

Regional and County Trends Related to the Comprehensive Plan Update

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Origin and Purpose of These Slides

- A version was presented to city staff in December and to a group of residents at Mitchel Park Library in January. The present version incorporates feedback from these presentations.
- This is a volunteer effort in appreciation of the wonderful city Palo Alto is for our family. My professional work focuses on regional economic and demographic trends in California.
- Palo Alto residents and city council are updating the Comp Plan in 2015 and 2016. These slides present background information on the regional context in which Palo Alto will make choices.

Topics

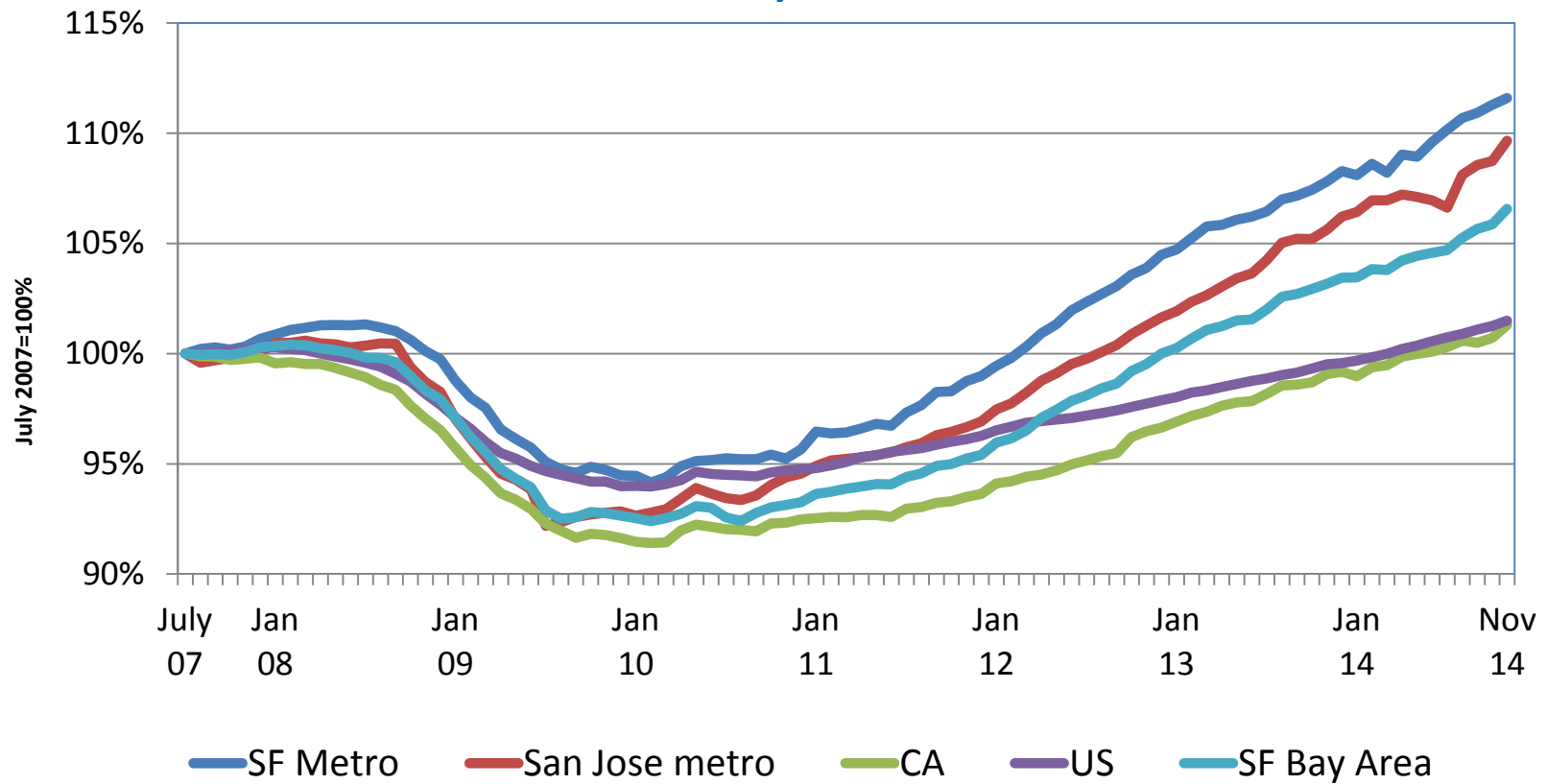
- Recent economic, population and housing trends
- Likely Future Trends
 - The next two years
 - To 2030
- Implications for the Comprehensive Plan Update

Current Trends

- Strong job growth—100,000 per year since 2010
- Sharp declines in unemployment; residents returning to the workforce. Strong wage gains mostly in tech. A tightening labor market—implications for future population growth
- Record levels of national VC funding
- Continuing population growth though some jobs were filled by previously unemployed worker
- Very low levels of new housing compared to population growth

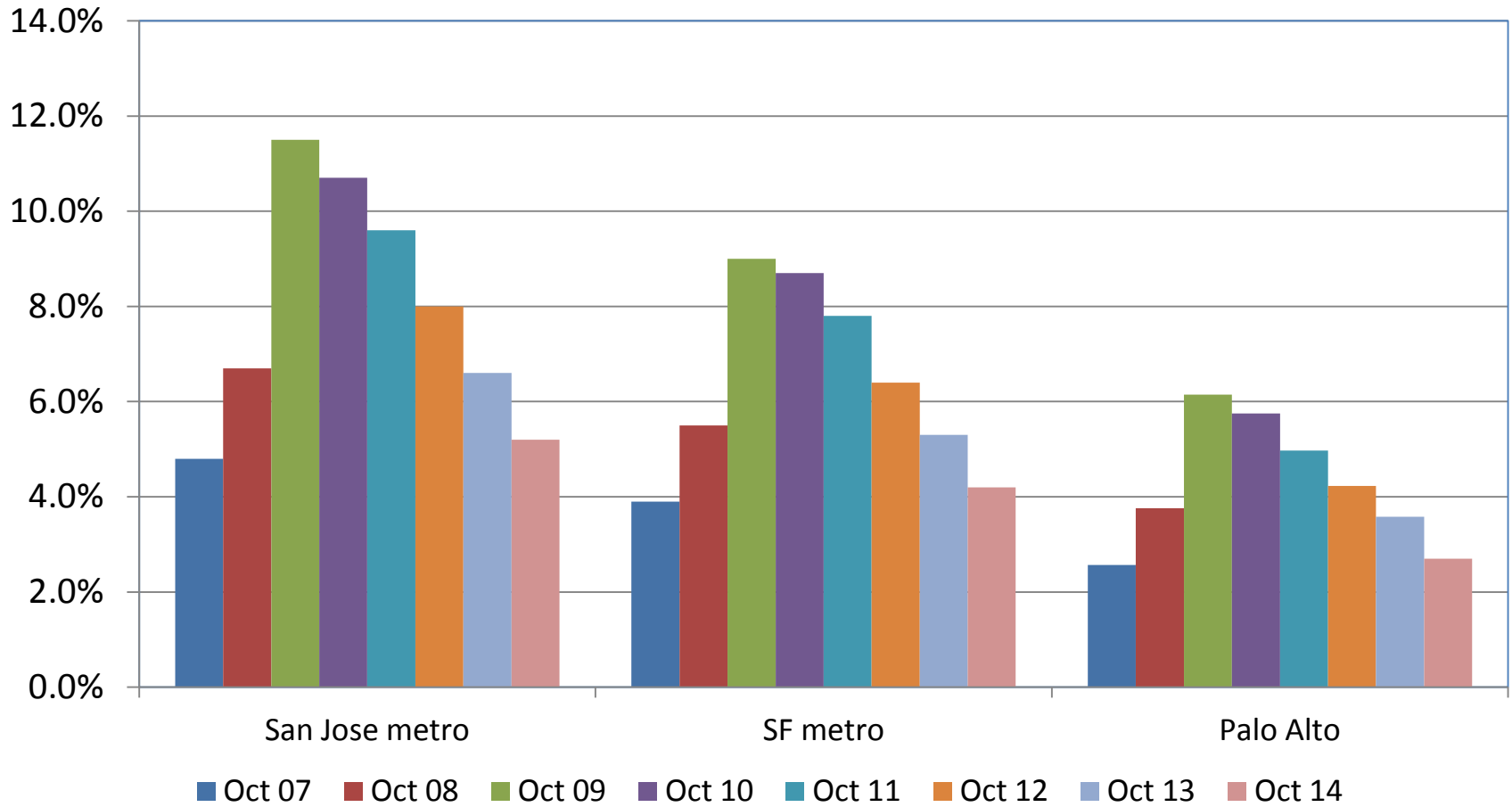
Peninsula Job Surge Leads Strong Bay Area Job Growth—100,000 per year Since 2010

Job Trends July 2007--Nov 2014

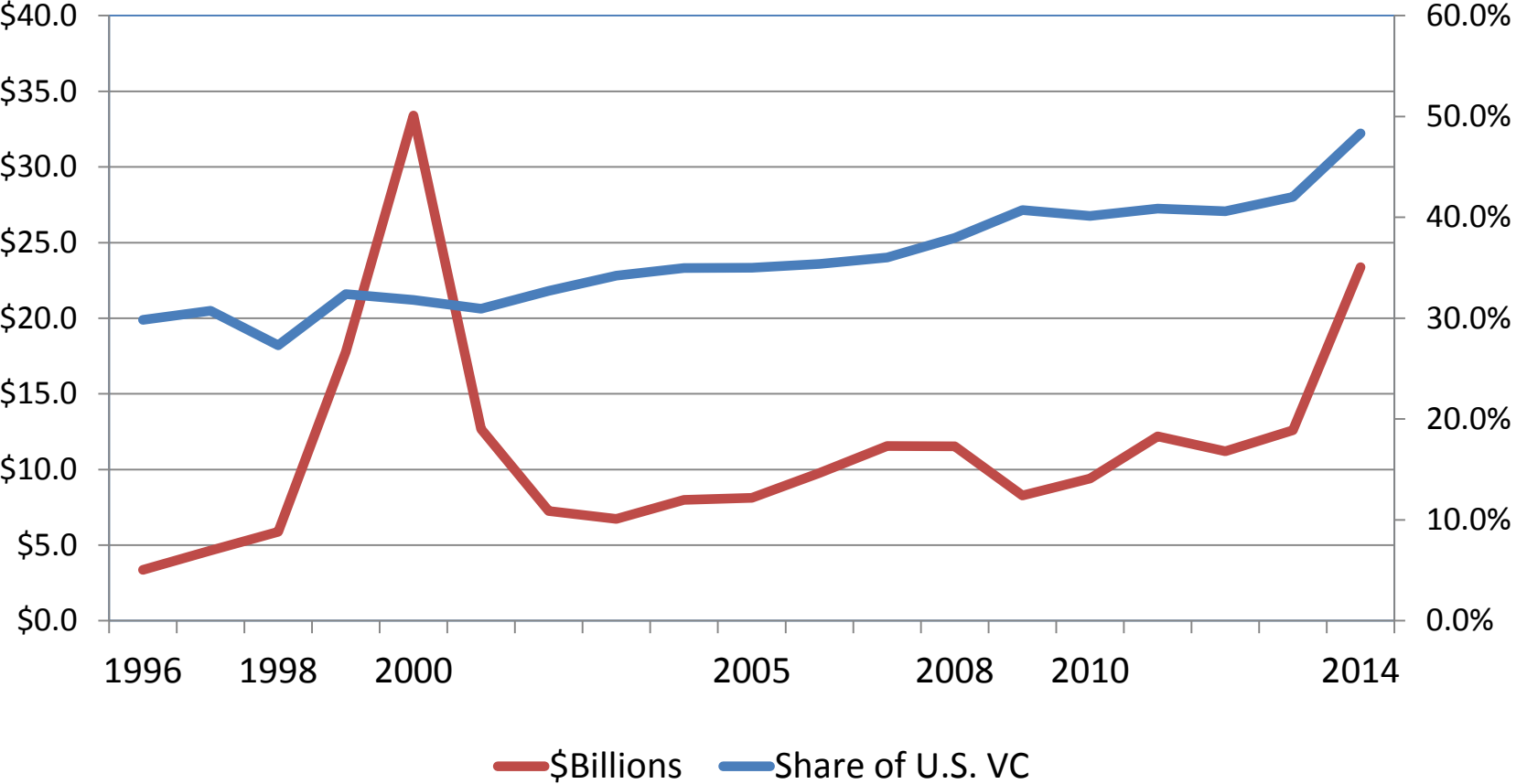


Job Growth

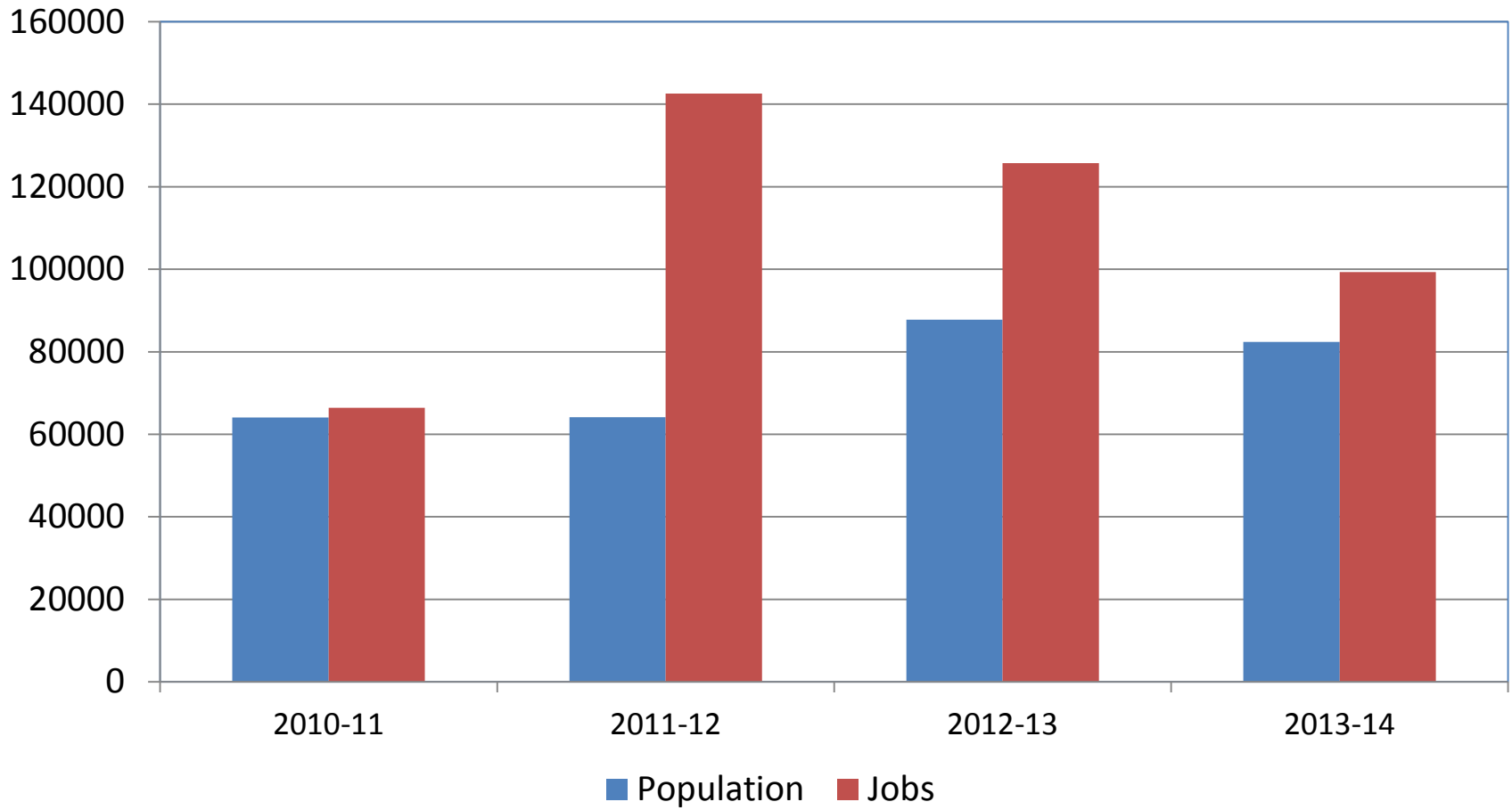
Reduced Unemployment Rates



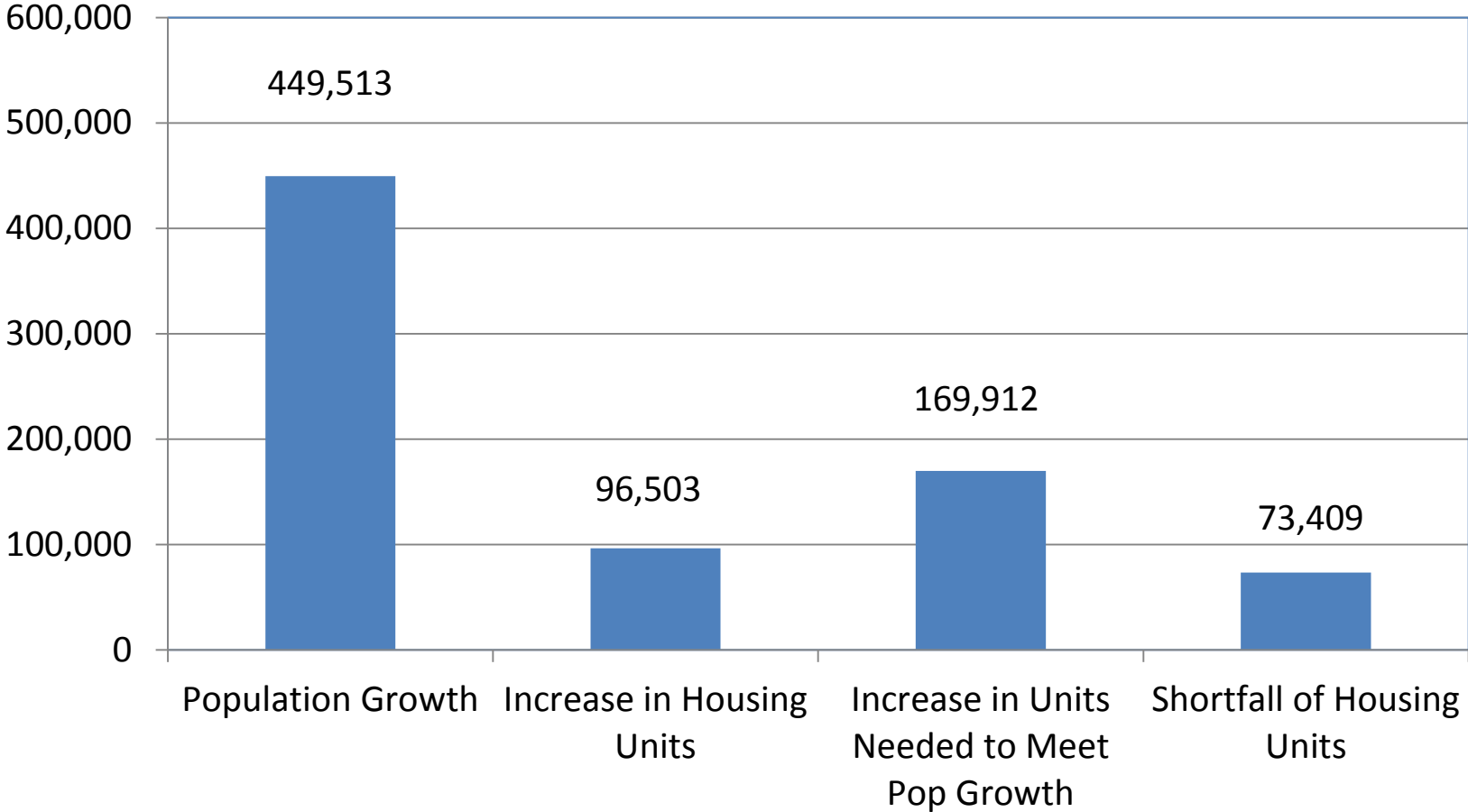
Bay Area--Record Share of National VC Funding—2nd Highest \$ Funding Year



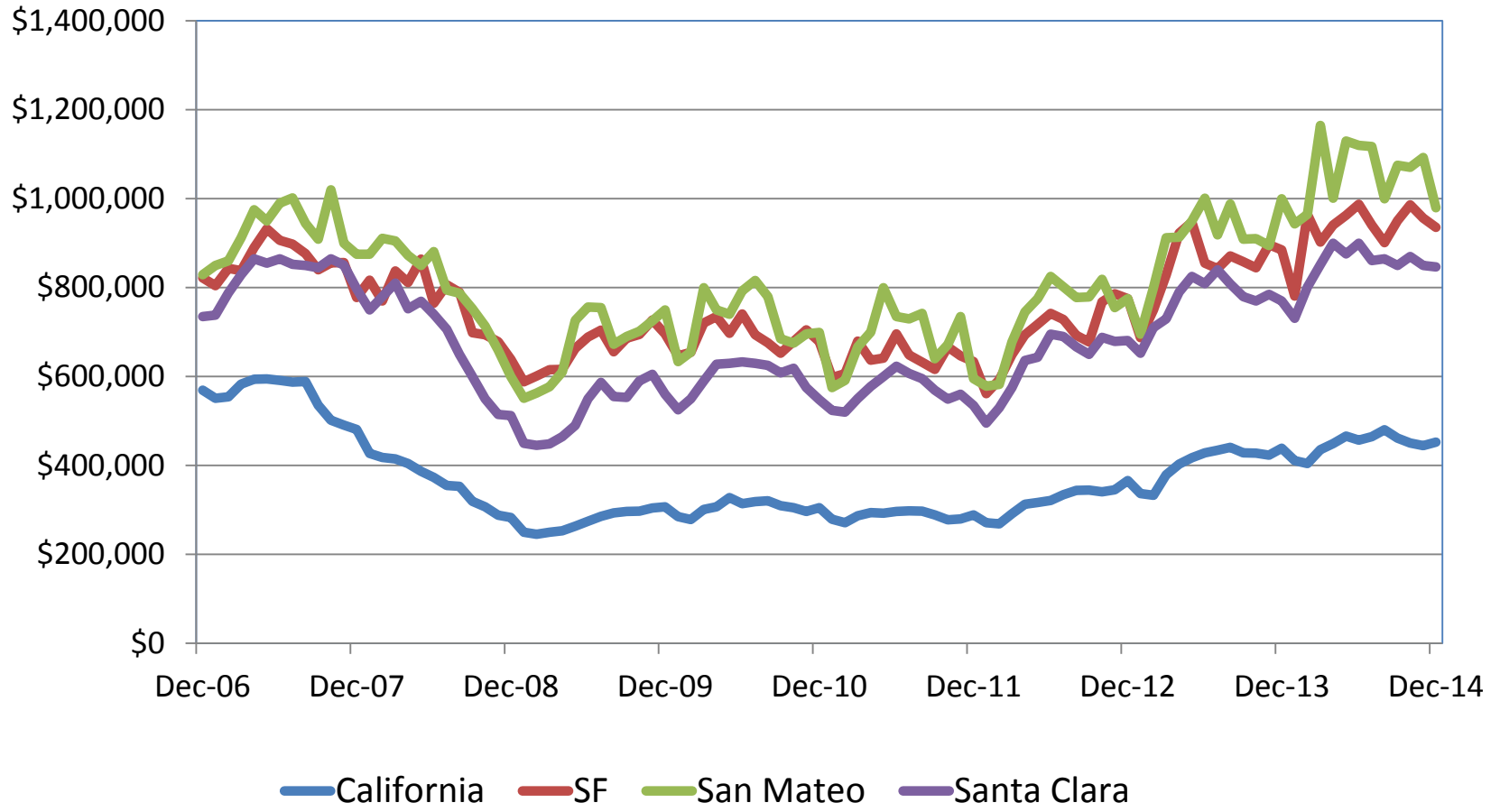
Bay Area Population Growth Rises as Job Growth Continues, Unemployment Falls



Anatomy of a Growing Regional Housing Shortage 2007-2013



Led to Strong Median Home Prices Increases on the Peninsula Compared to Elsewhere



Likely Future Trends

- Strong job growth for two years, then slowing as boomers retire but job growth will exceed current ABAG projections for 2020. And long term job forecasts likely to be revised up.
- Pressure for migration as births level off, boomers need to be replaced, job growth continues and already a tight labor market
- Population growth will be heavily in older age groups. Retail, housing and transportation preferences/needs may change with aging and technology

How to Think About the Future

- There are numbers about growth and age change
- And there is envisioning the other changes in the way people will live
- It is hard to plan for the future without envisioning the future, not next year
- At the end let's look at how our lives have changed in the past 15 years. First some numbers about the future

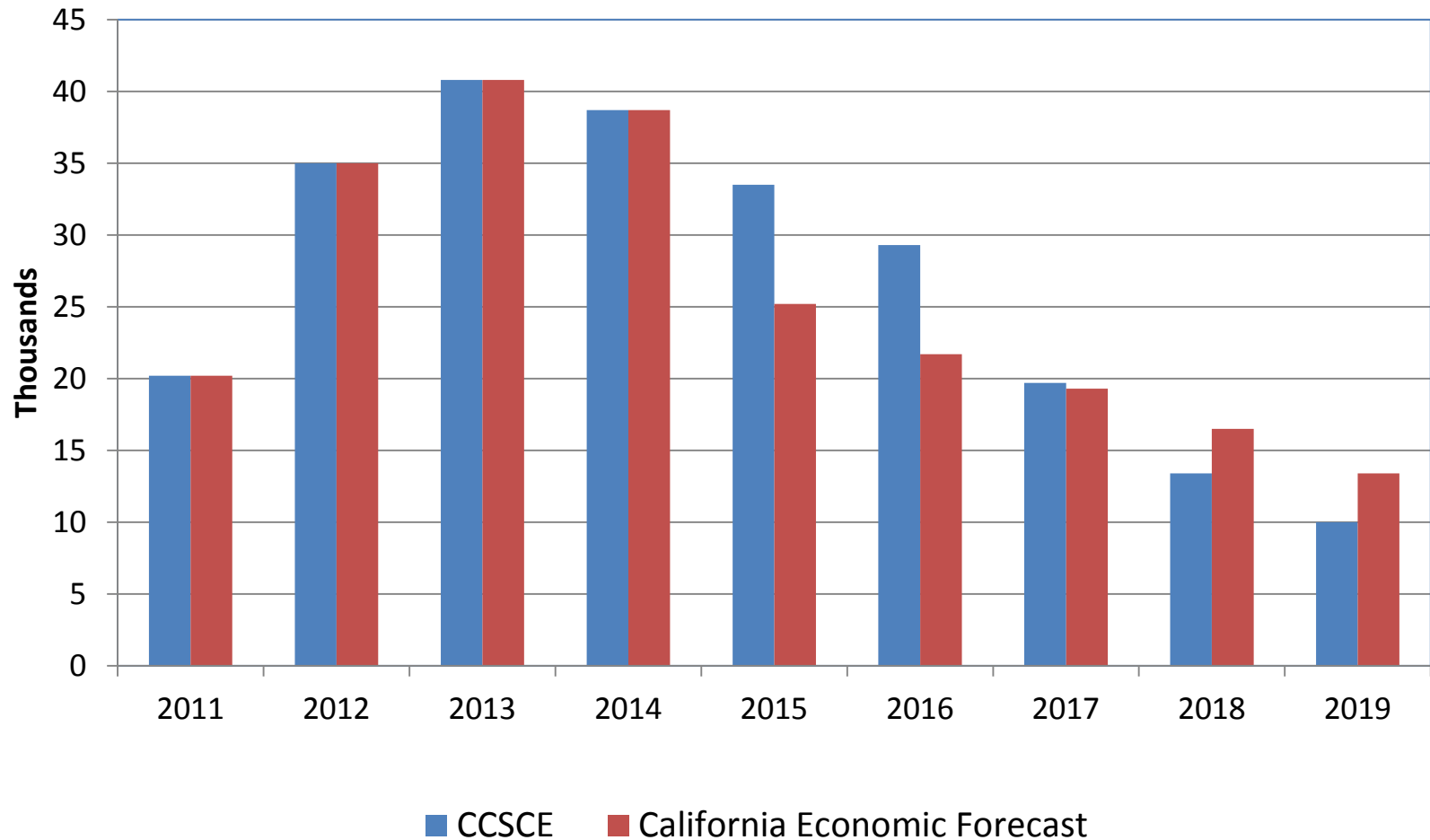
The UCLA Bay Area Forecast for Peninsula and East Bay—Jan 2015

- Jobs will increase by 87,500 (2.8%) in 2015 and 106,800 (3.3%) in 2016 far outpacing the state and nation. Unemployment at 4.2% by end of 2016.
- Leading sectors are Information, Business and Professional Services and Construction
- Gains in income and spending far outpacing increases in consumer prices.

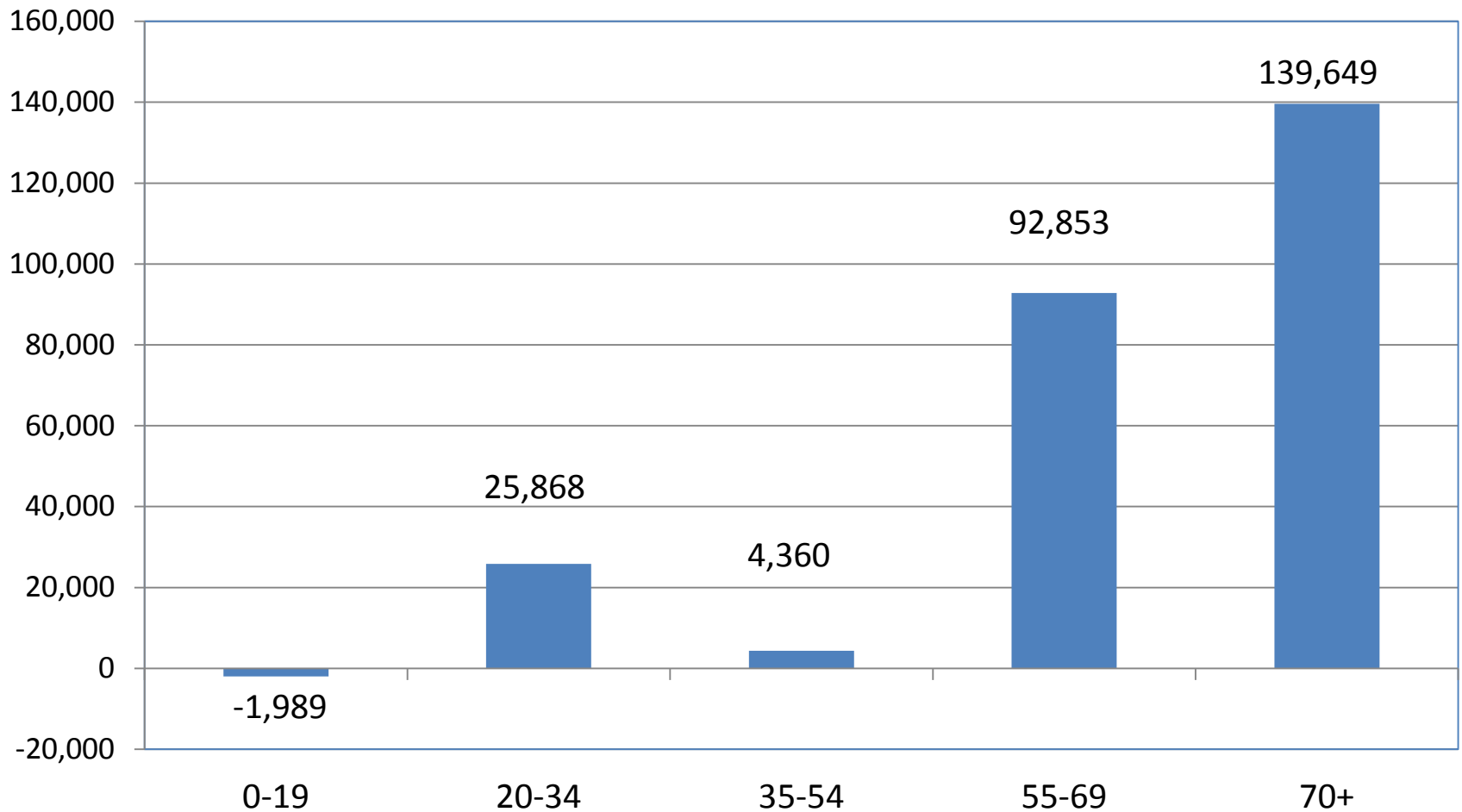
Typical Headlines These Days

- Google could hire 30,000 in Bay Area based on tech titan's development spree
- LinkedIn floats massive expansion plan in Mountain View
- Samsung details plans for San Jose expansion
- Facebook plans expansions
- Apple's new HQ on track for opening in 2016
- VC Funding in 2014 2nd Highest with Record Bay Area share of national funding

Then Job Growth Will Slow as Boomers Retire (Likely Pattern of SJ Metro Area Job Growth)



CA Dept. of Finance Projections of Population Growth in Santa Clara County to 2030 (Likely Growth in 20-44 Ages Will be Higher)



Two Regional Trends Affecting the Comp Plan

- After 2016 job growth will slow but population growth will continue and immigration will probably increase
- Most population growth in the period to 2030 will be in the 55-69 and 70+ age groups. How will that affect housing, transportation and retail?
- However during the next two years while the Comp Plan is being updated, growth will likely continue to be strong

Implications for the Comp Plan

- Palo Alto will make choices in the context of a strong economy and regional challenges with housing and transportation including an economy that has not built enough housing to keep pace.
- The 2030 horizon will find a different world and opportunities and challenges compared to 2015.
- The Comp Plan Update will consider the possible changing housing, transportation and retail preferences of all the residents and growing active and, eventually, less active older population.

Implications for Comp Plan--Housing

- The next fifteen years will produce housing demand and possibilities of different types than in the 1980s and 1990s—for both younger and older households, many of whom will want smaller units. How to identify the preferences of people over the next 15 years?
- **Much will depend on the housing choices of older households and how we plan for them. Will they choose or be able to move out into smaller units here leaving their single family homes for some of the next generation?**

Implications for Comp Plan--Retail

- What do we mean by retail—stores?, places to eat and drink?, places to get services?
- Will online shopping continue to surge? Implications for store retail??
- Implications of the aging population for stores, restaurants and services??
- Since 2007, retail jobs have declined while restaurant and service jobs have increased.
- Should PA get professional advice about future trends?

Implications for the Comp Plan— Transportation and Parking

- How to serve a growing number of jobs and people?
- How to serve an aging population?
- How to make not using a car as much attractive in terms of time and money?
- What will we learn for the residential permit trial and the city's transportation management efforts?

Envisioning the Future to 2030

- To think clearly about 2030, we need to remember the pace of change since 2000.
- 2030 is not tomorrow and fifteen years is a long time.
- For those with adult children or teenagers, think about their world versus yours growing up and for those with young children, think about how their future might be different.

Remembering the Past (circa 2000)

When there were no smart phones, when the Internet had a fraction of today's possibilities, before email had replaced mail, when T&C had airline travel agencies, when you had to go to a bank and stand in line, when you called and got connected to a human being instead of pressing 1 and hoping something good happened, when online shopping didn't exist, before ebooks and music on phones, when there were Blockbusters and no Apple or cell phone stores and you did not print stamps online

Going Forward

- 2015 is a major year for the Comp Plan update
- The City's Comp Plan website is <http://www.paloaltocompplan.org/>.
- Fun questions for thinking about the plan.
Compared to 15 years ago, whose house has a landline, a pay TV service, orders goods online, uses an ATM or Smartphone for banking, has a car that gets better mileage, books their own hotel/airline, reads eBooks, reads a print newspaper ...**join in with your change ideas!!!**
And envision 15 years from now