

THE PRESS-ENTERPRISE

INLAND: Economic downturn may mean fewer residents

Wednesday, September 14, 2011

BY DAVID OLSON
STAFF WRITER

The Inland area grew so rapidly in the early to mid 2000s that some cities doubled in population.

Based on that trend, the California Department of Finance in mid-2007 predicted the growth would continue far into the future.

Then the economy tanked. Growth slowed. Jobs disappeared. People moved out. Immigration plummeted.

Now the state is preparing to adjust its projections downward. The Inland area is still expected to grow more than the rest of the state but the region's lower projected population could affect the timetables for road construction, new police and fire stations and sewers.

The Southern California Association of Governments, SCAG, already has made preliminary adjustments.

The new July 2011 forecast, which still must be approved by SCAG's board, projects the population of Riverside and San Bernardino counties will reach 4.94 million by 2020 -- compared to nearly 5.4 million in the early 2008 forecast.

The 2010 census counted 4.22 million Inland residents.

Projections are always inexact, and adjustments are routinely made every several years based on changing circumstances and census numbers.

But the severity of the economic crisis and its disproportionate impact on the Inland area are causing a big shift in how experts view the future of the region and the state.

"This is not just a tweak but a major overhaul," said John Malson, acting chief of the state finance department's demographic research unit, which plans to release revised projections in 2012 or 2013.

California's projected 2050 population of 59.5 million likely will be adjusted downward by millions of people, he said.

"The Inland Empire will still show the most growth," Malson said, "but not nearly as much as projected."



The next projections will be tricky because it's especially difficult to make forecasts during a prolonged, severe economic downturn, and to predict whether people will react to it by moving, having fewer children or making other behavioral changes, Malson said.

A lower population today has a cascading effect on the future, because fewer people in 2011 means, among other things, fewer Inland residents to give birth.

Falling short

Government agencies and utilities use population forecasts to decide where new roads, sewers, power lines, libraries and police and fire stations should go, and where road-widening and other improvements should happen first. Retailers look at projections to plan new store locations.

Population projections are primarily based on trends in birth and death rates and the number of people moving in and out of an area. Ups and downs in the economy are assumed. But population forecasters didn't expect the worst economy since the Great Depression.

The number of San Bernardino County residents counted in the 2010 census fell more than 142,000 people short of the state's 2007 projections, and Riverside County's ended up nearly 50,000 lower.

Yet Riverside County grew 1.7 percent in 2010 -- far less than in the boom years but the highest growth of any California county, the state estimated. San Bernardino County grew 0.9 percent, slightly above the state as a whole.

That doesn't surprise Hans Johnson, lead author of the 2008 report "The Inland Empire in 2015" and senior fellow at the San Francisco-based Public Policy Institute of California.

Despite a stubbornly high unemployment rate, the Inland area still maintains advantages that led to its huge pre-recession growth, he said. Unlike other especially hard-hit areas like Las Vegas, the region has 16 million people immediately to the west -- in Los Angeles, Orange and San Diego counties -- to draw from, Johnson said.

For years, most new Inland residents have come from the coastal counties, primarily in search of cheaper, newer and larger housing, Johnson said.

Even though coastal home prices have dropped, Inland housing costs fell even more. Once the economy improves and the housing market recovers, many people again will start moving eastward, as they did after previous recessions, Johnson said. With far more developable land than coastal counties, the Inland area is where large-scale building of new homes will occur.

"All our history indicates the Inland region will have strong growth again," Johnson said.

Riverside County's growth will continue to be more robust than San Bernardino County's because of more developable land within commuting distance of coastal counties, he explained.

The population growth will be accompanied by more than a million additional Inland-based jobs by 2035, according to the preliminary SCAG projection.

The Inland area will add jobs at a much faster rate than Los Angeles and Orange counties, the report forecasts. The region's population growth and worsening traffic problems will likely spur more companies to move and to create jobs in the Inland area, as previously happened with Orange County, said SCAG Executive Director Hasan Ikhata.

Yet the agency expects 360,000 fewer Inland jobs than projected in 2008 because so many jobs have been lost in the economic downturn.

Drop in immigrants

The economic crisis also triggered an unprecedented drop in the number of immigrants.

The number of foreign-born residents living in Riverside and San Bernardino counties fell by nearly 30,000 -- or 3.2 percent -- between 2007 and 2009, one of the steepest drops in the

country, according to a study by the Washington, D.C.-based Metropolitan Policy Institute. That followed years of often explosive growth in the immigrant population.

A drop in foreign-born residents affects future population more than a fall in native-born people because immigrants tend to have more children, said Todd Sorensen, an assistant professor of economics at UC Riverside and an expert on the economic effects of immigration.

The decline in immigrants reflects how they are more likely than U.S.-born residents to move to find work, Sorensen said.

"If there are going to be fewer jobs for a long time, there will be fewer immigrants for a long time," he said.

The type of future jobs is important, said Karthick Ramakrishnan, an associate professor of political science at UC Riverside and an expert on immigration. Plentiful construction jobs triggered much of the influx of immigrants, he said.

"If construction is not a big part of what future growth will be, it stands to reason immigrants will be less a part of growth than they have been," he said.

The drop in projected population and jobs in the Inland area will affect an array of planning decisions. For example, San Bernardino Associated Governments is looking at car pool lanes for Interstates 10 and 15, said Ty Schuiling, interim executive director of the agency, which does regional planning for the county and municipal governments. The population projections will help determine whether the agency pursues one car pool lane or two.

Rick Bishop, executive director of the Western Riverside Council of Governments, said the slower growth probably will affect timelines on building police and fire stations and libraries.

They depend on fees levied on developers -- who aren't building many homes -- and are built only when there's enough of a population that needs them.

With less tax revenue coming in because of the recession, congestion-relieving road widening may be delayed, Bishop said.

Tom Mullen, deputy director of Riverside County's Transportation and Land Management Agency, said even if there are some delays, more and better roads and other amenities will eventually be built, because even under the revised population scenarios, the county's population is projected to double by 2050.

"You're still talking about a tremendous amount of growth," Mullen said. "When you're looking 40 years out, whether it's 4.7 million people or 4.2 million people, you know you still need to put in place a lot of new infrastructure and zoning and land-use rules."