



SB South Coast Trends





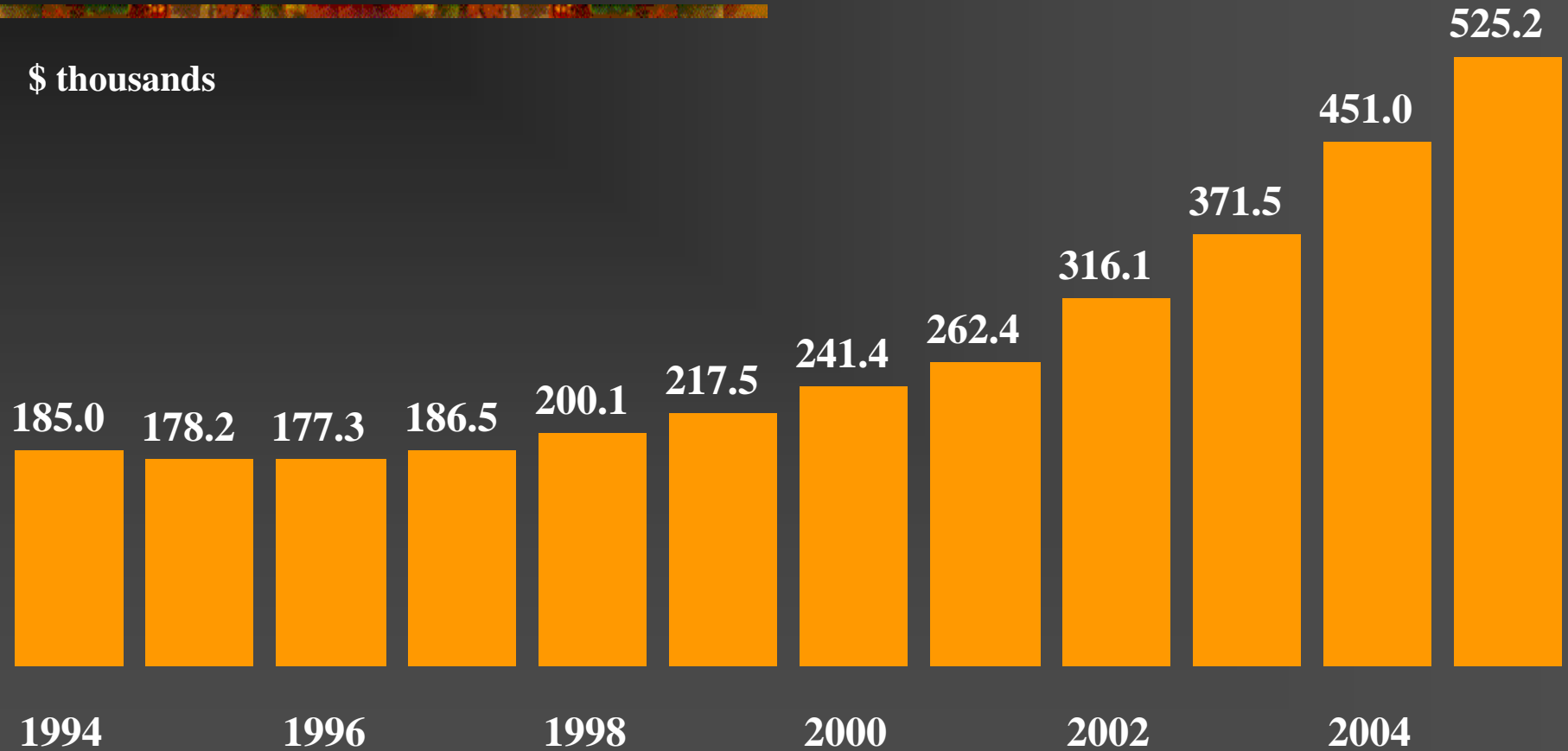


Everything Is Contingent On High Home Prices

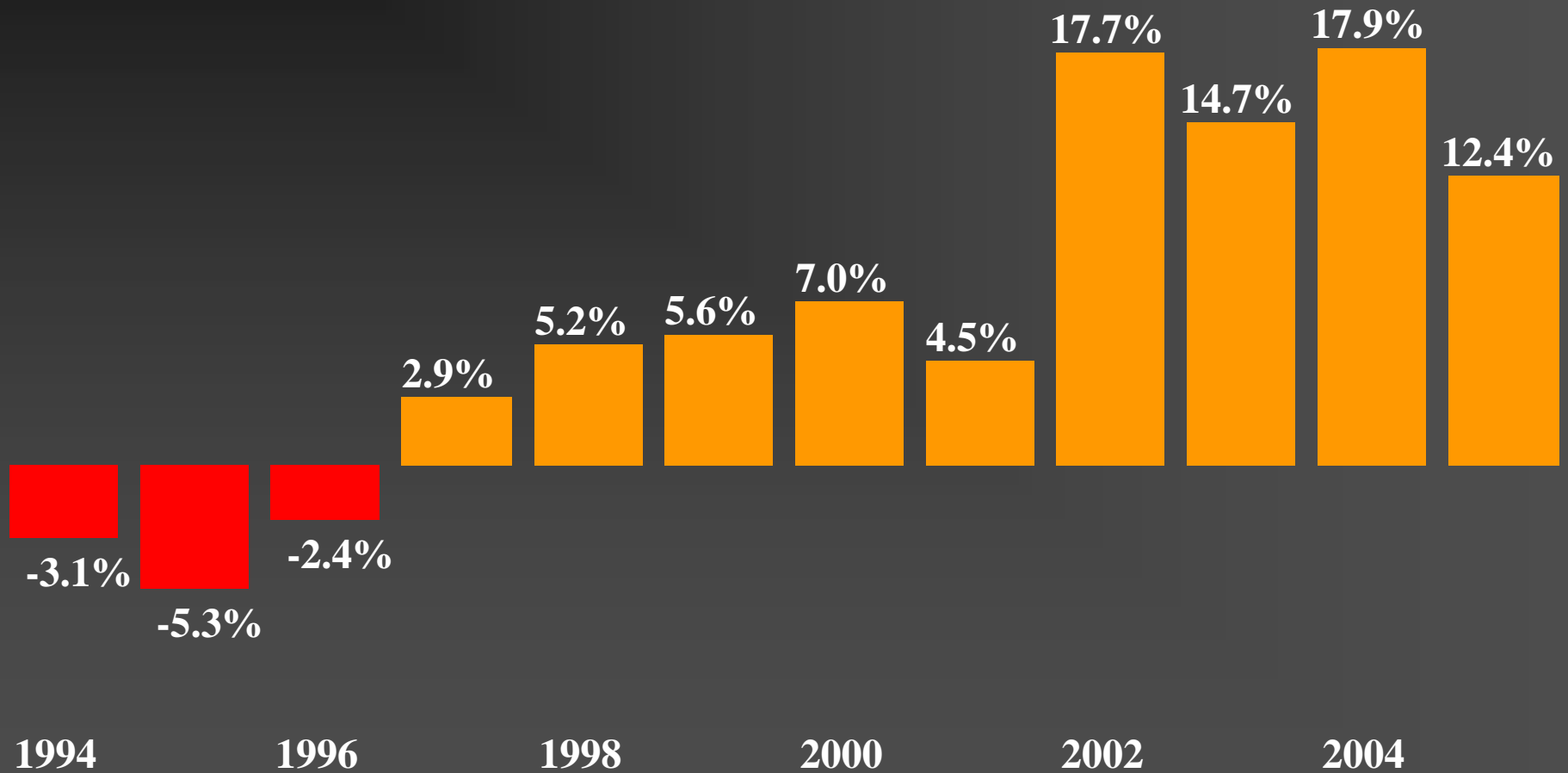


Nominal Median Home Price California

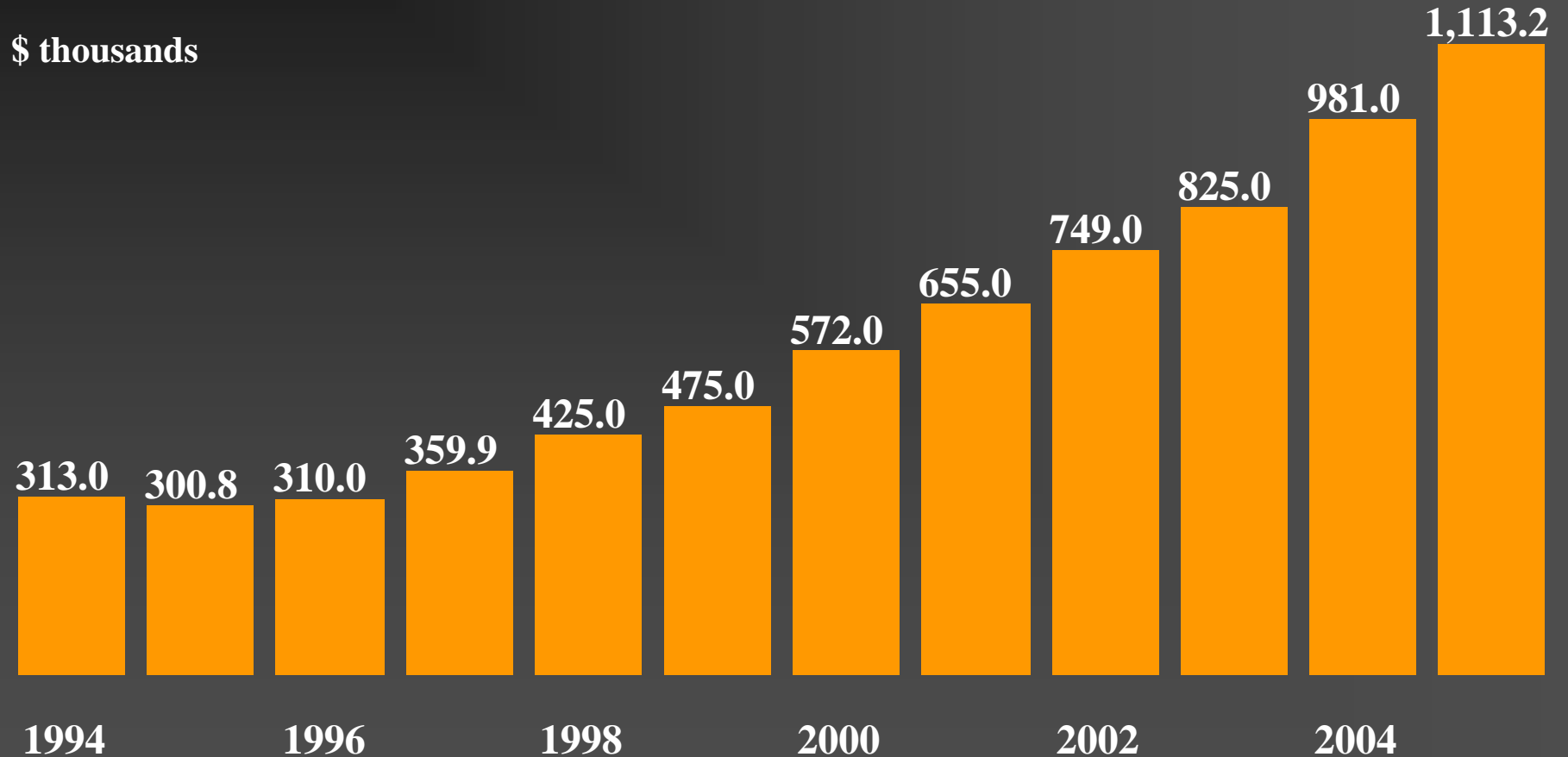
\$ thousands



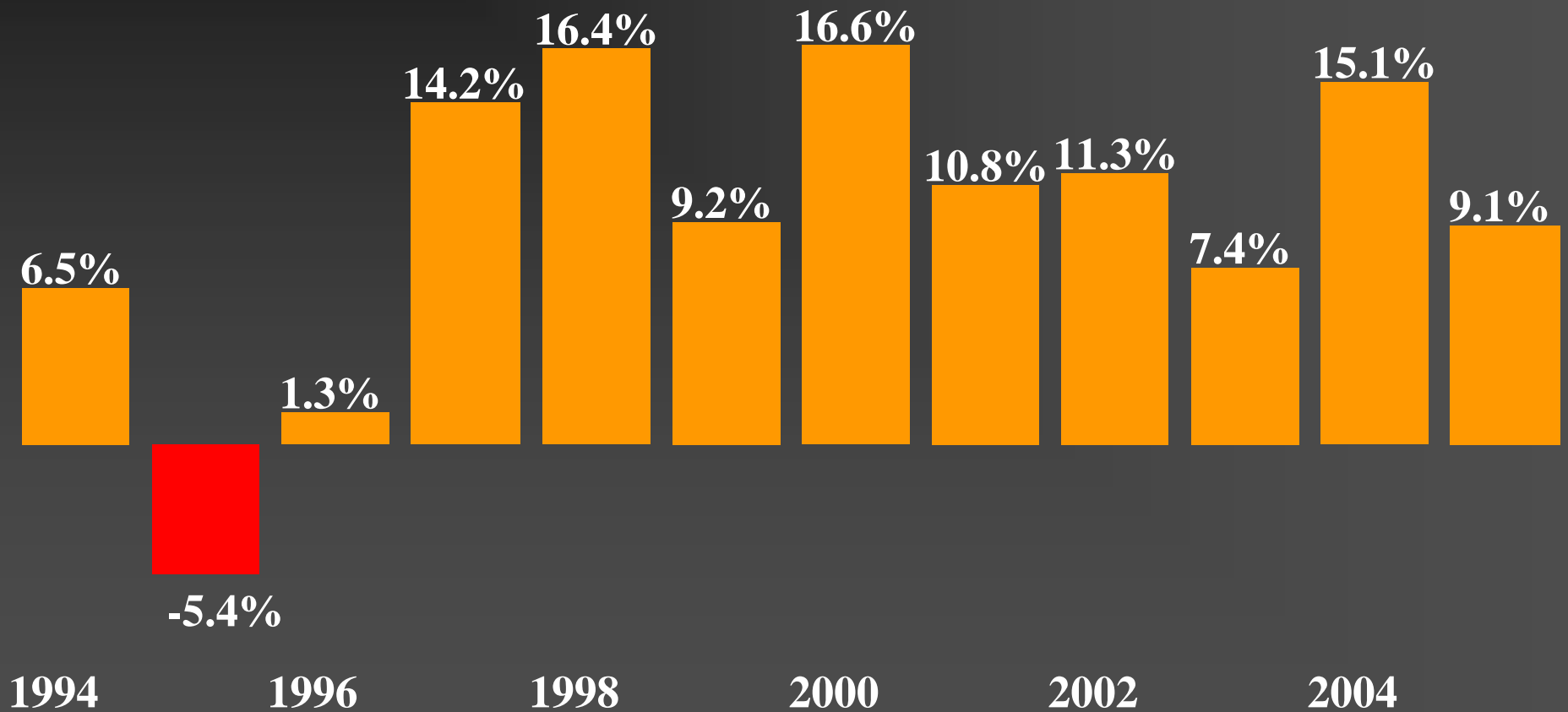
Real Median Home Price Growth California



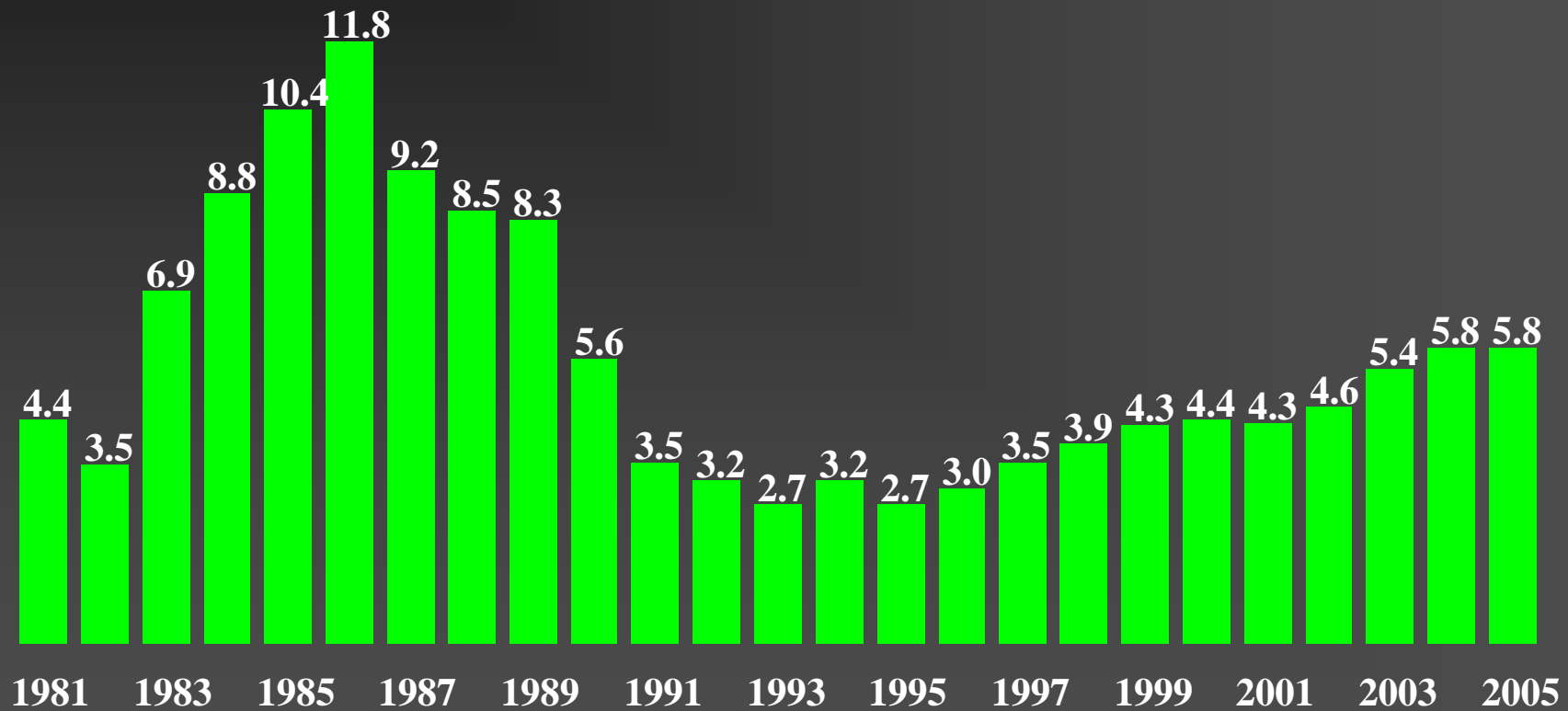
Nominal Median Home Price South Coast of Santa Barbara County



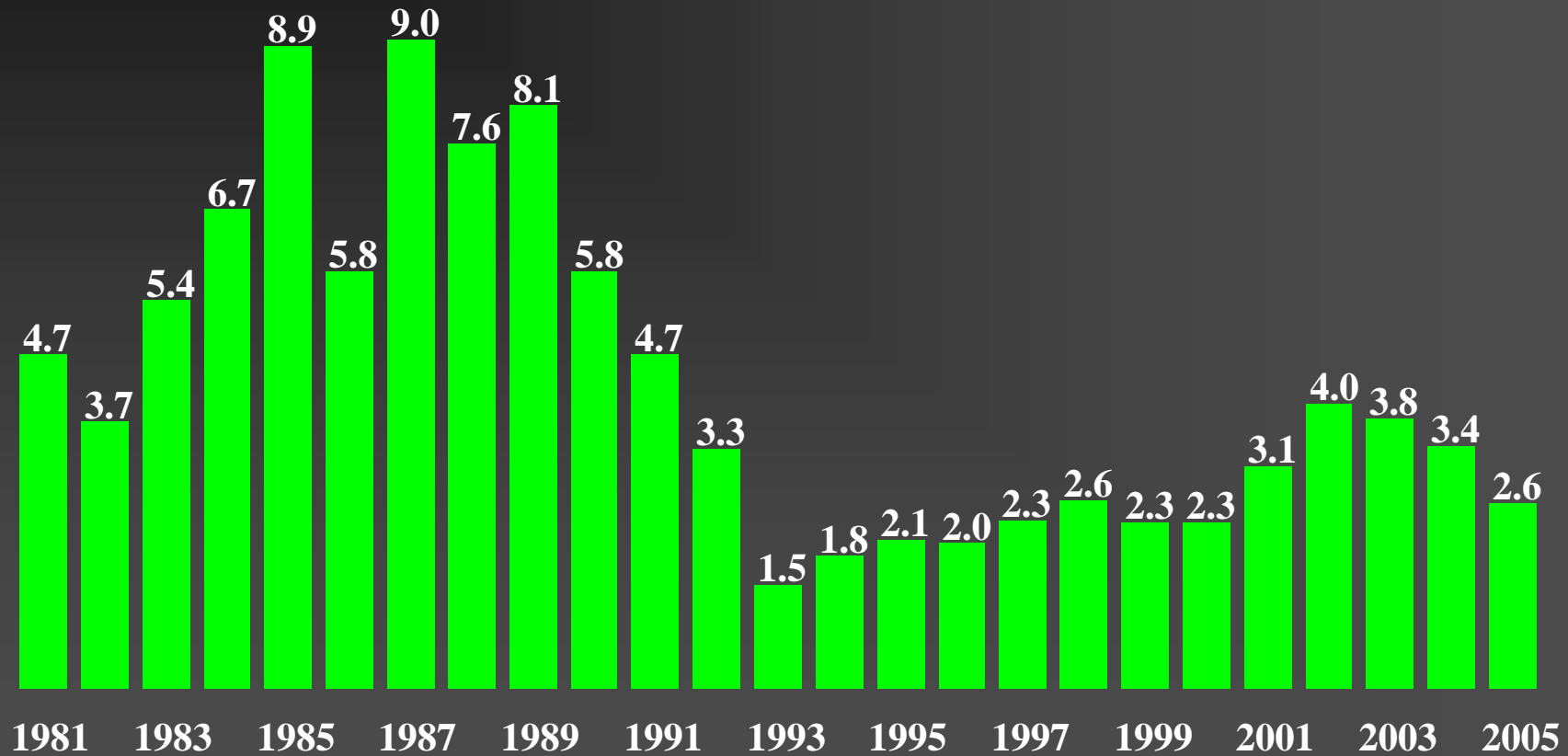
Real Median Home Price Growth South Coast of Santa Barbara County



Housing Unit Permits per 1,000 people California



Housing Unit Permits per 1,000 people Santa Barbara County



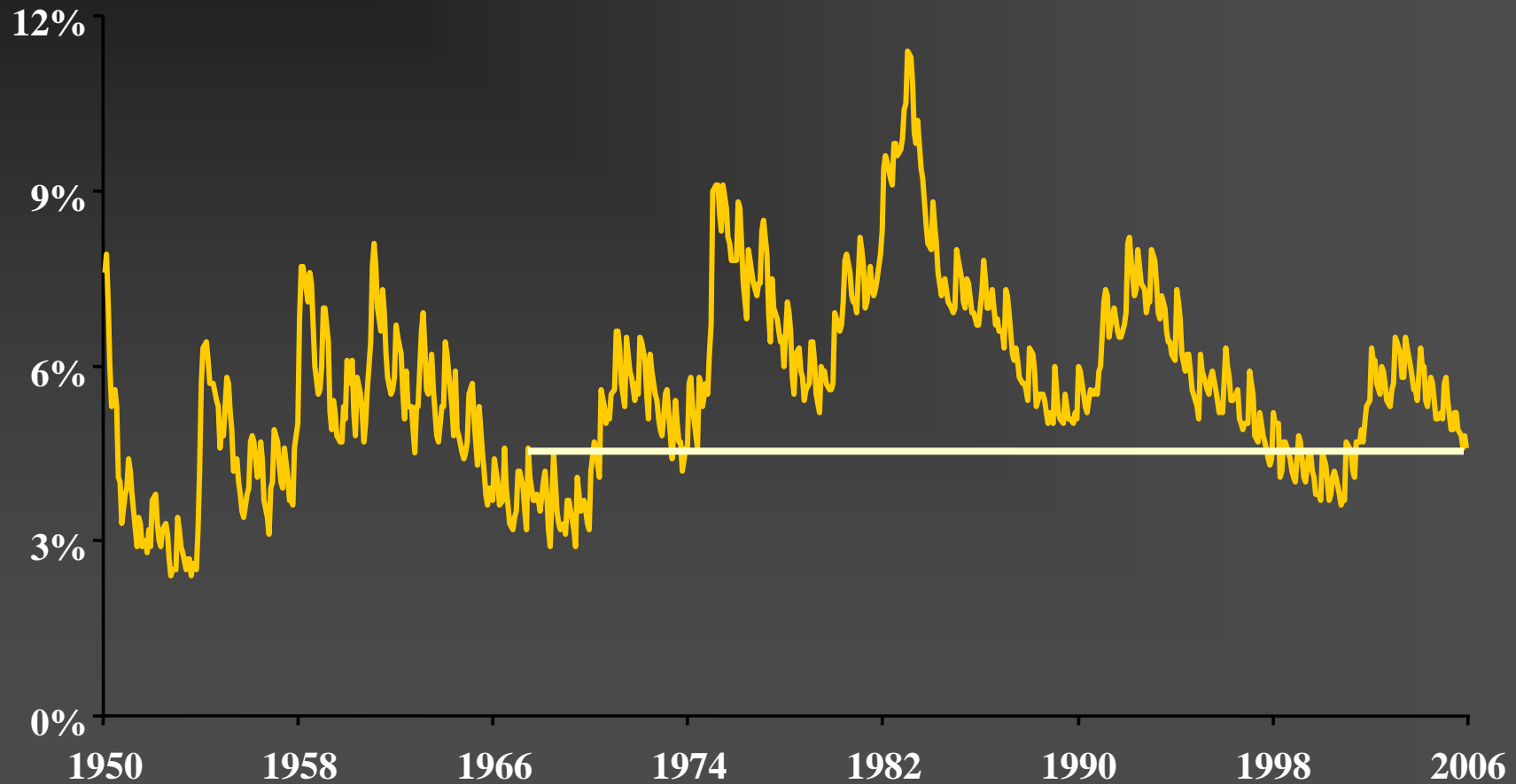


Wealth, Demographics, and Economics



United States Unemployment Rate

The Unemployment Rate has been below 4.6 % only 10.5 % of the time since June 1969.





Real Consumption per Capita United States

2002
\$000s

40

35

30

25

20

15

10

5

0

1961

1965

1969

1973

1977

1981

1985

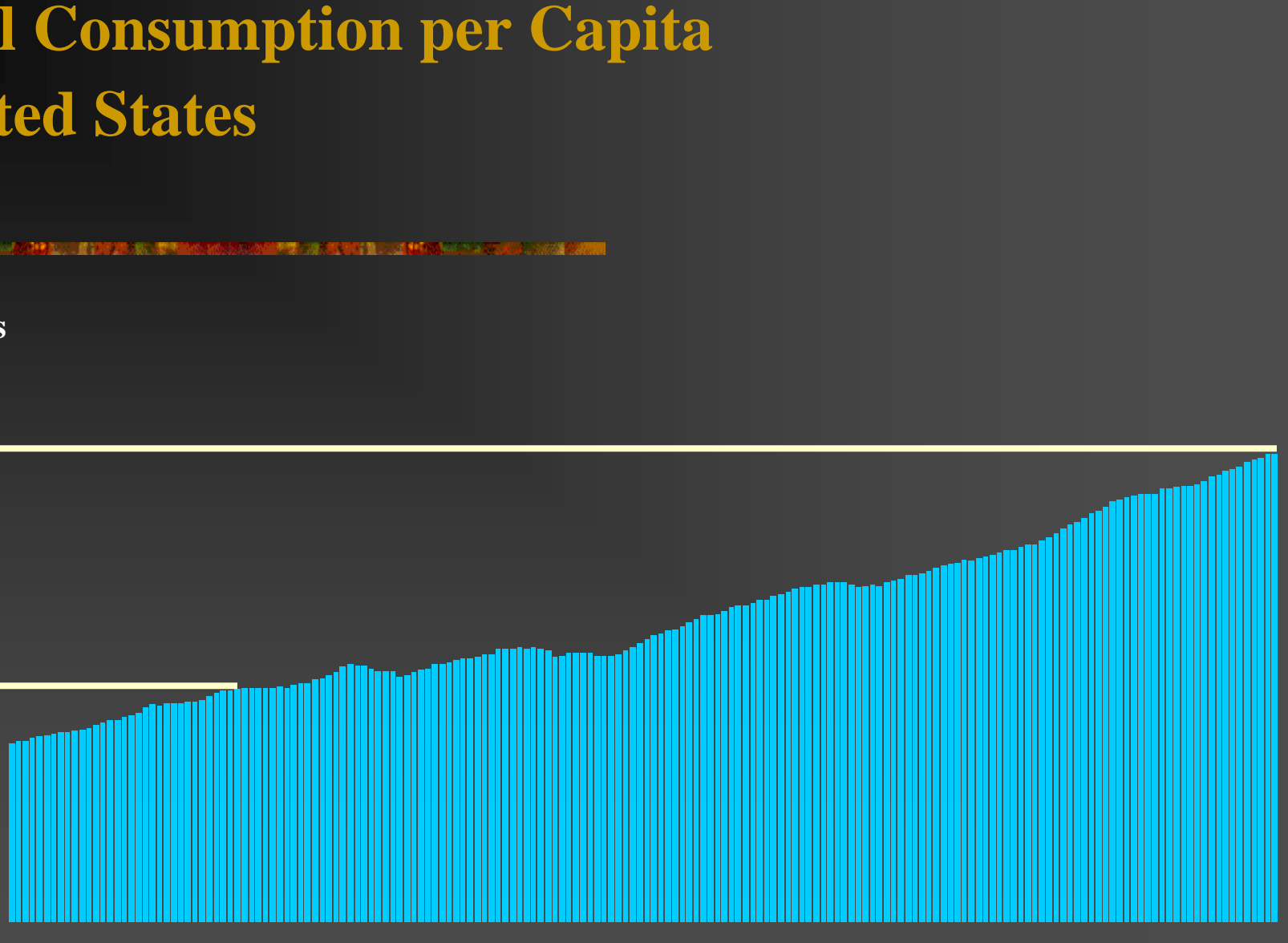
1989

1993

1997

2001

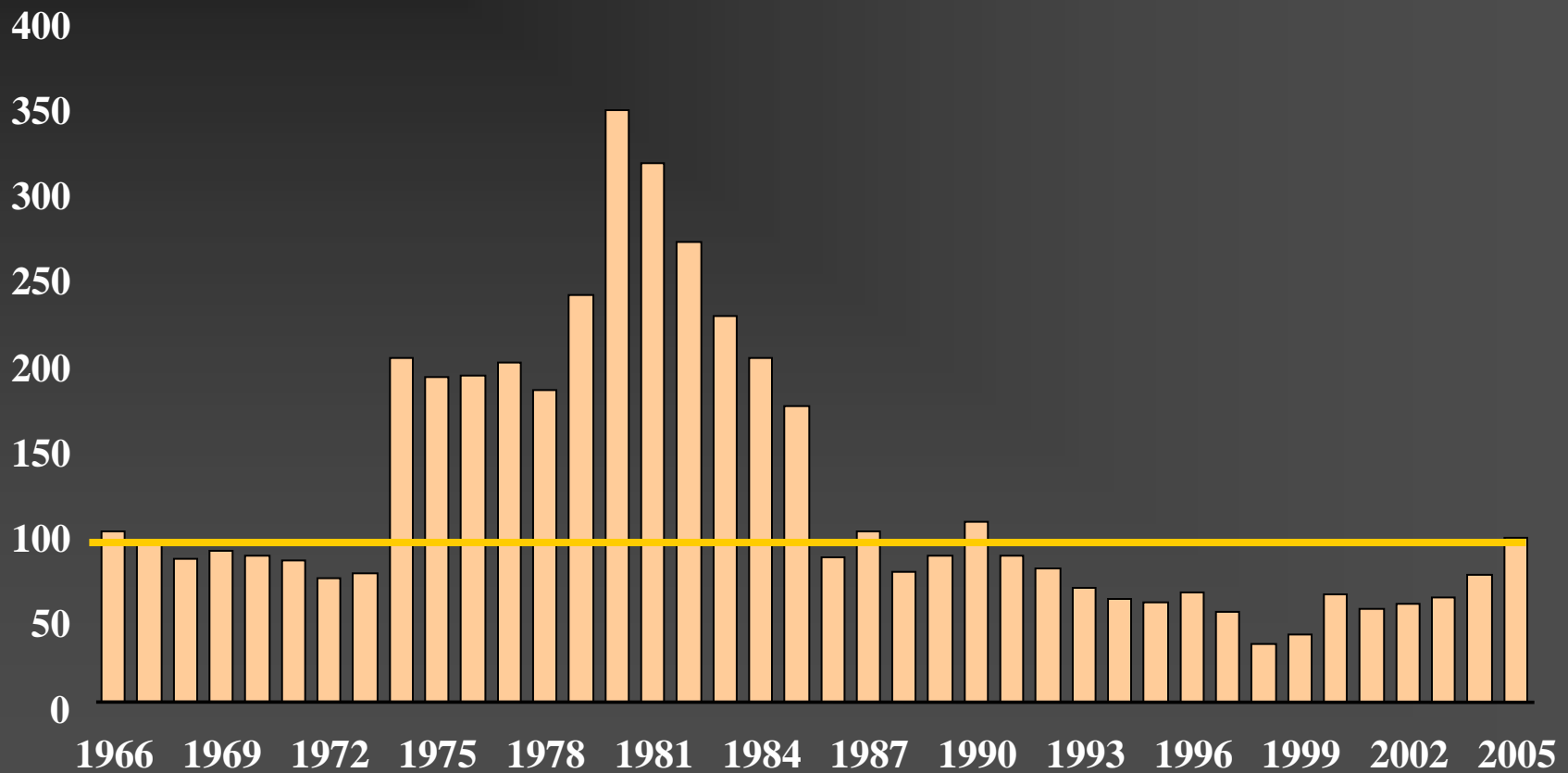
2005



Oil Prices in Relation to Wealth

United States

Index: 1966=100



Why Are Home Prices Going Up?

- Coastal California is not a local market
 - Demographics
 - Wealth accumulation
 - Interest rates
 - Taxes
 - Supply
-



What Is Happening On The South Coast?





**Santa Barbara
County Lost 944
people in 2004!**



Immediate Impacts Of High Home Prices

- Wage demands
 - Skilled
 - Unskilled
 - Young Families
 - Skilled
 - Unskilled
 - Retirees
 - In migration
 - Out migration
-

Induced Impacts Of High Home Prices

- Firms
 - Tradable Goods
 - Non-Tradable Goods
 - Demand For Services
 - Opportunity
 - Skilled Workers
 - Unskilled Workers
-

On Net

- The Population Declines
 - The Population Becomes Bimodal
 - Tradable Goods Production Exits
 - Services Jobs Undetermined
 - Retail Jobs Undetermined
-

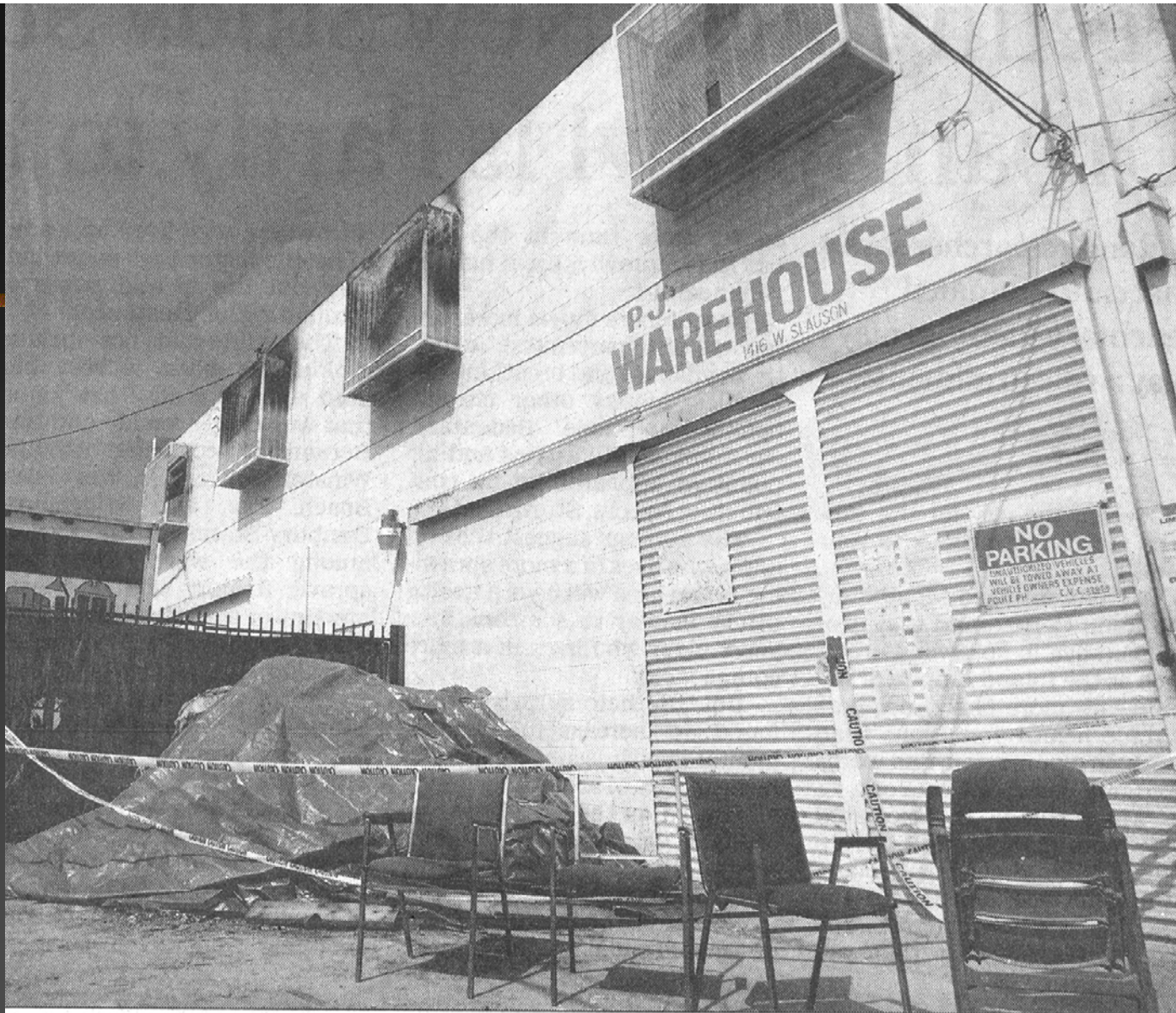
On Net

- Increased Housing Density
 - Young Middle-Class Families Decline
 - Increased In-Commuting
 - Low-Income Families Undetermined
 - School Aged Children Decline
-



Bill Says:

“High home prices have consequences.”



DAMAGED DWELLING: Authorities estimate that 40 people lived on the second floor of this illegally converted warehouse near Slauson and Normandie avenues in South Los Angeles.

BRIAN VANDER BRUG *Los Angeles Times*

Fire at overcrowded home hurts 3; conditions 'unsafe'

By Maria Gonzalez

mgonzalez@

VenturaCountyStar.com

A fire at a Simi Valley home Thursday that nearly killed a man and burned his girlfriend and their baby boy has prompted city officials to consider enacting laws to regulate the number of people living at one residence.

More than a dozen people lived in the single-family home at 2367 Cochran St. that caught fire about 5:30 a.m. While most of the residents made it out

safely, a family of three was taken to the Grossman Burn Center in Sherman Oaks.

Osmar Rosales, 22, was on a ventilator in critical but stable condition after suffering burns over 60 percent of his body, a hospital spokeswoman said. Rosales' girlfriend, 19-year-old Marisol Urbina, and their 2-year-old son, Noel Rosales, were in stable condition.

The home did not appear to have had any smoke detectors installed, said Ventura County Fire Marshal Diane Morgan.

"That is the single most important thing in any residential structure," she said. "That's why it's the law that you have to have them."

Unsafe and unlawful changes had been made to the house, such as converting the garage into two bedrooms where three people lived. Two men also lived in separate trailers parked in the driveway. Morgan said a bedroom had been added behind the house.

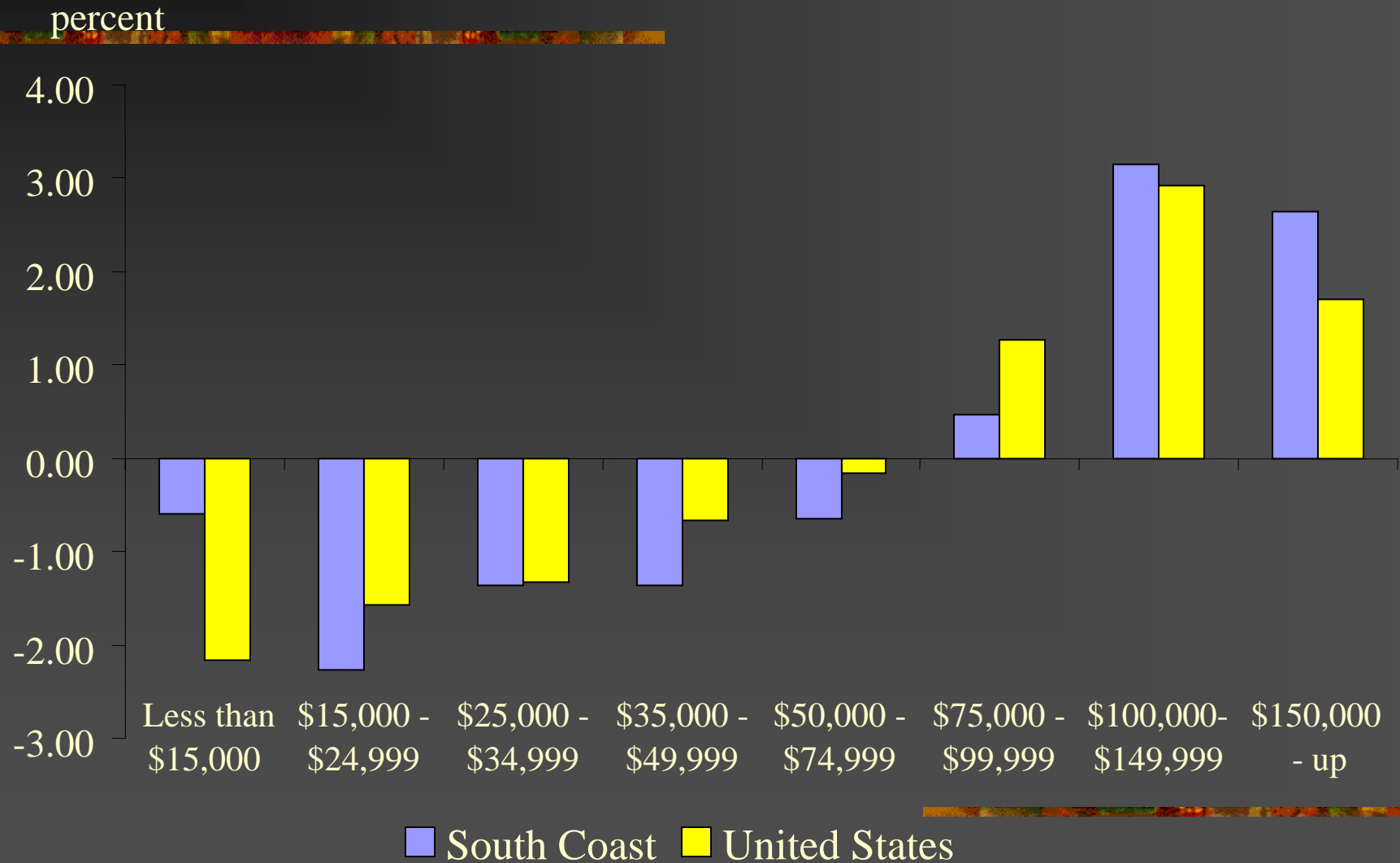
See FIRE on A8



Bill Says:

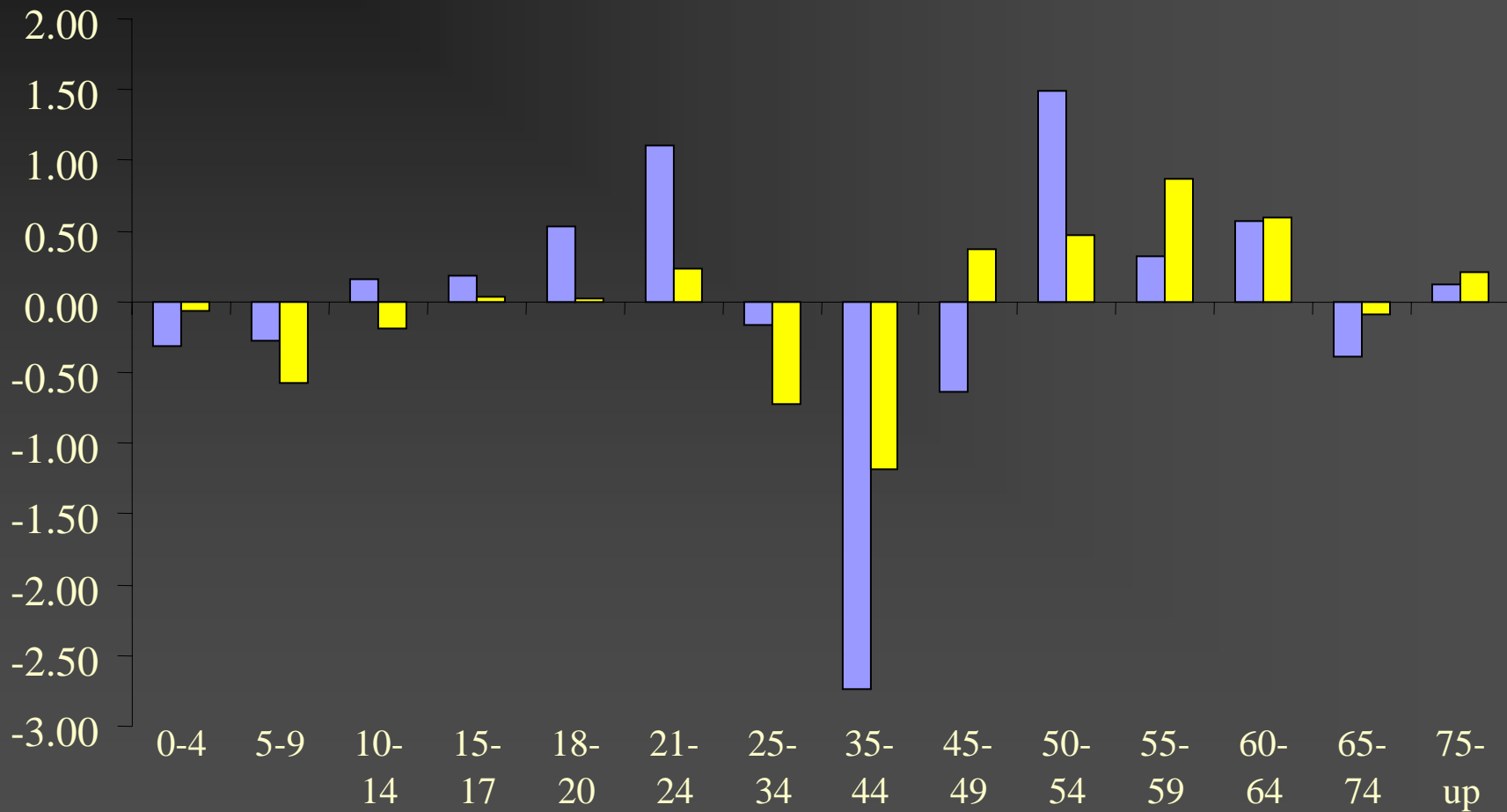
"The population is not just shrinking. It is also changing."

Income Distribution Change: South Coast vs United States



Age Change Comparison: South Coast vs United States

percent



■ South Coast ■ United States

South Coast 2005 Income

percent

20.00

18.00

16.00

14.00

12.00

10.00

8.00

6.00

4.00

2.00

0.00

Income
Less than
\$15,000

Income
\$15,000 -
\$24,999

Income
\$25,000 -
\$34,999

Income
\$35,000 -
\$49,999

Income
\$50,000 -
\$74,999

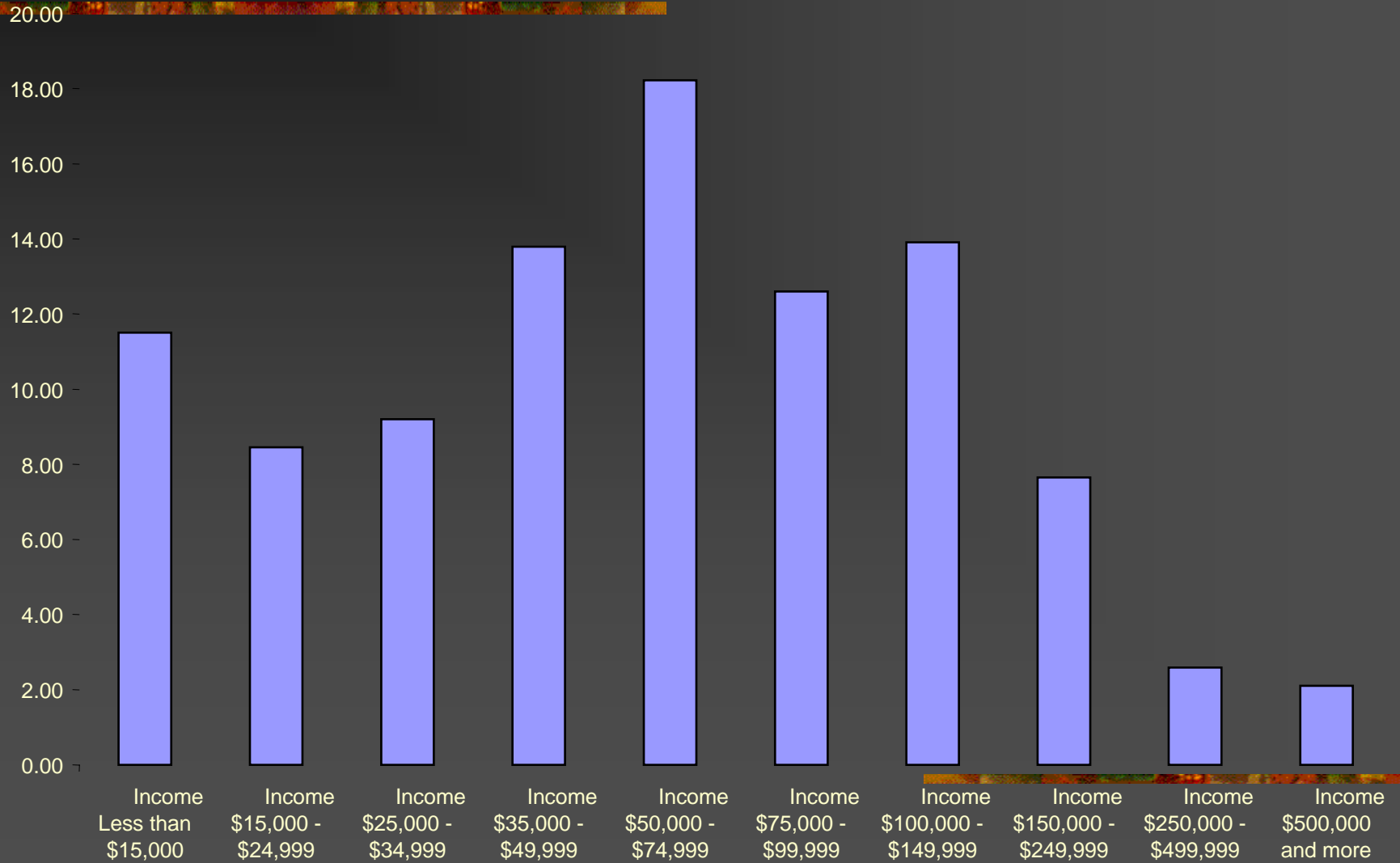
Income
\$75,000 -
\$99,999

Income
\$100,000 -
\$149,999

Income
\$150,000 -
\$249,999

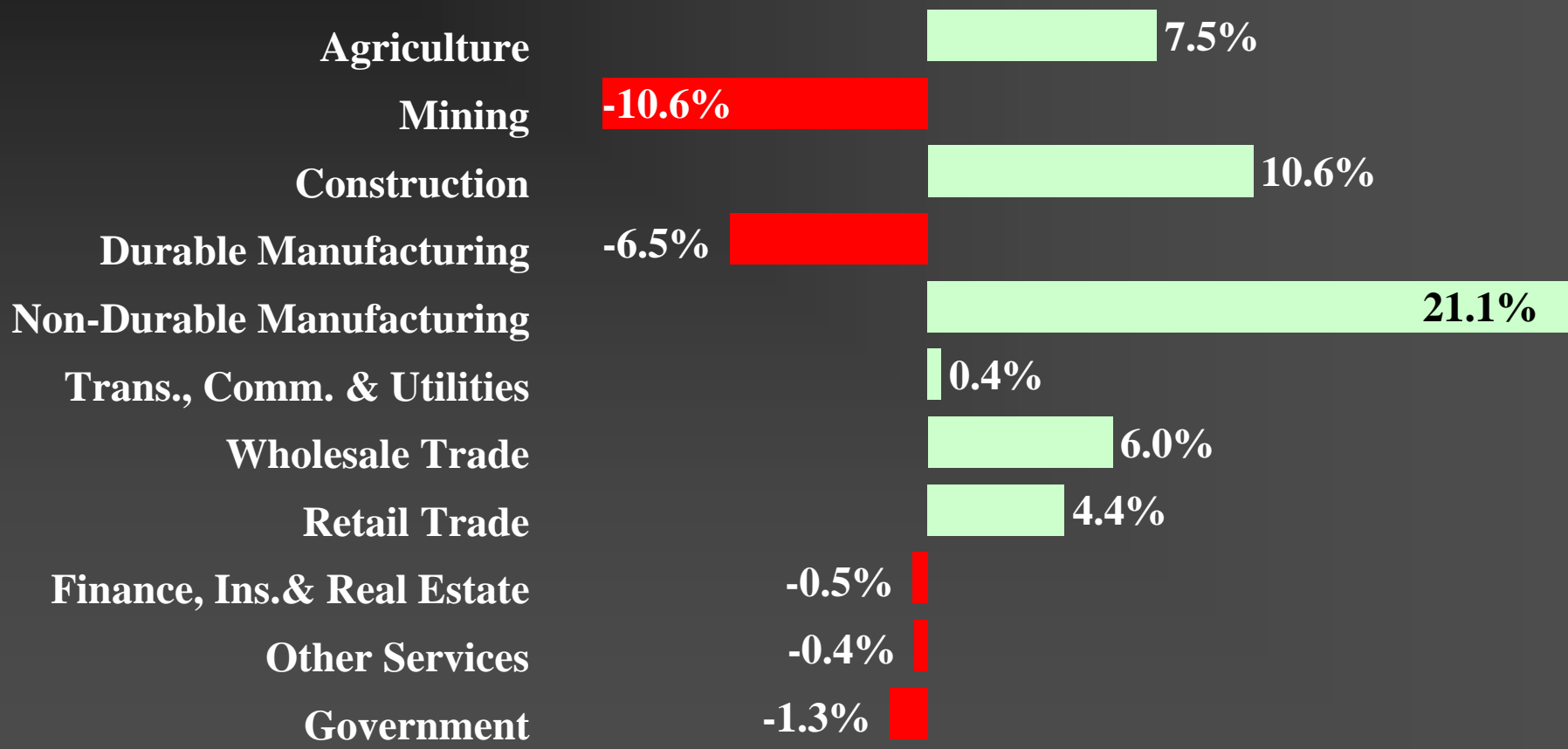
Income
\$250,000 -
\$499,999

Income
\$500,000
and more

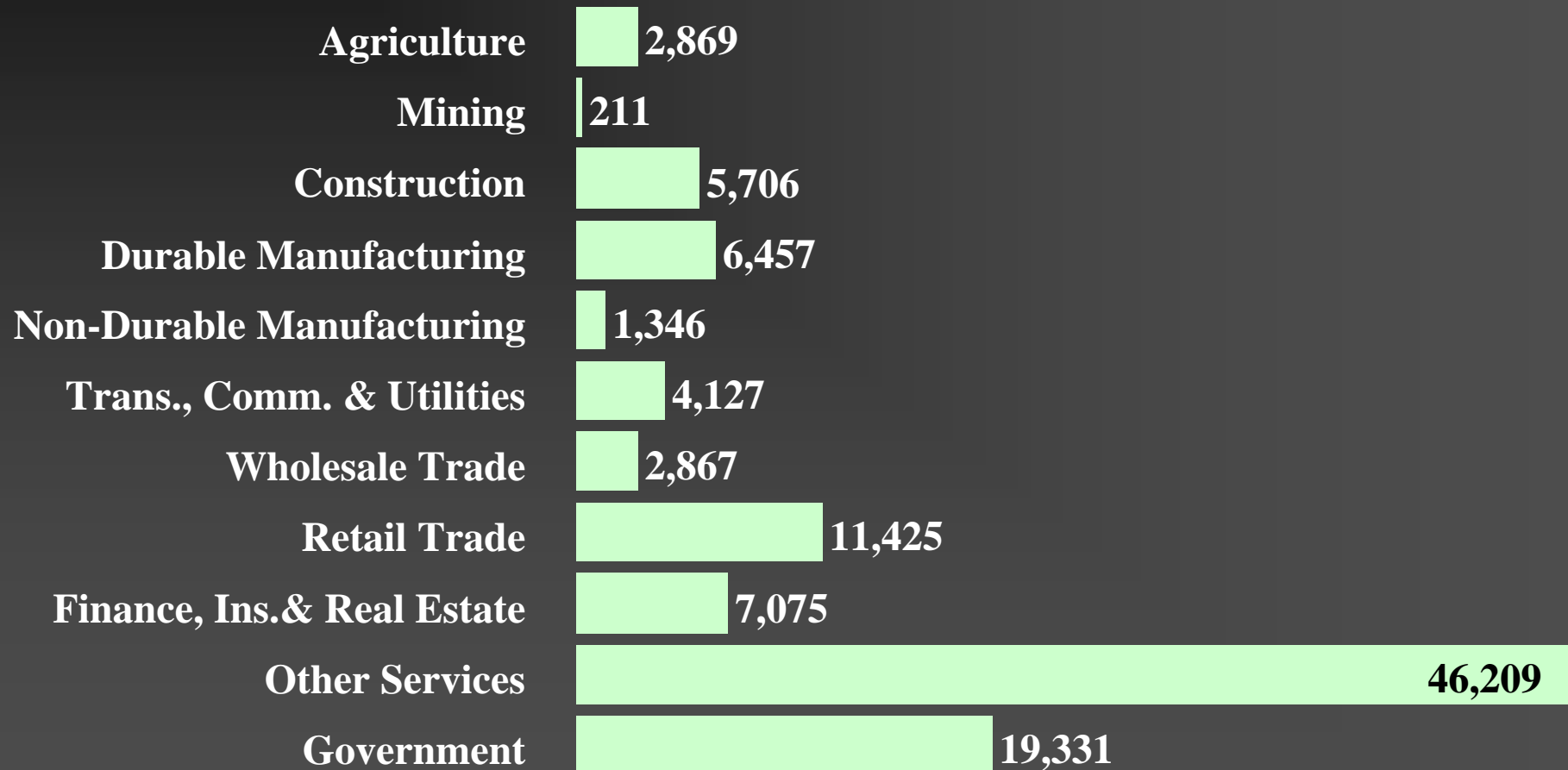


2-Year Job Growth by Industry

South Coast of Santa Barbara County - 2005



Employment Distribution (jobs) South Coast of Santa Barbara County - 2005





Traffic



What is The Traffic Paradox?

- **Falling Population.**
 - **Increasing Traffic.**
-

The Traffic Paradox

Necessary Conditions

- Home prices must be divorced from local economic activity.
 - High home prices must have a negative impact on jobs.
-

The Traffic Paradox

The Changes

- **Young families leave.**
 - **Older, smaller households replace them.**
 - **Service jobs replace tradable goods production.**
-

The Traffic Paradox

The Results

- Higher workforce housing density
 - Increased commuting
-



Thank you.

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