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NEWS

Economic gaps could harm South County's future, new report says

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Lisa Bartlett, chairwoman and supervisor of the Fifth District of the Orange County Board of Supervisors, speaks about projects in South Orange County Friday, as the second annual South Orange County Economic Report was released at Saddleback College.

SAM GANGWER, STAFF PHOTOGRAPHER

By CHRISTOPHER YEE / STAFF WRITER

MISSION VIEJO – South Orange County’s young people may one day find themselves unable to afford to live where they grew up, according to a new report out of Saddleback College.

The 2016 South Orange County Economic Report lists three “economic opportunity gaps,” including a lack of affordable housing for young professionals and middle-income families, that could limit growth in the near future. But it also shows that the regional economy has consistently grown at least 2 percent per year since 2008.

The report, released Friday, is the second of its kind created by Saddleback College staff in partnership with the South Orange County Economic Coalition. It details the demographics, employment statistics and key industry sectors in the region – which includes the 11 cities and unincorporated areas south of Irvine.

From 2014 to 2015, South County grew in several areas – gross regional product, population, employment and average earnings. However, at the same time, the unemployment rate rose and both the residential and commercial real estate markets have slowed.

“If we all collaborate – the business community, the cities, the Board of Supervisors, transportation leaders – we can work through these issues and get to really great solutions,” said 5th District county Supervisor Lisa Bartlett, the new chairwoman of the Orange County Board of Supervisors, at the report release luncheon Friday.

While last year’s report – the first of its kind created for South County – was primarily focused on presenting raw data, this year’s focused on analyzing the data and presenting conclusions, said Anthony Teng, Saddleback’s dean of advanced technology and applied science and the report’s principle author.

One new component to this year’s report are the economic opportunity gaps, which include:

- South County doesn’t have enough housing that young professionals and middle-income families can afford to buy or rent. Teng said median home values range from \$650,000 to \$1.85 million, and for renters, the average full-time worker needs to earn more than \$25.50 per hour in order to afford a one-bedroom apartment in South County. As a result, South County cities have to import their workforce from outside the region, which can lead to increased wear on infrastructure and less sales tax earned.
- The workforce in South County lacks workers with the training to fill middle- to high-skill jobs. Israel Dominguez, who became director for the school’s economic and workforce development program in May, said this deficit could also create a need to import workers from outside the region.
- With few north-south transportation alternatives, stoppages on I-5 could be catastrophic to the local and state economy and emergency services. Wayne Brown, a government affairs representative for the coalition, said the limited reach of the SR-73 and SR-241 toll roads means I-5 is really the only option, which creates more wear and tear on the freeway.

While the gaps appear suited for local officials to tackle, they also provide important food for thought for South County residents, especially parents, Teng said.

“The report can tell the average citizen how their city is doing, but it can also tell them if their kids can afford to live here in the future,” he said.

Parents can also use the report to steer their children toward careers in industries showing job growth in the next decade, like health care, manufacturing, real estate and hospitality, Teng said.

Saddleback College is working to encourage employers to use the community college to train workers to reach higher-skilled jobs, Dominguez said. In addition to offering regular classes in which workers can expand their skills, the school can create specialized education programs tailored to what employers are looking for, Dominguez said.

“If there’s a lack of qualified workers in the area, you have to import your workforce from outside,” he said. “You really need to tap into the workforce in your area to continue economic growth and decrease wear on transportation infrastructure.”

Paul Simonds, board director for the coalition, said he hopes policy leaders, business owners and South County residents find useful information in the report, which will be available for free download at socchamber.com.

“People in South County really love South County, so they wonder, ‘How do you maintain that quality of life, and what is the future generation have to look forward to,’” Simonds said. “This economic report is a road map for what the future has in store for the region.”

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Key findings

- Economic growth should be between 2 percent and 2.5 percent in 2016.
- Real estate prices will continue to rise, and inventory will decrease.
- Transportation infrastructure needs to be expanded to support economic growth.
- The population is getting older, which will affect the workforce.
- Younger adults cannot afford to live in South County.
- Tomorrow's workforce needs training to meet middle- and high-end jobs.

Source: 2016 South Orange County Economic Report

Voices

What are your takeaways from this year's economic report?

"It's very representative of what's going on in Laguna Niguel. We're one of the few cities that are ahead of the game with our AGORA Downtown project, which will create jobs, affordable housing and economic vitality." - City Councilman Fred Minagar, Laguna Niguel

"All the different forecasts and numbers I've seen have been similar. I believe the broader issues we should be concerned with are about our reliance on energy, water and the national debt." - Mayor Mike Munzing, Aliso Viejo

"It's clear that we policy leaders have to make some changes to allow property owners to use their properties as best they can for the betterment of our cities and the regional economy." - Mayor Pro Tem Scott Voigts, Lake Forest

Where are the jobs?

South Orange County has close to 298,000 jobs, according to the 2016 South Orange County Economic Report. Here are the industries that offer those jobs.

Health care and social assistance: 39,283 jobs

Retail trade: 33,199 jobs

Professional, scientific and technical services: 32,245 jobs

Accommodation and food services: 27,808 jobs

Real estate and rental leasing: 24,223 jobs

Administrative and support and waste management and remediation services: 22,492 jobs

Other services (except public administration): 20,493 jobs

Construction: 17,032 jobs

Finance and insurance: 16,736 jobs

Manufacturing: 16,443 jobs

Wholesale trade: 10,993 jobs

Educational services: 7,441 jobs

Government: 7,380 jobs

Arts, entertainment and recreation: 7,020 jobs

Information: 4,716 jobs

Management of companies and enterprises: 3,476 jobs

Transportation and warehousing: 2,669 jobs

Utilities: 1,319 jobs

Mining, quarrying and oil and gas extraction: 1,222

Unclassified industry: 912 jobs

Crop and animal production: 881 jobs