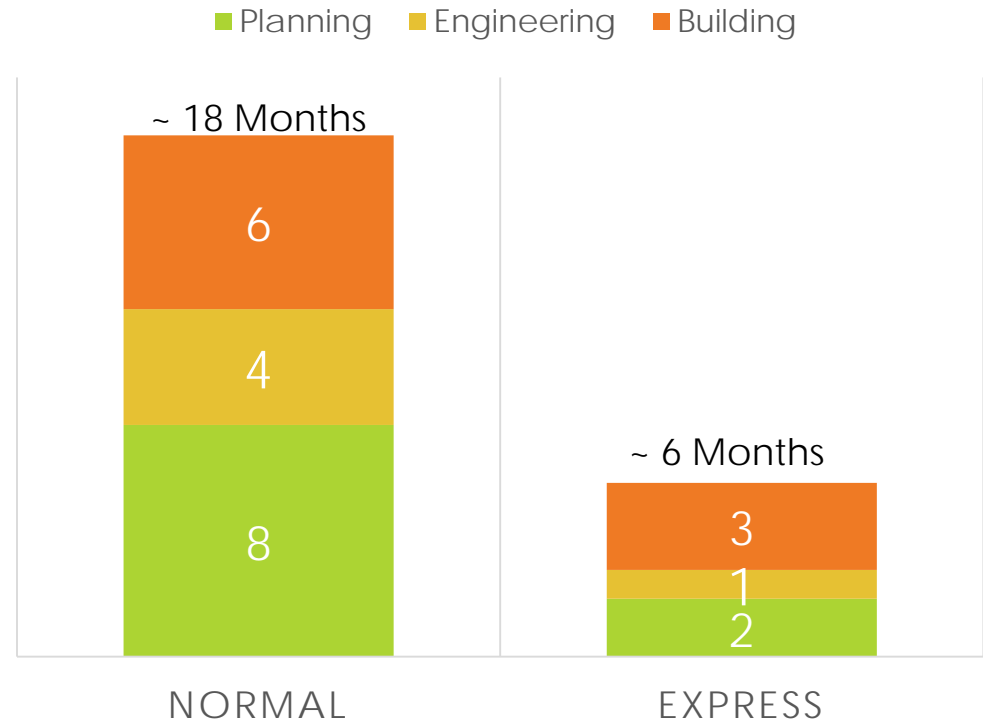
Programmatic and Policy Updates

Design Review Process



City Council Ordinance ORD-2018-012,
May 22, 2018

EXPRESS PERMITTING PROGRAM

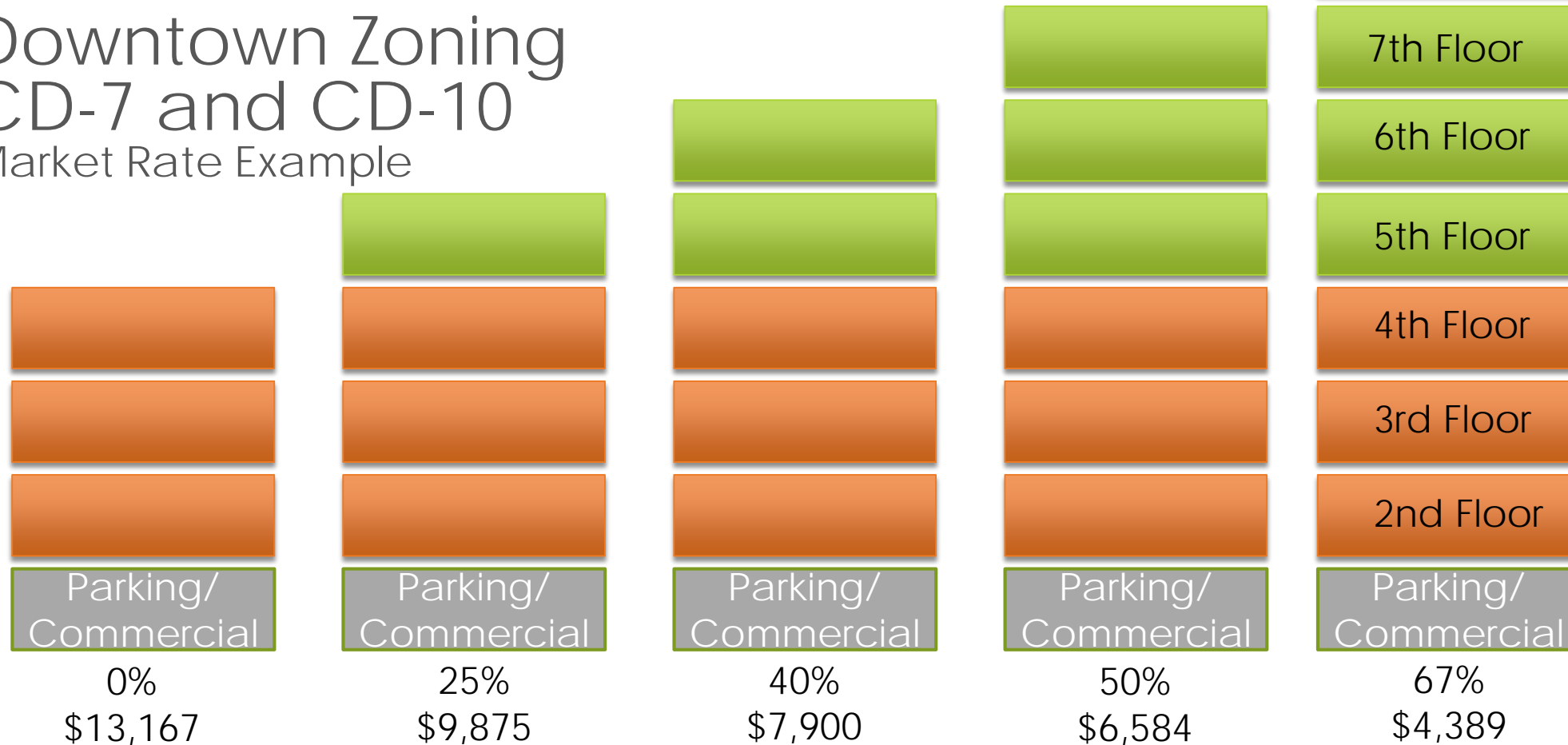


High Density Residential Incentive Program (Market Rate)

74



Downtown Zoning
CD-7 and CD-10
Market Rate Example



- 10th Floor
- 9th Floor
- 8th Floor
- 7th Floor
- 6th Floor
- 5th Floor
- 4th Floor
- 3rd Floor
- 2nd Floor
- Parking/
Commercial

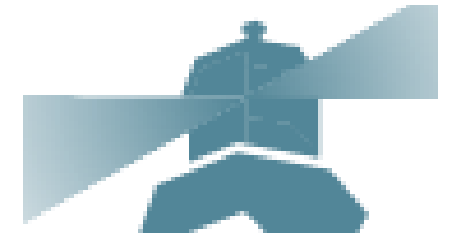
Per Door Park
and CFF Fee

Why the problem? Incentives



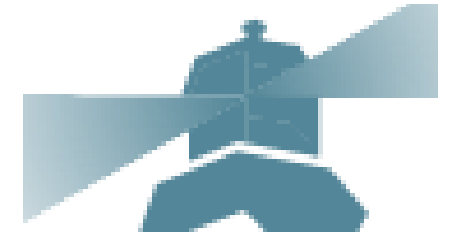
	Hypothetical City		Full Service - with 6% UUT	
	Single-family Residential	Multi-family Residential	Industrial	Retail
CITY EXPENDITURES				
Police Department	9,000	42,750	4,950	14,063
Fire Department	6,040	28,690	3,322	9,458
Public Works	1,200	5,700	1,320	3,750
Planning & Community Development	800	3,800	880	2,500
Parks & Community Services	2,600	12,350	429	1,219
Library	1,500	7,125	n/a	n/a
General Government	2,540	12,065	1,298	3,688
TOTAL EXPENDITURES	\$ 23,680	\$ 112,480	\$ 12,199	\$ 34,656
NET	\$ 11,520	\$ (37,258)	\$ 12,704	\$ 81,465

The Big Picture



- **Positives: It will be a good year**
 - GDP Growth Outlook for 2019: 2%+
 - State revenues will look positive
 - Labor markets to remain tight
 - Rising wages to put pressure on profits
 - Exports, business investment continue to grow
 - Inflation to remain constrained
 - Interest Rates Still Low
 - Debt Levels still safe
 - California: Still a top performer
- **Negatives: Problems Growing**
 - Labor shortages will be an issue
 - Local housing supply tightening
 - Fed will continue to tighten, yield curve flattening
 - Markets behaving oddly
 - Federal deficit widening sharply
 - Current shutdown—how long?
 - Political uncertainty to dominate headlines
 - Critical Policy Issues Remain Undiscussed
 - Miserabilism warping our sense or reality

The Great Disconnect



■ What we are worried

■ What we should be worried



The Cost of CA Housing

The Supply of CA Housing



Thank You

Chris@BeaconEcon.com | www.BeaconEcon.com