MEMO

DATE: December 6, 2007

TO: Regional Council
Community, Economic and Human Development Committee

FROM: Ping Chang, Program Manager, Performance Assessment and Monitoring
Program Development and Evaluation Division, (213) 236-1839, chang@scag.ca.gov

SUBJECT: Highlights of the 2007 State of the Region

BACKGROUND:

Staff will present highlights of the *2007 State of the Region* report which is currently scheduled for release on December 6, 2007.

Since 1998, SCAG has published a *State of the Region* report annually. Staff has prepared the report under the guidance of the Benchmarks Task Force. The current membership of the Benchmarks Task Force is included in Attachment 1. In addition, the process for last year's *State of the Region* report is included in Attachment 2 for information since the 2007 report follows a similar process.

The *State of the Region* reports annually on a series of indicators about our region's performance. A primary objective is to assist members of the Regional Council assess how the region is performing and hence provide the basis for policy discussions. Information on the region's performance has also been widely disseminated to assist public officials, business and community leaders in developing appropriate strategies to improve our communities.

The *2007 State of the Region* report provides an assessment on how our six-county region performs on issue areas including, for example, Population, Economy, Housing, Transportation, Environment, Education and Safety. The Report also compares the performance of our region with other large metropolitan regions in the nation. Based on the information prepared by staff, the Benchmarks Task Force also developed a *Report Card* for our region.

SCAG is currently in the process of updating the *Regional Comprehensive Plan (RCP).* After the RCP adoption, the subsequent State of the Region Reports will also track and assess the region's progress in meeting the goals established in the updated RCP.

Highlights of the *2007 State of the Region Report* include the following:

Subject Area	Highlights of Findings
Population	• ***Growth characteristics*** - In 2006, the region continued to grow faster than the rest of the nation reaching 18.5 million. - Since 2000, population growth in the region has been reduced from 350,000 (over 2 percent growth rate) to 220,000 (1.2 percent) due to increased domestic outmigration. - Riverside County achieved the second fastest growth rate within the state in 2006 while Los Angeles County had the largest increase in absolute numbers. - Since 2000, about 55 percent of the growth was due to natural increase (i.e. births over deaths), 44 percent was from foreign immigration and 1 percent from net domestic migration. • ***Demographic transformation*** - Transformation processes continued through 2006 including, increasing share of Hispanic population, a declining share of the new immigrants (arrived within the last 10 years), a growing share of the settled immigrants (arrived more than 10 years ago) and immigrant's second generation. • ***Undocumented immigrants*** - Accounted for 8% of the region's population.
Employment	• ***Employment change*** - Increased almost 156,000 jobs (2.2%) in 2006 after gaining 131,000 (1.9%) in 2005. - Largest increase in absolute number or rate since 2000 - Fared a little better than the rest of the state (1.8%) and the nation (1.8%). • ***Unemployment rate*** - Decreased from 5% to 4.6 % in the region in 2006, same as the national average. - Lowest since 1980. • ***Real average payroll per job*** *(after inflation adjustment)* - Reached $46,414, changed little from 2005 and only 0.7 percent above the 2000 level. - Between 2000 and 2005, improved from 89% to 92% when comparing with the average of the 17 largest metropolitan regions in the nation. - Ranked last among the nine largest metropolitan regions in the nation.

Income	• ***Real per capita personal income*** - 2006 real per capita personal income Nation: $35,142, increased by 1.9% from 2005 State: $38,956, increased by 1.5% from 2005 Region: $36,614, increased by 1.3 percent from 2005 - Between 2000 and 2006, increased by only 1.5% - Between 2000 and 2005, improved from 83% to 86% when comparing with the average of the 17 largest metros in the nation - Ranked 16th among the 17 major metros. • ***Real median household income*** - Increased by 2.6 percent in 2006 to reach $55,678 - Still 4% below the 1999 level at $58,146 • ***Total personal income*** - Between 2000 and 2005, the region's share of the total personal income in the nation increased by 0.22 percent, second best among the nine major metros, after losing by 0.76 percent during the 1990s. • ***Income inequality*** - Long-term trend of increasing income inequality at the regional and national levels. Little change in 2006 at the national level. • ***Poverty rates*** - About 13.6% of residents below poverty in 2006, slight decrease from 2005 at 14%. - Higher than the state (13.2%) and the nation (12.3%). - Highest among the nine largest metros. - About 19% of children under 18 were below poverty in 2006, a 2-percent reduction since the 2000 Census.

Housing	• ***Housing construction*** - Number of building permits (78,200 units), declined by 13,000 from 2005 - Decline concentrated in single-family (-16,600 units) - Population growth/new housing unit ratio between 2000 and 2006 at 3.4, lowest since 1990. • ***Homeownership rates*** - Steady increase by about 2% since 2000 to reach close to 57% - Continued to be below the national average of 67% • ***Housing affordability*** - Continuing increases in home prices, though slowed down to a single-digit, resulted in a record low level of affordability. - In 2006, among the nine largest metropolitan regions in the nation, the region continued to have the highest percentage of households (53% for owners and renters) with monthly housing cost greater than 30% of household income. Both shares increased significantly between 2000 and 2006. • ***Crowded housing*** - At 10.2 percent in 2006, reduced by 0.4 percent from 2005. - Renters were 3 times more likely to live in crowded housing than owners.

Mobility	• ***Mode choices for work trips*** - From 2004 to 2006, the share of drive-alone commuting decreased consecutively from 76.7% to 74.1% while the share of alternative modes increased from 23.3% to 25.9%, both reversing the trend between 2000 and 2004. • ***Average travel time to work*** - At 28.4 minutes, a slight decrease (0.5 minutes) from 2005. • ***Transit boardings*** - Total transit boardings increased by 6% in FY2006 to a record high of 737 million since 1990. - Transit trips per capita at 40 also the highest since 1990. - However, transit use accounted for only 2% of all trips in the region. • ***Congestion*** - Total VMT in 2006 was about the same level as two years ago. - VMT per household decreased for two consecutive years. - The region, particularly the part of Los Angeles/Orange counties, consistently ranks as the most congested metropolitan area in the nation. - Freight through-traffic including truck traffic that provides services to the rest of the nation has contributed to the overall congestion. • ***Highway fatalities*** - Slight increases of 3% in 2006.

Air Quality	• ***Continued to be non-attainment areas for $PM_{2.5}$, PM_{10}, and ozone*** • ***$PM_{2.5}$*** - Continued to significantly (40%) exceed federal annual average standard in South Coast in 2006 with a similar concentration level as in 2005. - Continued to significantly exceed the federal 24-hour (new) standard. - Improvements have shown some signs of leveling off. - South Coast Air Basin has almost 52% share of the nation in population-weighted exposures to PM2.5 above the national standard. - Annual health impacts in the South Coast include 5,400 premature deaths, 140,000 asthma & lower respiratory symptoms and close to 1 million lost work days. - About 80% of the emission sources for $PM_{2.5}$ are within the state or federal jurisdictions and out of local control. - Increasingly challenging to develop and implement emission reduction measures to meet attainment deadlines. • ***PM_{10}*** - Annual average standard revoked 12/06 - Days exceeding federal 24-hr standard between 2005 and 2006 South Coast: no exceedance in both years Salton Sea: increase from 9 to 13 days Mojave Desert: increase from 0 to 3 days • ***Ozone*** - The number of days exceeding federal 8-hour standards increased slightly in the South Coast and Ventura County but decreased slightly in the Mojave Desert and Salton Sea air basins. - Still has the highest concentration in the nation. - The number of days for health advisory in the South Coast decreased from 11 to 10 days. • ***CO*** - Continued to not exceeding federal standard in 2006. - Redesignated as an attainment area in 2007.

Water	• ***Total water consumption*** - About 70% of total water consumption is imported. - In 2006, achieved a 6 percent decrease from 2005 (for MWD service area in the SCAG region). • ***Per capita urban water consumption*** - In 2006, declined from the 2000 level in each county in the region except for Ventura County. • ***Water quality*** - Between 2000 and 2006, water quality improved in the Los Angeles and Lahontan Water Quality Control Board (WQCB) regions, maintained in the Santa Ana and Colorado WQCB regions and deteriorated in the San Diego WQCB region (including southern Orange County).
Solid Waste	• ***Total waste to landfill*** - Decreased by 0.5 million ton from 2005 to 2006. - Diversion rate increased from 10 percent to 54 percent between 1989 and 2006 at the state level. - 40 percent of the cities in the region met the 50 percent diversion goal. • ***Per capita waste disposal*** - Has been around 6.5 pounds/day since 1996.
Energy	• ***Share of total energy consumption*** - Fossil fuel: 86% - Renewable energy: 6% - Pattern of use has been quite stable since 1990 • ***Per capita energy consumption*** - Electricity: relatively stable - Natural gas: gradually declining - Vehicle fuels: declined very slightly from 485 gallons to 481 gallons between 2000 and 2006 - California ranked 3rd lowest in per capita energy consumption in U.S. • ***AB 32 (California Global Warming Solutions Act) implementation*** - Require by 2020 the statewide greenhouse gas be reduced to 1990 levels. - ARB adopted 3 distinct early action measures in June 2007, including: Implement low carbon fuel standard Increase methane capture from existing landfills Restrict the use of high global warming potential refrigerant for motor vehicle air conditioning.

Education	• ***7th grade test scores*** - Steady improvements in math scores throughout the region; little improvements in reading scores since 2003 - Continued to perform below the national median except for Ventura and Orange counties. • ***High school dropout rates*** - Over 15%, highest since 2000. - Consecutive increase in San Bernardino County since 2000 to reach 20 percent in 2006, highest in the region. • ***High school graduates meeting UC/CSU entrance requirements*** - About 36% of high school graduates meeting UC/CSU entrance requirements, little change since 2000. • ***Educational attainment*** - Improvements during 2000-2006 while percentages of adults with at least a high school diploma (+4% to 77%) and at least a bachelor's degree (+2.5% to 27%). Consistent with national trend. - Nevertheless, among the nine largest metros, the region remained last in the share of adults (77 percent) with at least a high school diploma & second to last for at least a Bachelor's degree (27 percent). • ***Racial/ethnic disparity*** - Hispanic and African American high school students, when compared with their White and Asian peers, had significantly higher percentages of dropouts and lower percentages of completing courses for UC/CSU entrance requirements.

Safety	• ***Violent crime rates*** - Continued improvements in 2006 with a reduction of 1.7 percent. - Less than 40% of the 1990 level in 2006. - Closed the gap between the region and the state and significantly narrowed the gap between the region and the nation. • ***Juvenile felony arrest rates*** - Increased by 5 percent in 2006, the third consecutive years of increase, in contrast to the trend of continuous decline between 1990 and 2003. - Nevertheless, only 43% of the 1990 level in 2006. • ***Property crime rates*** - Decreased by 5 percent in 2006. • ***Hate crime activities*** - Decreased in the number of incidences (9%) and victims (5%), lowest since 2000.

FISCAL IMPACT:

Resources needed for preparing the 2007 State of the Region have been included in the SCAG budget for Fiscal years 2006/2007 and 2007/2008.

Reviewed by: _____
Division Manager

Reviewed by: _____
Department Director

Reviewed by: _____
Chief Financial Official

ATTACHMENT 1

Benchmarks Task Force Membership

Hon. Ronald O. Loveridge, Mayor, City of Riverside, Task Force Chair
Hon. Debbie Cook, Councilmember, City of Huntington Beach, Task Force Vice Chair
Hon. Mona Field, Board of Trustees, Los Angeles Community College District
Hon. Larry McCallon, Councilmember, City of Highland
Hon. Paul M. Nowatka, Councilmember, City of Torrance
Hon. Pam O'Connor, Councilmember, City of Santa Monica
Hon. Toni Young, Mayor Pro Tem, City of Port Hueneme
Rick Bishop, Western Riverside Council of Governments
Kimberly Collins, San Diego State University (Imperial Valley Campus)
Barry Engelberg, Orange County Transportation Authority
Fernando Guerra, Loyola Marymount University
Lamont "Monty" Hempel, University of Redlands
Dean Kubani, City of Santa Monica Environmental and Public Works
Jerilyn Lopez Mendoza, Environmental Defense
Anastasia Loukaitou-Sideris, University of California, Los Angeles
Dowell Myers, University of Southern California
Todd Priest, Building Industry Association of Southern California
Anil Puri, California State University, Fullerton
Ty Schuiling, San Bernardino Associated Governments
Arthur J. Shaw, Consulting Economist
Arnold Sherwood, University of California, Berkeley
Jim Stewart, Southern California Council on Environment and Development
Goetz Wolff, Center for Regional Employment Strategies and UCLA

MEMO

ATTACHMENT 2

The State of the Region 2006 Program
A Brief Description of the Objectives and Process

Objectives

1. Tracking and assessing the performance of Southern California in comparison to other metropolitan regions in the nation.
2. Disseminating information on the region's performance to assist public officials, business and community leaders in developing appropriate strategies to improve our communities.
3. Informing and educating community residents on how our region is performing.

Intended Audiences

1. Elected officials at local, state and federal levels.
2. Business and community leaders.
3. Key agency staff including local government chief administrative officers and planning directors.
4. Other key stakeholders and partners in regional planning.
5. Community groups and residents.

Report Preparation, Dissemination and Utilization

1. With the guidance of a Benchmarks Task Force, which consists of elected officials and issue expert representatives in the region, SCAG staff collected and analyzed information regarding the performance of the region. Regional performance was assessed with respect to issues including demography, economy, housing, transportation, environment, education and public safety. A Report titled "*The State of the Region 2006*" was then prepared and released on December 14, 2006.

2. A total of 1,500 copies of *The State of the Region 2006* and 3,500 copies of the *Report Cards* have been distributed to many interested parties, including, for example:
   - Regional Council and Policy Committee members including more than 100 elected officials;
   - Chief County and City Administrators of 193 local governments in the region;
   - local government planning directors;
   - members of the state and congressional delegations; and
   - regional public libraries.

3. The complete Report and Report Card have been posted on the SCAG's home page (www.scag.ca.gov) since December 14, 2006 and has been downloaded more than 75,000 times.

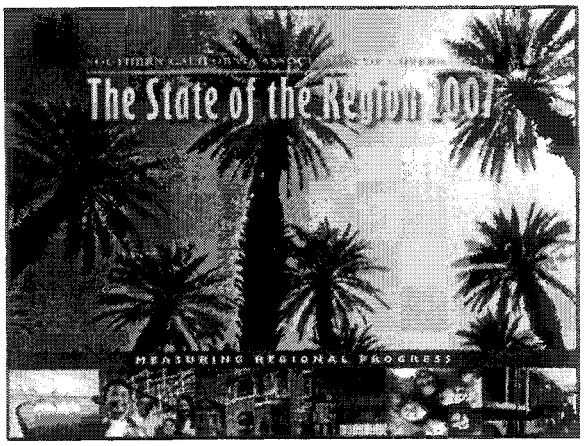
4. The press conference to release *The State of the Region 2006* on December 14, 2006 received very prominent media coverage throughout Southern California and beyond. Report coverage included 25 newspapers (including outside of the region), 10 TV stations and 5 radio stations. Specifically, newspaper coverage included the following:
   - Los Angeles Daily News
   - Orange County Register
   - Riverside Press Enterprise
   - San Bernardino County Sun
   - Inland Valley Daily Bulletin
   - Antelope Valley Press
   - Hi-Desert Star
   - Los Angeles Business Journal
   - Long Beach Press Telegram
   - LA Voice
   - North County Times
   - Pasadena Independent
   - San Gabriel Valley Tribune
   - South Bay Daily Breeze
   - Victor Valley Daily Press
   - Korean Times
   - La Opinion
   - China Press
   - Chinese Daily News
   - Sing Tao Daily
   - San Jose Mercury News
   - San Diego Tribune
   - Daily Bulletin
   - Merced News
   - Sacramento Bee

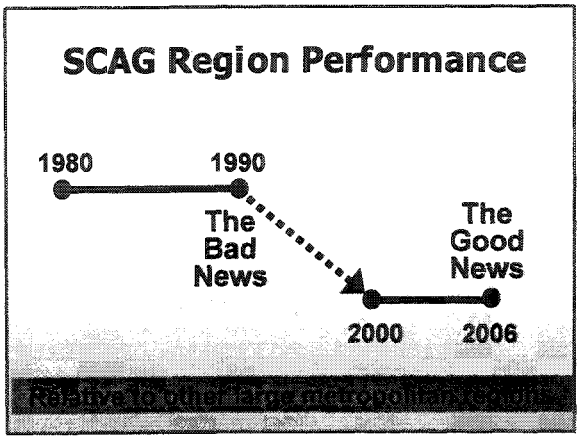
5. In addition to the media coverage, SCAG staff has also received invitations and made presentations to public and private organizations in the region.

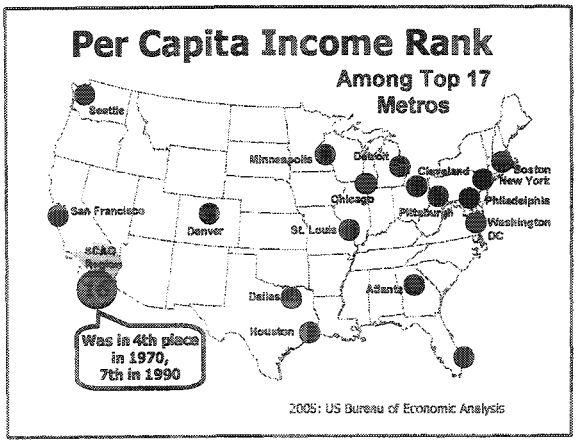
6. *The State of the Region* has been used as course reference materials in universities such as UCLA, UC Riverside and University of Southern California.

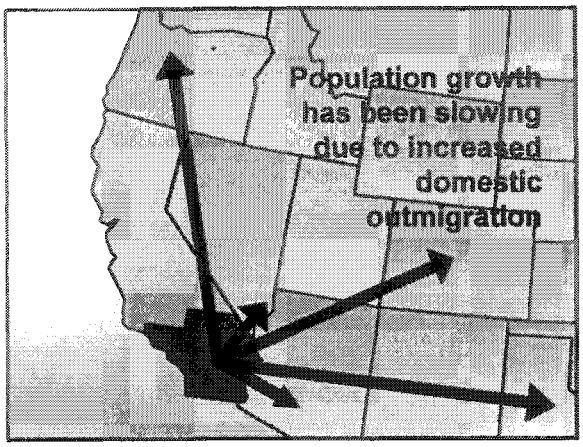
7. *The State of the Region* has been identified by the U.S. GAO as an example in the nation that contains a comprehensive indicator system.

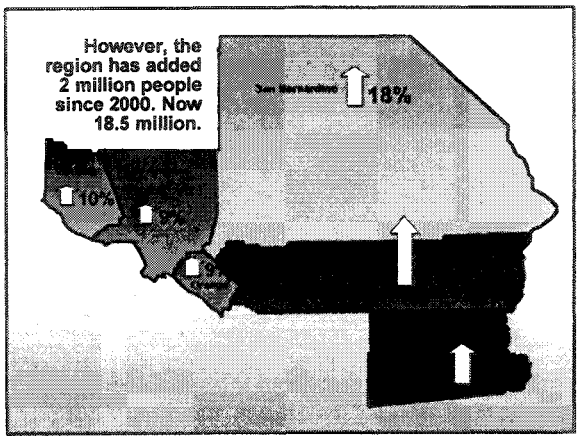
8. *The State of the Region 2006* has received the 2006 PRISM Award and the 2007 Communicator Award for its impacts on community awareness.

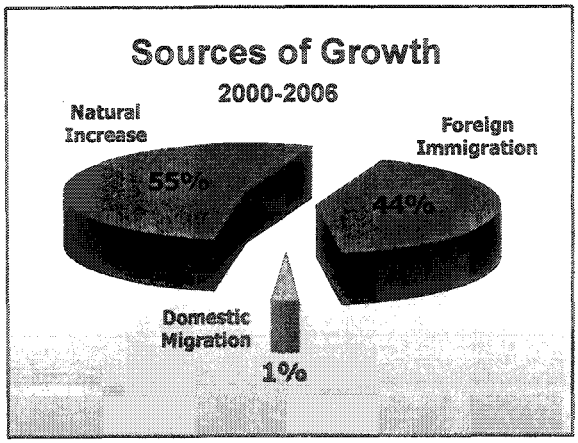

The State of the Region 2007
MEASURING REGIONAL PROGRESS


SCAG Region Performance
1980
1990
The Bad News
The Good News
2000
2006
Relative to other large metropolitan regions

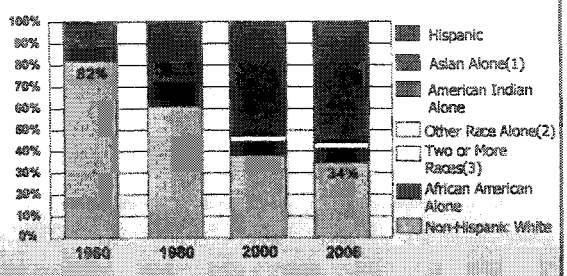

Per Capita Income Rank
Among Top 17 Metros
Seattle
Minneapolis
Detroit
Cleveland
Boston
New York
Chicago
Philadelphia
San Francisco
Denver
St. Louis
Pittsburgh
Washington DC
SCAG Region
Dallas
Atlanta
Houston
Was in 4th place in 1970, 7th in 1990
2005: US Bureau of Economic Analysis


Population growth has been slowing due to increased domestic outmigration


However, the region has added 2 million people since 2000. Now 18.5 million.
18%
10%


Sources of Growth
2000-2006
Natural Increase
55%
Foreign Immigration
44%
Domestic Migration
1%

Shift in Ethnic Composition



Shift in Age Composition

Growth 15-34

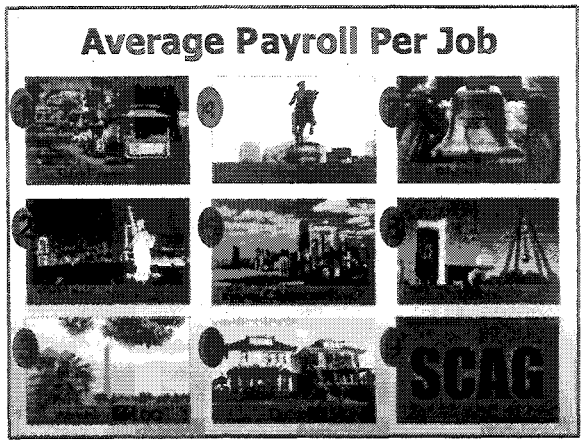
Growth in 55+

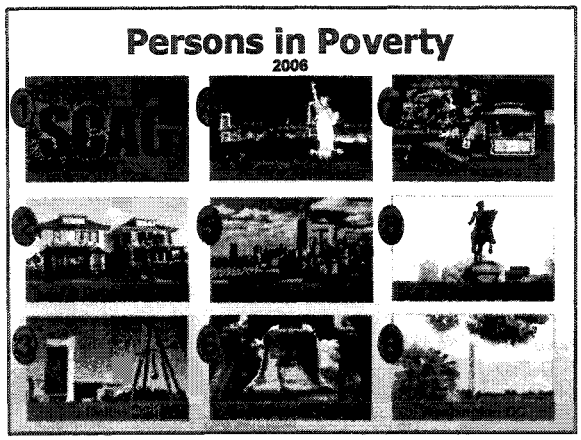
Progress Made in 2006

- 4.6%
- The lowest since 1980
- 156,000 new jobs

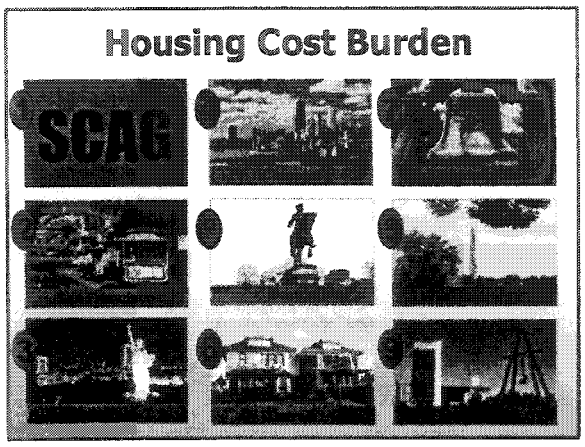
- 1.3% increase to $36,614 (Only 1.5% since 2000)

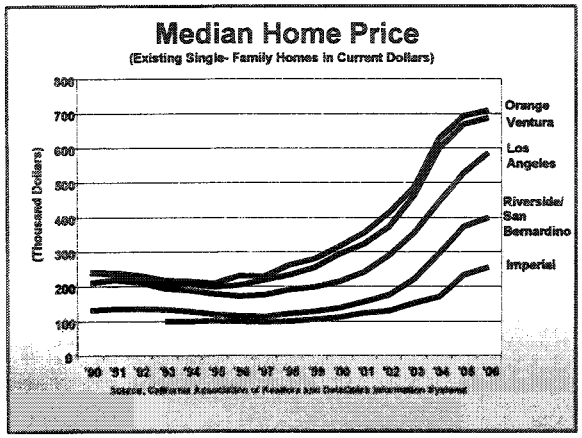
- 2.6% increase to $55,678 (Still 4% below 1999 level)

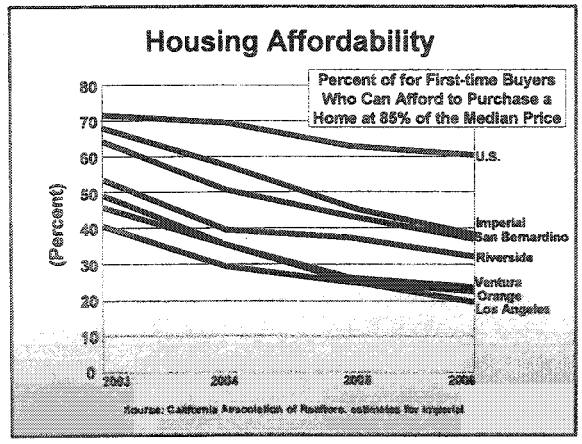

Average Payroll Per Job
SCAG

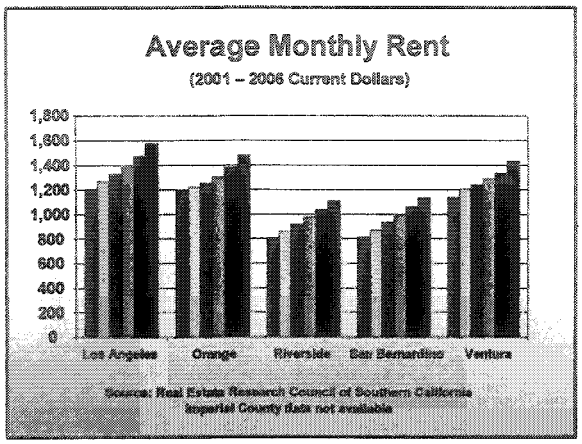

Persons in Poverty
2006
SCAG

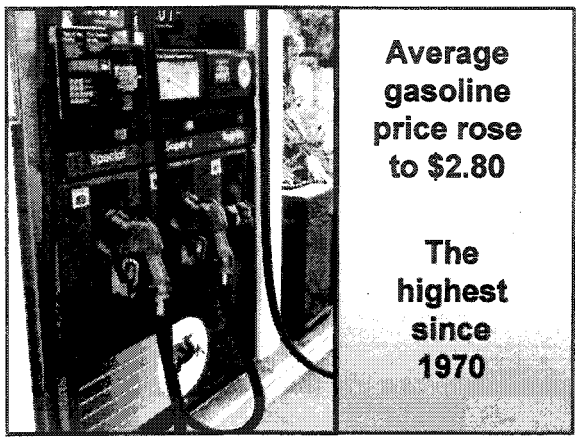
Homeownership
2006
SCAG

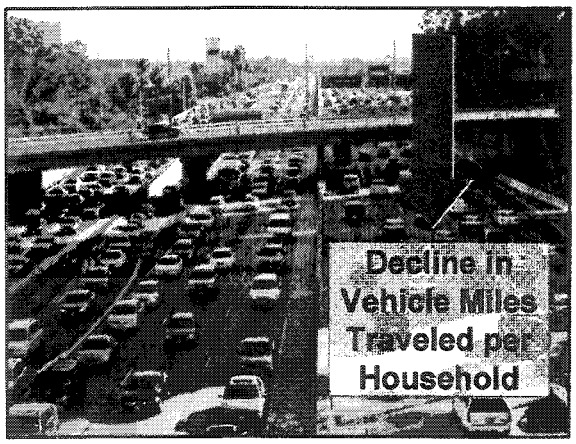

Housing Cost Burden
SCAG

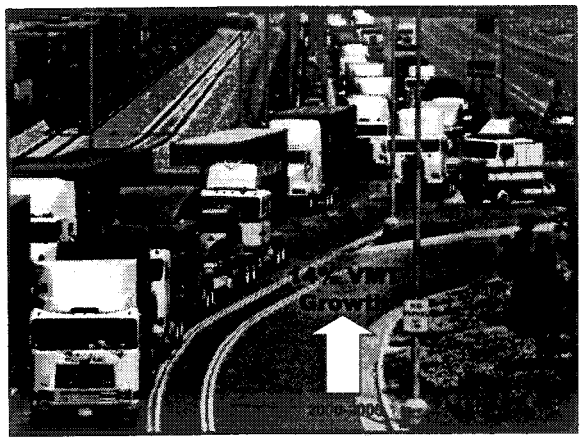

Median Home Price
(Existing Single- Family Homes in Current Dollars)
(Thousand Dollars)
800
700
600
500
400
300
200
100
0
'90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06
Orange
Ventura
Los Angeles
Riverside/ San Bernardino
Imperial


Housing Affordability
Percent of for First-time Buyers Who Can Afford to Purchase a Home at 85% of the Median Price
(Percent)
80
70
60
50
40
30
20
10
0
2003
2004
2005
2006
U.S.
Imperial
San Bernardino
Riverside
Ventura
Orange
Los Angeles
Source: California Association of Realtors, estimates for Imperial

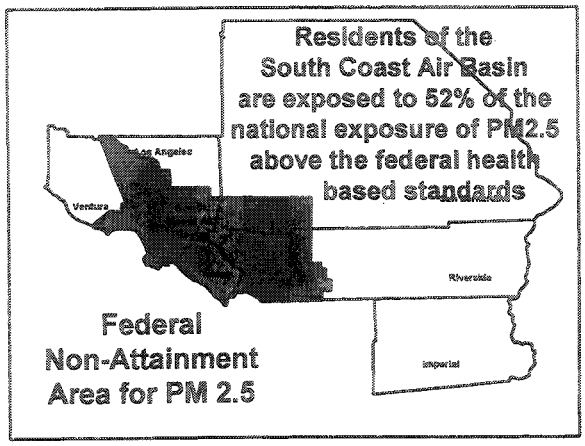

Average Monthly Rent
(2001 – 2006 Current Dollars)
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
Los Angeles
Orange
Riverside
San Bernardino
Ventura
Source: Real Estate Research Council of Southern California
Imperial County data not available

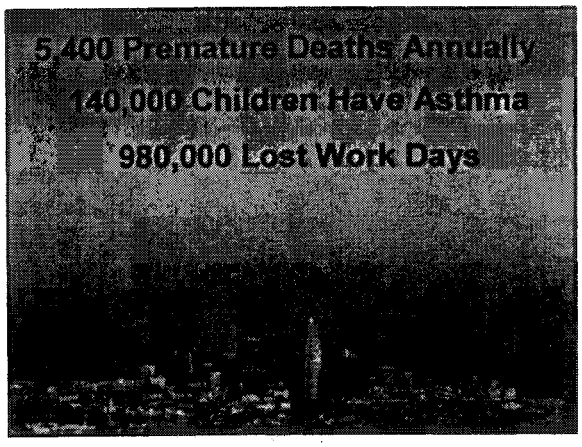

Average gasoline price rose to $2.80
The highest since 1970


Decline in Vehicle Miles Traveled per Household

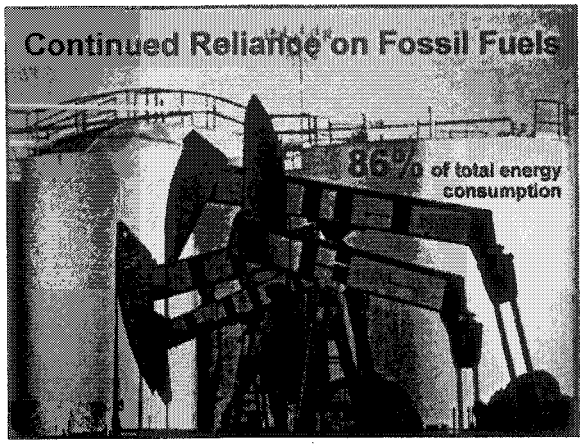


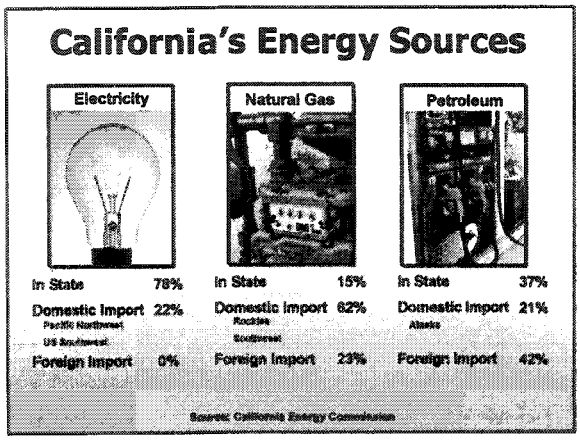
We Have A Health Crisis

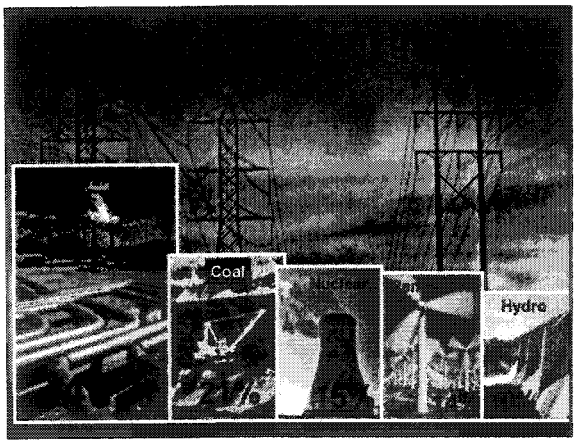

Residents of the
South Coast Air Basin
are exposed to 52% of the
national exposure of PM2.5
above the federal health
based standards
Ventura
Riverside
Imperial
Federal
Non-Attainment
Area for PM 2.5

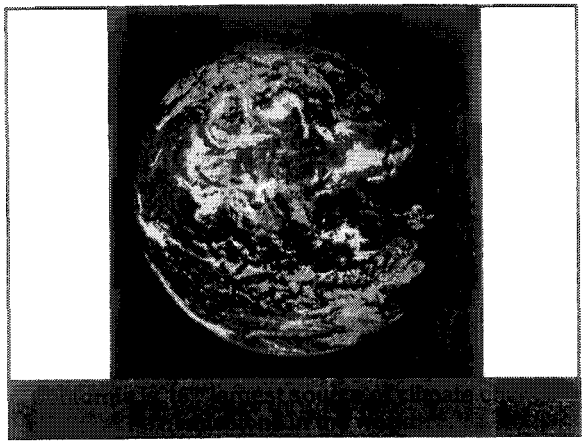

5,400 Premature Deaths Annually
140,000 Children Have Asthma
980,000 Lost Work Days

Burning of fossil fuels for mobile sources is
for 8 of total NOx emissions


Continued Reliance on Fossil Fuels
86% of total energy consumption


California's Energy Sources
Electricity
Natural Gas
Petroleum
In State 78%
Domestic Import 22%
Pacific Northwest
US Southwest
Foreign Import 0%
In State 15%
Domestic Import 62%
Rockies
Southwest
Foreign Import 23%
In State 37%
Domestic Import 21%
Alaska
Foreign Import 42%
Source: California Energy Commission


Coal
Nuclear
Hydro



The Path Forward

RTP
REGIONAL TRANSPORTATION PLAN

REGIONAL
Comprehensive Plan