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A Personal Story

I started tracking, modeling, and forecasting Ventura County (along with the San Luis Obispo, Santa Barbara, and Los Angeles County economies) in 2000. The economic growth that was occurring in Ventura County from 1980 through 2007 would have made anyone proud. Not only was the growth explosive, but, it provided high-education jobs that enabled home ownership and social mobility for Ventura County households. While the overall U.S. economy expanded by 67 percent from 1990 to 2007, our County's economic size more than doubled, growing by 108 percent.

In addition to modeling Ventura County, we built a tracking system and a forecast model for Thousand Oaks during this time. When the dataset was initially built by a student research assistant, I told the student that the data was wrong. The data showed such sudden and strong growth it appeared like a data entry error. I instructed the student to rebuild the entire dataset, from scratch, a second time. The data ended up the same. After staring at the ceiling for a moment, I apologized to the student. Of course, as many readers may already have anticipated, the Thousand Oaks story mentioned above was driven by the emergence of Amgen and the extended impact that Amgen had by attracting other companies to the region to form a vibrant biotechnology industry cluster. Baxter Bioscience was an example of a second large company who came to the county, as well as a variety of other smaller, but important, companies who are still operating today. These include Latigo Biotherapeutics, who just emerged from "stealth-mode" earlier this month. The city-economies of Oxnard, Camarillo, Moorpark, and Simi Valley were also growing with considerable strength during the 1990s and 2000s, contributing to our county's economy at a pace well above their weight.

Ventura County's Recent Economic Experience

As CERF has previously documented, demographic and economic data indicate that Ventura County is contracting. Recently released CA Department of Finance data indicate that the county's population declined by 4,500 persons over the year ending July 1, 2023. Net domestic migration data indicate an *outflow* of almost 7,800 persons during that period. According to this data, the county reached peak population of 850,200 persons back in 2016 and population is approximately 25,000 persons lower in 2023. Economic data released in December indicate that the county's gross domestic product (GDP) declined by 0.4 percent during the year ending December 31, 2022. This is noteworthy given that the U.S. grew 1.9 percent and 2022 was a recovery year, where the broader U.S. economy was accelerating away from the trough of the Pandemic-induced recession. The GDP data indicate that while the U.S. and California grew by 30 and 44 percent respectively from 2007 to 2022, Ventura County's economy shrank by 12.4 percent. Not only did Ventura County reach "peak economy" but this occurrence was 17 years ago. This is a stunning result, and a complete reversal of fortune from the 1990 to 2007 experience.

The Case for Growth

Residents and immigrants continue to believe in the vision that they have the opportunity to better themselves economically in America. This mobility is tightly connected to economic growth. From Dani Rodrik, Ford Foundation Professor at Harvard University: “Historically nothing has worked better than economic growth in enabling societies to improve the life chances of their members, including those at the very bottom.”¹

Along with the benefits of economic mobility economic growth results in higher salaries and standards of living. These in turn are essential components of quality of life. A lack of economic growth, as has occurred in Ventura County, means that only the insulated economic elites can access the quality of life that Ventura County is famous for.

Conditions for Growth and Socio-Economic Mobility

Given the benefits of economic growth we can think about providing a Ventura County environment where companies and households can flourish, in turn, re-stimulating our economy. Any company who wants to locate or expand in Ventura County will have unique needs which policy makers cannot necessarily anticipate. Providing an environment of reduced red-tape, clear and consistent guidelines for real estate development, and timely review of proposals and applications would create more opportunities for broader economic growth. Related to this is land-use policy, that broad set of guidelines that set the stage for real estate and economic development.

Ventura County has the most restrictive land-use regulations in the United States. From Matthew Fienup, CERF Director, in 2017:

A series of eight City and one County land use measures, known collectively as Save Open Space & Agricultural Resources (SOAR), require voter approval of any expansion of urban areas—and residents have a decidedly one-sided record of rejecting urban expansion.

I understand that SOAR was an attempt to maintain Ventura County’s land use patterns, including abundant agricultural resources. However, through a lack of land usable for development, a lack of housing affordability, and a lack of workforce growth, this regulatory environment has contributed to our contracting economy and has created a lack of opportunity among the most vulnerable.

Economies need housing, and at a reasonable cost, in order to flourish. The out-migration of people from Ventura County speaks for itself as it signals residents’ lack of ability to afford the housing type that they need for building their careers and families. This hollows-out our county in many ways but is especially pertinent for the labor force our companies need.

¹ Dani Rodrik, Harvard University One Economics, Many Recipes: Globalization, Institutions and Economic Growth (2007)

We have well-documented cases where a Ventura County company was not able to expand or continue operations due to a lack of workforce. And, we have well-documented cases where the lack of workforce was due to a lack of housing. In 2017, Amgen began a process of moving employees in Human Resources, IT, and Discovery Research and Translational Science to locations outside the county, including to Tampa Florida and Cambridge Massachusetts.² This example of a high-salary employer moving divisions, all or in part, outside the County has contributed in part to the County's reduced economic activity. From Matthew Fienup, again in 2017:

We trust local employers when they communicate what makes it difficult to conduct and grow business in Ventura County. Amgen, the world's largest independent biotechnology company, recently announced plans to pare its Thousand Oaks based workforce by nearly 10 percent. At the same time, it is building a new, 136,000 square foot facility in Tampa, Florida. The reason Amgen cited for moving from Ventura County to Tampa: "affordable cost of living and the potential for growth."

Ventura County housing availability is indeed in a relatively low state. For 2023, the new residential unit building permit rate was 1.3 homes per thousand population, which compares to 4.3 homes per thousand population for the United States and is even dramatically lower than California's dismally low rate of 2.6 homes per thousand. In December of 2023, the County's median price for an existing single-family home was \$882,500. I emphasize that this is the median price, thus, this is not the price for a particularly nice home, large home, or recently built home. That type of product would be substantially more expensive; in point of fact, existing housing of that type will often sell for over \$1 million dollars in Ventura County. This median price compares to \$387,000 for the United States, which itself is a price that is over-boasted by two factors, a lack of building (not restricted as in Ventura County as noted above) and by monetary policy.³ Our county's housing cost is a dramatic 2.3 times higher cost than for the nation.

Given the housing costs, thirteen percent of Ventura County's households can afford the median priced single-family home. This housing affordability rate is punishingly low relative to the overall U.S. measure of 34 percent. It also positions Ventura County as the single most unaffordable metropolitan area in the entire country, less affordable even than the Los Angeles and San Diego Metro Areas, according to the National Association of Realtors. Low housing affordability not only hampers the overall economy through a departure of jobs and workers to other locations in the U.S., but also is a driver of income inequality since those households who cannot afford ownership-housing cannot use home ownership as a rung to climb the socio-economic ladder. A lack of housing

² <https://www.vcstar.com/story/money/business/2017/03/27/amgen-announces-layoffs-and-relocations-thousand-oaks/99688980/>

³ The Fed's excessively stimulative monetary policy since 2008 has induced households to search for yield across all asset types, including real estate.

affordability creates a socio-economic barrier to our lower-income households, preventing or making very difficult, their pursuit of a higher quality of life.

A Call to Action

My hope is that CERF can partner with many different entities across the county to enact change. Changes that will make our county more conducive to company location, household location, home ownership, and population growth. This should include a change to policies and regulations, including land-use regulations. Our collective goal is to re-ignite economic growth, and through this, improve quality of life for all residents and provide opportunities for individuals, companies, and households who are hard-working and innovative to climb the socio-economic ladder.

CERF will hold its Ventura County *Economic Forecast* event on the morning of February 28th in the Thousand Oaks Civic Arts Plaza. Our theme this year is *The Case for Growth*. The programming of the event includes conversations on growth from a variety of perspectives, including from a broad point of view as well as in-depth personal stories from Ventura County citizens.

CERF Executive Director Matthew Fienup and I invite you to the event on the 28th to help us initiate a community-wide conversation on changes to policies that will promote growth and bring economic opportunity to Ventura County.