

California job surge could squeeze low- and middle-income workers

California's boom in high-wage jobs, such as those in the tech sector, has shoved housing prices skyward and threatens to squeeze low- and middle-income wage earners out of the Golden State, a report released Wednesday warned.

Those disturbing findings were contained in new research compiled by Beacon Economics and commissioned by Next 10, a San Francisco-based think tank.

"It's not a question of people having jobs, because there are a lot of jobs in California," said F. Noel Perry, a business executive and founder of Next 10. "It's a question of whether people can afford to live in California."

The state's economic trends, while they offer prosperity to a wide array of residents, also are creating painful pressures on many who are unable to afford the cost of housing.

"The state has been growing its employment at nearly 3 percent a year," said Christopher Thornberg, principal economist and founding partner of Beacon Economics. "If we don't build enough housing, where will the new workers live? If they don't have a place to live, how will we fill these jobs?"

Housing prices are rising at a time when California has experienced an influx of low-wage workers, the Beacon study determined.

Over the five years that ended in 2014, the most recent year for which these statistics are available, the number of low-wage workers coming into California increased by 16.1 percent, according to the Beacon research. The number of middle-wage workers rose 11.2 percent, and the number of high-wage workers increased 6 percent.

"Left unchecked, housing costs could severely hamper the low- and middle-income workers that power our economy," Perry said.

One of the big problems is that upward mobility is more difficult to come by in California despite its burst of high-paying tech jobs. That's because many factory jobs have vanished, which has erased a slew of decent-paying jobs for the middle class.

The most robust high-paying jobs, typically in the technology sector, require skills right away. The employment and skills path is potentially difficult for people to work their way up from waiting tables to writing code at Google, Apple or Facebook.

"If you want to break into the technology field, you have to arrive with buy-in skills, ability to do coding, understanding of electronics, digital design skills, network architecture," said Russell Hancock, president of San Jose-based Joint Venture Silicon Valley.

The pressure on housing for middle- and low-income workers is particularly acute in the Bay Area, the world capital of the technology industry.

Silicon Valley and the Bay Area increasingly are in danger of becoming more like a Manhattan of the West Coast that is dominated by high- and low-income workers, along with a shrinking middle class, Hancock said.

The study cited a report that showed that of the 10 metro areas with the worst home affordability in the United States, six were located in California. Santa Clara County was listed as the region with the worst home affordability. The San Francisco-San Mateo area was listed as second worst.

"While California innovation and entrepreneurship are driving business creation and job growth across the board, we don't have enough housing," Perry said. "That's causing an affordability crisis."



Region	January 2015	December 2015	January 2016	Percentage Point Change	
				1 month	12 months
San José MSA	4.9%	3.9%	3.9%	0.0	- 1.0
San Francisco MD	4.0%	3.2%	3.2%	0.0	- 0.8
California	7.2%	5.7%	5.8%	+ 0.1	- 1.4
United States	6.1%	4.8%	5.3%	+ 0.5	- 0.8

Sector (January 2016)	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,053,200	1,061,600	2,114,800	- 1.6%	+ 4.0%
Construction	44,100	43,300	87,400	0.0%	+ 11.9%
Manufacturing	161,400	35,200	196,600	- 0.4%	+ 1.4%
Retail Trade	88,100	83,500	171,600	- 4.3%	+ 1.8%
Information	77,100	59,900	137,000	- 0.8%	+ 6.9%
Professional & Business Services	222,200	268,600	490,800	- 1.0%	+ 7.3%
Educational Services	45,300	28,000	73,300	- 2.5%	+ 4.4%
Health Care & Social Assistance	115,200	104,100	219,300	0.0%	+ 4.8%
Leisure & Hospitality	91,900	132,400	224,300	- 4.1%	+ 2.2%
Government	93,200	126,300	219,500	- 0.5%	+ 1.0%

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, LMID

9-County San Francisco Bay Area	Labor Force			Employed			Unemployment		
	January 2015	January 2016	Change	January 2015	January 2016	Change	January 2015	January 2016	Change
California	18,890,400	18,948,200	+ 0.3%	17,517,900	17,840,800	+ 1.8%	7.3%	5.8%	- 1.5
Alameda County	813,100	825,000	+ 1.5%	769,500	789,400	+ 2.6%	5.4%	4.3%	- 1.1
Contra Costa County	545,200	549,600	+ 0.8%	514,500	524,600	+ 2.0%	5.6%	4.5%	- 1.1
Marin County	141,000	142,100	+ 0.8%	135,400	137,500	+ 1.6%	3.9%	3.2%	- 0.7
Napa County	72,600	73,600	+ 1.4%	68,400	70,000	+ 2.3%	5.7%	4.8%	- 0.9
San Francisco County	539,200	551,800	+ 2.3%	517,100	533,400	+ 3.2%	4.1%	3.3%	- 0.8
San Mateo County	435,700	444,700	+ 2.1%	419,000	431,100	+ 2.9%	3.8%	3.1%	- 0.7
Santa Clara County	1,012,600	1,024,600	+ 1.2%	965,300	986,000	+ 2.1%	4.7%	3.8%	- 0.9
Solano County	204,200	207,600	+ 1.7%	190,000	195,700	+ 3.0%	6.9%	5.7%	- 1.2
Sonoma County	257,100	259,300	+ 0.9%	243,700	248,200	+ 1.8%	5.2%	4.3%	- 0.9
SF Bay Area (sum)	4,020,700	4,078,300	+ 1.4%	3,822,900	3,915,900	+ 2.4%	4.9%	4.0%	- 0.9

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

January 2016 Events	Company	Location	# Affected	WARN SUMMARY	
				Events YTD [†]	Individuals Affected YTD [‡]
	Applied Physics Systems	Sunnyvale	10	51	3,669
	Citrix Systems	Santa Clara	54		
	Complete Genomics	Mountain View	158		
	CoreLogic	Redwood City	21		
	GoPro, Inc.	San Mateo	77		
	Hewlett-Packard Co.	Palo Alto	74		
	Kohl's	Santa Clara	119		
	Space Systems Loral	Palo Alto	125		
		Total	638		

Individuals Affected YTD[‡]: 3,669
 Individuals Previous YTD[‡]: 3,477

* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)
[†] **YTD: Year to Date** (Program year: July 1-June 30)
[‡] **Previous YTD:** No data available for San Mateo County, FY2014/15

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

Source: NOVA's internal Rapid Response database