

Ventura County's Economic Puzzle

Ventura County Housing Trust Fund

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CENTER FOR ECONOMIC
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the Ventura County Economic Puzzle



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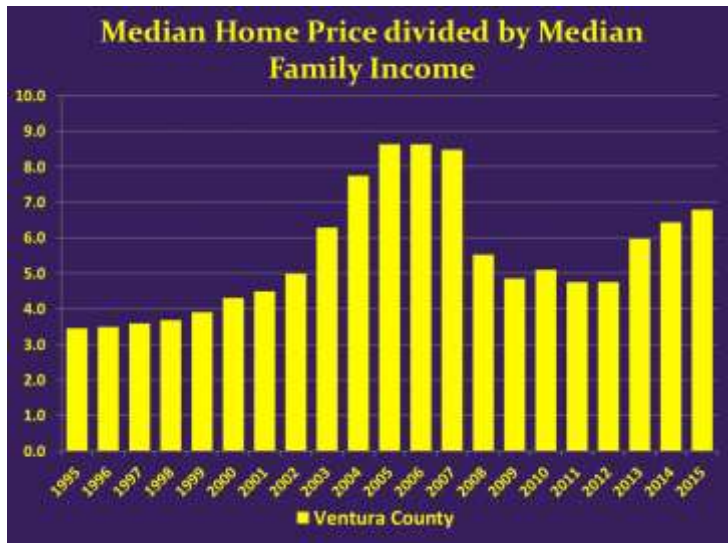
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- **Jobs are still below pre-recession levels**
 - **Population growth is near-zero**
 - **Labor force is declining**
 - **Net-migration is negative**
 - **Home prices continue to soar**
- 

Housing Affordability



Job composition has changed since the recession

- Net job losses are concentrated in high paying, high value sectors while gains are concentrated in low-paying, low-value sectors.
 - Construction, Manufacturing and Finance are down more than 20%
 - Leisure & Hospitality and Education & Healthcare are up 17% and 32% respectively

Job Composition - Relative Economic Value (REV)

- **Declining**

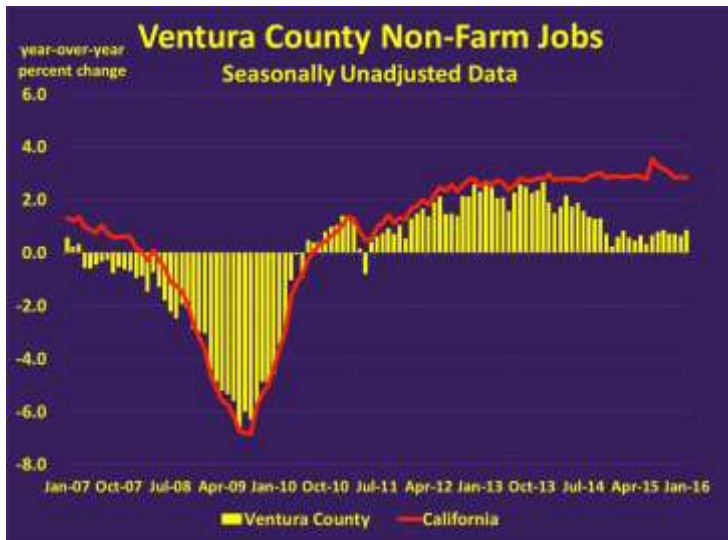
- Nondurable Manufacturing: $REV = \frac{17.4}{3.7} = 4.7$
- Financial Services: $REV = 3.5$

- **Gaining**

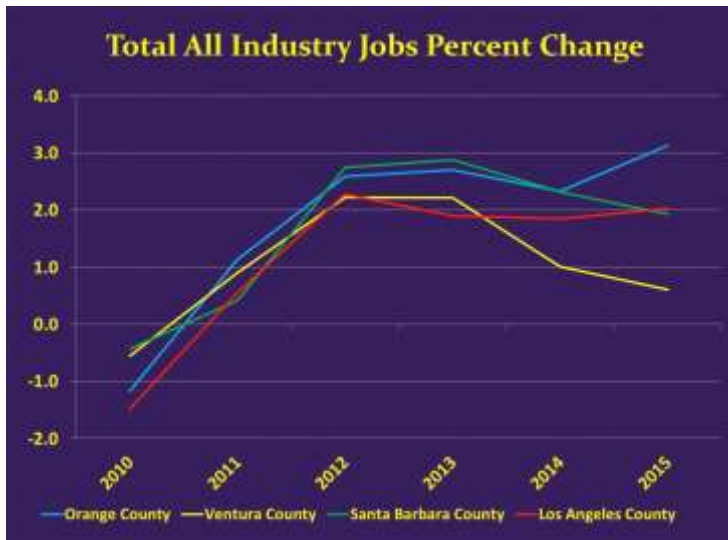
- Education & Health: $REV = 0.5$
- Leisure & Hospitality: $REV = 0.3$

$$REV = \frac{\%GDP}{\%Jobs}$$

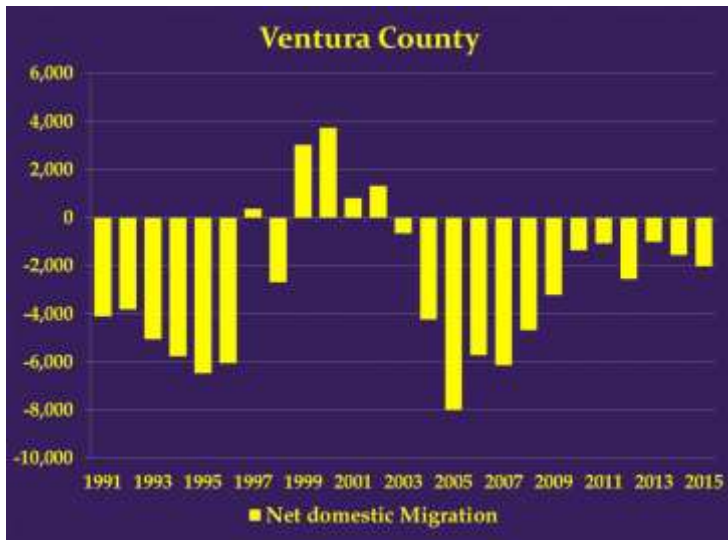
Ventura County's performance lags the State



Ventura County's performance lags neighboring counties



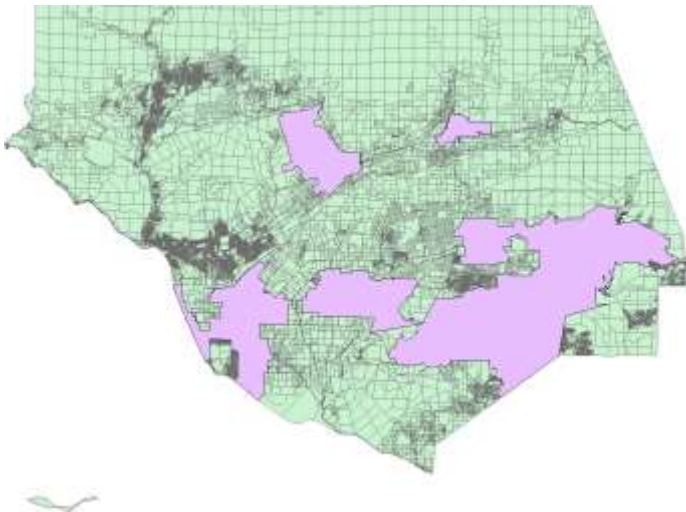
Economic Mobility - Looking Beyond the County



the Ventura County Economic Puzzle



Ventura County - Urban Growth Restrictions



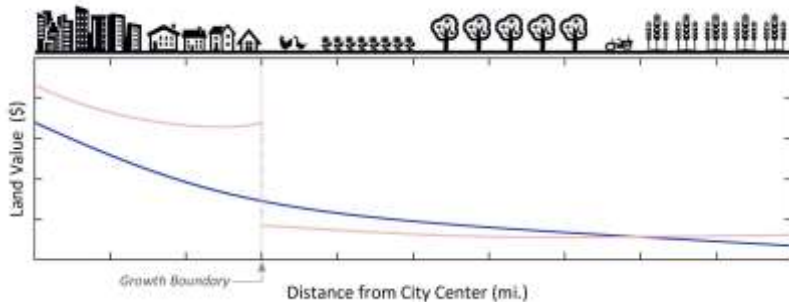
Economic Theory

- Option values associated with future development are capitalized into current land values.
- The *development right* may explain 50% of current land values.

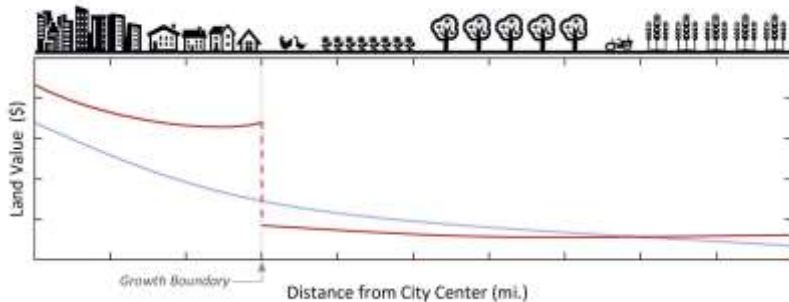
Economic Theory

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- The *development right* may explain 50% of current land values.
- Urban growth restrictions affect land values in three broadly recognized ways:
 - **restriction effect** (-)
 - **scarcity effect** (+)
 - **amenity effect** (+)

Urban Growth Restrictions



Urban Growth Restrictions



Urban containment policies effect land values and home prices

(Gleeson, 1979; Knapp, 1985; Henneberry & Barrows, 1990; Phillips & Goodstein, 2000; Grout et al., 2011)

- Growth boundaries in Portland, Oregon have an effect on land values that ranges from \$30,000 to \$140,000 per acre

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Strict land use regulations increase income segregation

(Lens & Monkkonen, 2016)

Analyzing Ventura County Growth Restrictions



The view down the CURB



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Growth Restriction & the Great Recession

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Metro regions with strict growth restrictions saw housing prices increase by an average of **112%**. Regions without these policies saw an increase of only **28%**

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\$1.8 trillion of losses were concentrated in restrictive metro areas. Only **\$0.16 trillion** were lost in the other metro areas.

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Housing Affordability & Business...

Ventura County Knows Another Way



the End



California's Grand Experiment



Jeffrey Clemens, NBER (2015)

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Mark Perry, AEI (2016)

- Washington DC increased its min wage to \$11.50, while it remained \$7.50 in nearby suburbs.
- **In just 6 months, DC lost 1,400 jobs** as the suburbs gained 2,900. The last time DC lost 1,400 jobs in only 6 months was after 9/11.