

Contrasting Realities in Silicon Valley

More Californians are considering fleeing the state

A growing number of Californians are contemplating moving from the state — and not due to wildfires or earthquakes but the sky-high cost of living, according to a survey released Wednesday [February 13, 2019].

The online survey, conducted last month by Edelman Intelligence, found that 53 percent of Californians surveyed are considering fleeing, representing a jump over the 49 percent polled a year ago. The desire to exit the nation's most populous state was highest among millennials, the survey noted.

"California is a great, great place if you're young and ambitious and daddy's paying the rent," said Joel Kotkin, a presidential fellow in Urban Futures at Chapman University in Orange, California. "It's similar to New York with the same dynamic, and maybe more of it."

Kotkin, who has researched California demographic and economic trends for decades, said he's astounded when he asks his Chapman students whether they think they'll be in the state in 10 years. "I would say the majority would say 'no,' — and many grew up in California," he said.

"There's no doubt that California's economy, for all of its strengths when it comes to innovation and creating these industries that people want to be part of, is struggling with high costs," said Aaron Terrazas, a senior economist with online real estate site Zillow. "Costs have gotten way ahead of incomes in California, and that's making a lot of people think about whether it's worth the hurdles."

According to Edelman, 63 percent of millennials in the 2019 survey indicated they were considering a move from sunny California. The chief reason for dissatisfaction: housing.

When asked in general about what would make them leave California, 60 percent of millennials in the survey gave housing cost and availability as the reason. That was slightly higher than the general population (55 percent), although 65 percent of renters cited housing factors as a reason to leave.

Californians believe housing costs are four times more threatening to the state's economy than high health costs. Residents also consider crime and security as a top-three concern.

Terrazas said millennials in California who are "tired of renting and looking to settle down and buy a home are finding it's often out of reach for them." He said this is especially the case in coastal job centers of the state, whether Los Angeles County or the San Francisco Bay Area.

"California just doesn't strike them as reasonable," the economist said. "The state has consistently seen much faster home value appreciation than most of the country, and the same goes for rent until about two years ago. Rents have begun to slow down, ... although they remain at high levels."

Article continues at link below

Source: *CNBC* (02/13/19)
<https://cnb.cx/2GnhoMX>

High taxes be damned, the rich keep moving to California

[Opinion] Are rich people fleeing California to escape astronomical state income taxes? That's the word. But it's fake news.

In fact, more wealthy people are moving to California than leaving, research indicates. It's the poor and middle class who are departing.

It makes sense. If you're getting rich in California and can afford to live comfortably here in this balmy climate, there's little incentive to leave — except to stick it to the tax collector in Sacramento.

"If you've got your business here and you're making money, it's hard to leave," says Allan Zaremberg, president of the California Chamber of Commerce.

"And if you're making money in California, you're still going to get taxed here even if you live in Texas," he said. "You get taxed where you make the money, regardless of where you live."

Loren Kaye, president of the California Foundation for Commerce and Education, a chamber affiliate, cautions: "You can't shelter your income simply by moving out of state. If your business or work is in California, that's where you're taxed. California very aggressively collects taxes."

But, he adds: "If you're retired or living off of investments, that's different."

You can move to Nevada, where there's no state income tax, and live off a California public pension without paying either Sacramento or Carson City.

The long-sSpeculated California tax escape was mentioned in lots of emails last week after I wrote about superstar baseball slugger Bryce Harper. He rejected competitive offers from the Dodgers and San Francisco Giants and signed a 13-year, \$330-million contract with the Philadelphia Phillies in low-tax Pennsylvania.

Avoiding California's highest-in-the-nation 13.3% income tax rate was just one of several reasons Harper signed with the Phillies. He also liked their hitter-friendly ballpark. And he felt comfortable playing in the National League East, where he has spent his entire major league career.

But Harper will save many millions in taxes by not playing for a California team, a strong inducement despite his hometown being nearby Las Vegas.

California's income tax has become even more burdensome for the wealthy and many middle-class residents because of new federal so-called reforms. President Trump and the previous Republican Congress stripped our ability to deduct all state income and local property taxes on federal returns. There's now a \$10,000 limit.

Harper's avoidance of this state seemed symbolic of the California tax-flight tale that has circulated for years. But apparently it's mostly made up.

Article continues at link below

Source: *Los Angeles Times* (03/11/19)
<https://lat.ms/2Hob7QN>

UNEMPLOYMENT

Region	January 2018	December 2018	January 2019	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	3.0%	2.5%	3.0%	+ 0.5	± 0.0
San Francisco MD	2.6%	2.1%	2.5%	+ 0.4	- 0.1
California	4.7%	4.1%	4.8%	+ 0.7	+ 0.1
United States	4.5%	3.7%	4.4%	+ 0.7	- 0.1

INDUSTRY EMPLOYMENT

Sector—January 2019	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,129,000	1,156,600	2,285,600	- 1.4%	+ 3.3%
Construction	45,800	43,600	89,400	- 2.6%	+ 0.8%
Manufacturing	174,400	38,400	212,800	- 0.3%	+ 3.4%
Retail Trade	87,100	81,700	168,800	- 3.8%	+ 0.7%
Information	96,100	88,200	184,300	+ 0.1%	+ 9.8%
Professional & Business Services	239,300	291,700	531,000	- 0.7%	+ 3.8%
Educational Services	47,600	26,800	74,400	- 4.7%	+ 2.2%
Health Care & Social Assistance	126,000	114,900	240,900	- 0.2%	+ 3.7%
Leisure & Hospitality	101,700	140,700	242,400	- 2.6%	+ 3.0%
Government	97,200	131,400	228,600	- 1.6%	+ 0.5%

NOTE: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMI

LABOR FORCE & ANNUAL CHANGE

9-County San Francisco Bay Area

	Labor Force			Employed			Unemployment		
	January 2018	January 2019	Change	January 2018	January 2019	Change	January 2018	January 2019	Change
California	19,150,400	19,564,800	+ 2.2%	18,253,200	18,630,100	+ 2.1%	4.7%	4.8%	+ 0.1
Alameda County	836,400	856,600	+ 2.4%	808,400	827,300	+ 2.3%	3.3%	3.4%	+ 0.1
Contra Costa County	557,000	570,400	+ 2.4%	537,300	549,600	+ 2.3%	3.5%	3.6%	+ 0.1
Marin County	138,900	142,300	+ 2.4%	135,300	138,500	+ 2.4%	2.6%	2.7%	+ 0.1
Napa County	71,900	73,600	+ 2.4%	69,100	70,700	+ 2.3%	3.9%	4.0%	+ 0.1
San Francisco County	563,300	586,900	+ 4.2%	548,000	571,500	+ 4.3%	2.7%	2.6%	- 0.1
San Mateo County	445,000	463,500	+ 4.2%	434,000	452,200	+ 4.2%	2.5%	2.5%	± 0.0
Santa Clara County	1,031,300	1,062,800	+ 3.1%	1,011,100	1,031,800	+ 3.1%	2.9%	2.9%	± 0.0
Solano County	207,300	210,800	+ 1.7%	197,900	201,000	+ 1.6%	4.5%	4.7%	+ 0.2
Sonoma County	258,200	262,500	+ 1.7%	249,900	253,800	+ 1.6%	3.2%	3.3%	+ 0.1
SF Bay Area (sum)	4,109,300	4,229,400	+ 2.9%	3,981,000	4,096,400	+ 2.9%	3.1%	3.1%	± 0.0

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMI

REGIONAL LAYOFF ACTIVITY

January 2019 Events

Company	Location	# Affected
Achaogen	South San Francisco	85
Broadcom	Santa Clara	119
Cost Plus World Market	Redwood City	18
Five Prime Therapeutics	South San Francisco	41
Genentech	South San Francisco	67
Kome Seafood & Grill Buffet	Daly City	70
Lowe's	South San Francisco	119
Marvell Semiconductor	Santa Clara	11
Spectra Laboratories	Milpitas	46
Tobi.com	South San Francisco	62
Total		638

WARN SUMMARY

Events YTD [†] :	46
Individuals Affected YTD:	2,780
Individuals Previous YTD [‡] :	2,981

* **WARN: Worker Adjustment and Retraining Notification**
 (notice of mass layoff or closure)
[†] **YTD: Year to Date**
 (Program year: July 1–June 30)
[‡] **Previous YTD:**
 (Same date range as YTD, one year prior)

NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database