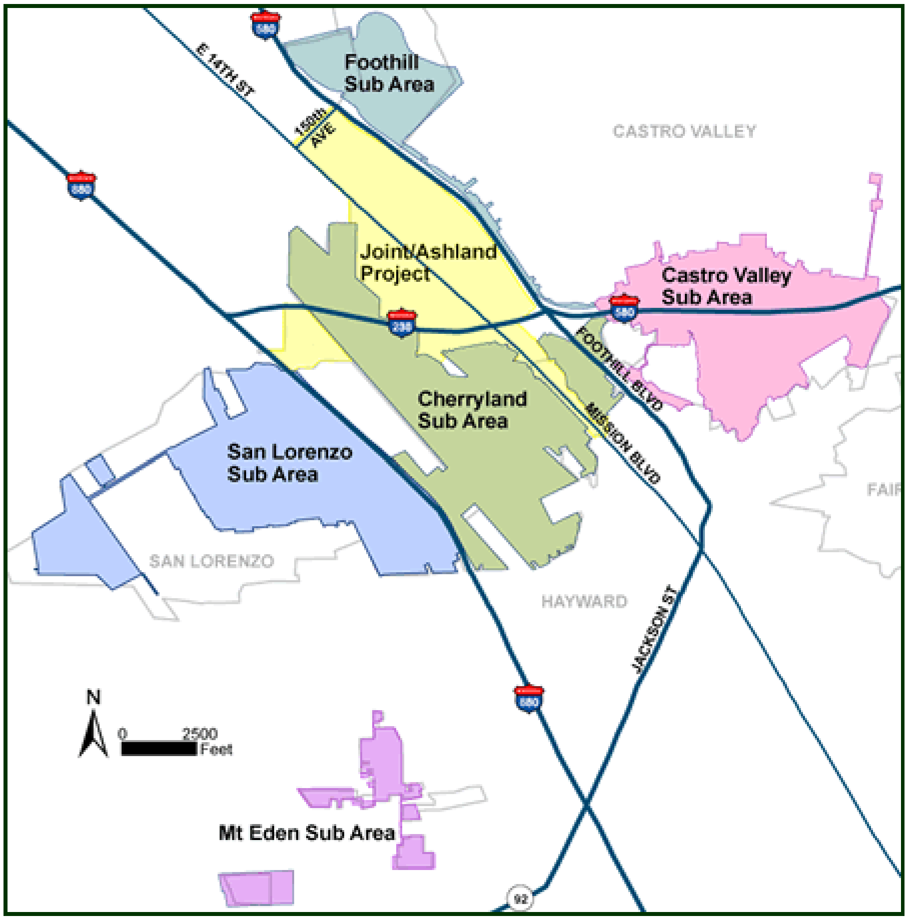
Alameda County Economic Development Strategic Plan



Regional Economic Context

Briefing Paper

Draft

Submitted: January 20, 2006

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Executive Summary

The purpose of this report is to place the redevelopment areas in unincorporated Alameda County (the Study Area) into a larger regional economic context. This report examines a number of important economic indicators for the Bay Area, Alameda County, as well as the Study Area. In doing so, the report makes a number of important findings, including:

- The Bay Area is a vibrant, multi-faceted economy that has many competitive advantages as a strategic business location as well as a place to live and work. Its escalating cost of living, however, as well as its high cost of doing business, overburdened infrastructure and declining school performance represent serious challenges that erode some of these competitive challenges..
- The East Bay, and Alameda County in particular, which provides most of the jobs held by residents of the Study Area, also has a healthy business climate and a vibrant job market. It has long provided services to the rest of the Bay Area in terms of manufacturing and processing, back office services, and transportation and logistics. With the increasing pressures of globalization, many of these industries operate in extremely competitive markets that exert strong downward pressures on wages.
- As a result, residents in Alameda County make less, on average, than the typical Bay Area resident. The role the region will play in the future, and the types of jobs available to the Study Area's resident are in question. Outsourcing of not only manufacturing, but of professional services such as writing software and operating call centers threaten the Area's traditional job base.
- Strong real estate and construction sectors (in large part due to the escalating home values in the area) have provided most of the new jobs that have replaced the jobs that disappeared after the dot-com bust. With rising interest rates and leveling off of the housing market, these jobs may also be less numerous.
- Jobs in health care, trade and transportation, finance, management and administration still offer good employment growth options for area residents. These industries also are creating new niches for new businesses.
- The business base of the Study Area is small but in proportion to its residential base. Its business community is comprised of small, service-oriented firms in business, personal, medical, and professional services as well as retail. Most of the Area's services are oriented toward the local market.
- The four areas examined in this report (Ashland, Castro Valley, Cherryland, and San Lorenzo) differ from each other considerably. Across most indicators, Castro Valley is more representative of the Bay Area average, San Lorenzo is closer to Castro Valley though slightly lower (in terms of incomes and home values) than the Bay Area average, and Ashland and Cherryland are distinctly lower.
- The Ashland and Cherryland communities are home to a smaller percentage of home owners, a greater percentage of immigrants, and have residents with significantly lower average incomes, higher poverty rates, and lower levels of educational attainment.
- Nevertheless, the four communities all share an extremely strategic location in the Bay Area, equidistant to a number of vibrant job centers and markets. As such, they offer many advantages to both residents and businesses.

Introduction

The Study Area

This report provides an overview of the economic context for the Alameda County Economic Development Strategic Plan for two redevelopment areas in unincorporated Alameda County. These areas include: the Alameda County-San Leandro Redevelopment Project Area (the "Joint Project") which includes a large portion of the Ashland community, including a three-mile commercial corridor along East 14^{th} Street between the Cities of San Leandro and Hayward; and the Eden Area Redevelopment Project which consists of five distinct sub-areas: Castro Valley, Cherryland, Foothill, Mt. Eden and San Lorenzo. For the purposes of this report, Ashland, Castro Valley, Cherryland, and San Lorenzo constitute "the Study Area," (Mt. Eden is not considered as it will likely be incorporated into the City of Hayward, and the Foothill area is not considered separately as it is a small area and largely residential). Appendix A contains maps of these areas.

The Purpose of this Report

A first step in developing an economic development plan for a region is understanding the existing economic forces affecting the area. Given the Study Area is fairly small and inextricably linked to the surrounding areas economically, the purpose of this report will be to put the Study Area in context, as well as to examine the regional trends that are affecting the economy of the Study Area.

The Larger Region

The California economy has recovered from the slowdown following the burst of the dot-com bubble and the loss of thousands of manufacturing and other jobs from 2001-03. However, according to the Center for the Continuing Study of the California Economy, the state still faces deep, structural problems in terms of its on-going budget deficit, deteriorating public infrastructure, and political gridlock. In addition, consumer spending has been growing much faster than incomes (largely due to low interest rates and a spike in housing values over the past few years); with rising interest rates and a slowdown in the housing sector, many jobs that have been created in response to the real estate boom may disappear. These trends and others cause the Center to predict slower economic growth in 2006.

The Bay Area economy, while known for its high concentration of technology firms and workers, is actually a fairly well diversified economy with strengths in a number of other value-added sectors. Due to its high levels of research, innovation, and commercialization, the Bay Area is able to create an extremely dynamic business climate. The increasing productivity of the Area's well-educated workforce results in its per capita output being nearly double that of the U.S. average. The Bay Area is also one of the country's biggest exporting regions (second only to New York), in large part due to its technology exports.

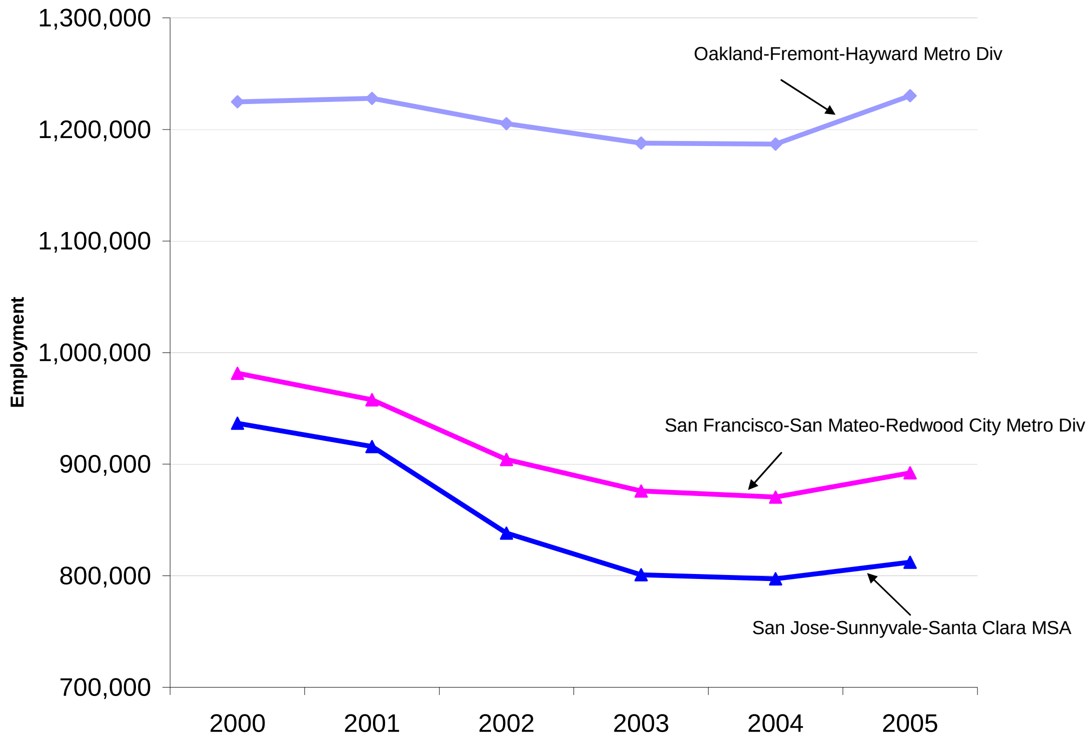
Since the economic downturn in the Bay Area began in 2001, the Bay Area economy has been on a largely separate track from the rest of the California economy. Where the rest of the state has had healthy job growth since 2001, the Bay Area lost 10% of its year 2001 job base and still lags the rest of the state in creating new jobs.

Employment Trends

Bay Area

Much of the Bay Area's job loss was due to the downturn in the high technology sector. For the region as a whole, jobs in tourism, residential building, and other activities such as mortgage finance that are related to the real estate boom, have largely replaced those lost in technology. As a result of these trends, the San Jose area (Silicon Valley) has experienced much more severe job loss and (a slower recovery) than the other two Bay Area metro regions.

Figure 1: Employment Trends in the Bay Area



Source: CA Employment Development Department. ECG analysis.

The Bay Area economy, and that of Silicon Valley in particular, is susceptible to a highly volatile pattern of boom and bust cycles. The very strengths that make the Area so dynamic (high levels of venture capital investment, high rates of innovation and discovery, high rates of new business formation, and a highly skilled workforce) also result in waves of activity spurred by the commercialization of new technologies. When these waves ebb, they pull a lot of other things down with them, including many jobs. While the region is currently regaining its momentum, it is likely that another wave will occur in the future – creating many new, cutting edge jobs and destroying other jobs and activities in the process.

The Study Area

The Oakland Metropolitan economy (defined as inclusive of Hayward and Fremont) has a much greater diversification of employment across sectors, and less of a presence of high technology industries than Silicone Valley. As such, it avoided the extreme levels of job loss experienced in San Jose and San Francisco after the dot-com bust. In fact, the greater Oakland region benefited from the technology boom indirectly by becoming the home to many non-technology-related companies in financial services and business services that got priced out of San Francisco during the dot-com years.

The East Bay region has also rebounded more quickly, creating enough jobs to surpass its year 2000 levels of employment. With 1.2 million jobs, the Oakland-Fremont-Hayward Metro area is home to more than one third of the Bay Area's total jobs – more than San Jose or San Francisco which provide about one quarter of the region's total employment each.

Unemployment

Bay Area

During the economic downturn and recovery of the last five years, unemployment has been a difficult indicator to track in that many individuals who lost their jobs in the downturn were highly paid professionals who relied on savings or stock options rather than reporting themselves as unemployed. Nevertheless, the unemployment rate in the Bay Area increased from 3.4% in 2000 to 4.5% at the end of 2005.

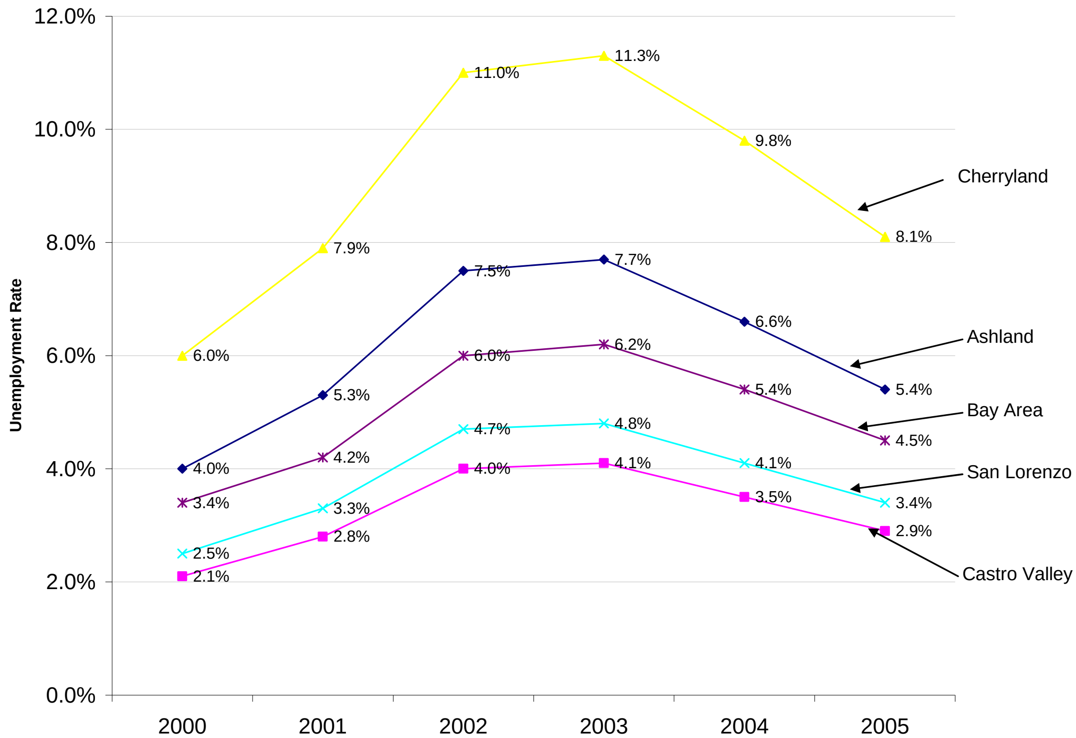
A significant cause for concern in recent years has been that outsourcing (or offshoring) , or the exporting of jobs by U.S. companies to lower cost workers in other countries, is one of the reasons for the region's sustained unemployment. A recent study by A.T. Kearney conducted for the Bay Area Council examined this concern and found that while off shoring, as a business strategy, is not new and is, indeed, accelerating; it is also a natural and unstoppable part of the globalization of the economy. Where lower skilled manufacturing jobs have been going overseas for decades, now certain higher-wage service sectors jobs are also going overseas. These trends are worrisome and require that the region look closely at its strengths and weaknesses, bolster its strengths and overcome its weaknesses.

Study Area

The implications of these global job trends for the Study Area are important to keep in mind as the Area considers new economic development strategies. There are two trends that should be kept foremost: first, the Study Area remains an excellent location for smaller businesses with less intensive real estate needs such as local-serving retail or business services and light industrial (or "process") companies and these companies should be nourished and helped to thrive; second, residents living in the Study Area are competing in the global marketplace for tomorrow's jobs. For this reason, education and continuous job skill retraining and upgrading are transcending other economic development initiatives and requiring more focus and resources. Partnerships between employers, workforce training organizations, and job seekers to sustain the high level of workforce productivity and income for which the region is known will become ever more important.

Over the past five years, unemployment rates in the Study Area (while considerably different across the four communities) have been persistently high in Cherryland and Ashland.

Figure 2: Unemployment Rates in the Bay Area and Study Area



Source: CA Employment Development Department, ECG analysis.

Industry Performance & Trends

Table 1: Industry Concentration in the Bay Area Relative to the U.S. in 2005

Industry	The Bay Area's Employment Concentration Ratio relative to the U.S.
Professional and Technical Services	1.71
Information	1.54
Management of Companies and Enterprises	1.33
Educational Services	1.25
Real Estate and Rental and Leasing	1.21
Arts, Entertainment, and Recreation	1.12
Construction	1.09
Finance and Insurance	1.05
Manufacturing	1.02
Accommodation and Food Services	1.00
Typical U.S. concentration	1.00

Source: CA Employment Development Department, 2005. ECG analysis.

Bay Area

Relative to the rest of the U.S., the Bay Area's employment is highly concentrated in high value-added activities such as Professional and Technical Services, Information (and Technology), Management of Companies, Educational Services, and Real Estate. A high quality workforce and a strong spirit of innovation help sustain the region's significant productivity lead over other U.S. regions. Per capita output in the Bay Area is nearly twice that of the U.S. average.

Many of the occupations in these industries are high paying, resulting in the Bay Area's high wage structure. This, in turn, fuels the higher cost of housing and, ultimately, the overall higher cost of living.

Study Area

In contrast, the employment base in Alameda County (which serves as the job market for most of the residents living in the Study Area), relative to the Bay Area, is highly concentrated in Wholesale Trade, Management of Companies, and Trade, Transportation, and Utilities.

Table 2: Industry Concentration in Alameda County Relative to the Bay Area in 2005.

Industry	Alameda Employment Concentration Ratio (ECR) Relative to Bay Area
Wholesale Trade	1.58
Management of Companies and Enterprises	1.43
Trade, Transportation, and Utilities	1.17
Construction	1.13
Public Administration	1.12
Health Care and Social Assistance	1.10
Manufacturing	1.06
Typical Bay Area concentration	1.00
Retail Trade	0.98
Administrative and Waste Services	0.95
Educational Services	0.89
Real Estate and Rental and Leasing	0.87
Arts, Entertainment, and Recreation	0.86
Professional and Technical Services	0.82
Finance and Insurance	0.81
Accommodation and Food Services	0.80
Information	0.74

Source: CA Employment Development Department, 2005. ECG analysis.

Other sectors that are more concentrated in Alameda County than the rest of the Bay Area include: Construction, Public Administration, Health Care and Social Assistance, and Manufacturing.

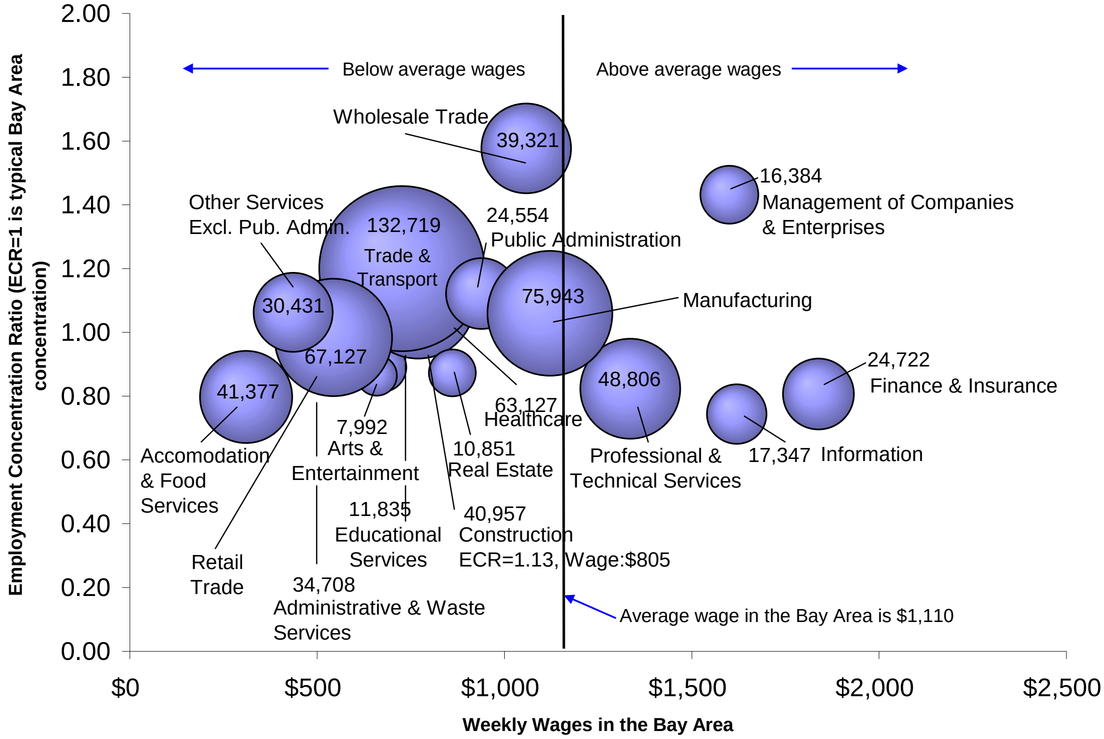
Interestingly, Alameda County employment is ***less concentrated*** than the Bay Area as a whole in Professional and Technical Services, Finance and Insurance, and Information (Technology). As these are the ***higher wage paying sectors***, this is a notable difference.

Alameda County employment is ***more concentrated in industries that pay lower than average wages.*** See bubble chart below.

As noted earlier, the Bay Area has many competitive advantages as a business location, including: high levels of entrepreneurship and new business creation, research in advanced technologies, cross-disciplinary research (and commercialization of technologies), concept and market development, and globally integrated management. As a whole, the Bay Area is less strong in: mass production (manufacturing), back-office functions (transactional and processing), and operation and product enhancement in maturing industries.

Interestingly, these latter functions were the mainstay of the East Bay economy for generations. Until recently, the East Bay has, more or less, provided these functions for the rest of the region. With global outsourcing of these functions, however, the East Bay, and Alameda County in particular, is seeing the continuing erosion of these activities as well as continuing downward pressure on the wages paid by these activities.

Figure 3: Alameda County Industries (one per bubble) by Employment, Employment Concentration, and Average Wage, 2005.



Source: California Employment Development Department, 2005. ECG analysis.

According to the California Employment Development Department, the average weekly wage in the Bay Area in the fourth quarter of 2005 was $1,110. This line is marked in the bubble chart above. Only four of Alameda County's major industries pay average wages above the Bay Area average. As noted above, these are not industries in which Alameda County is particularly concentrated, other than Management.

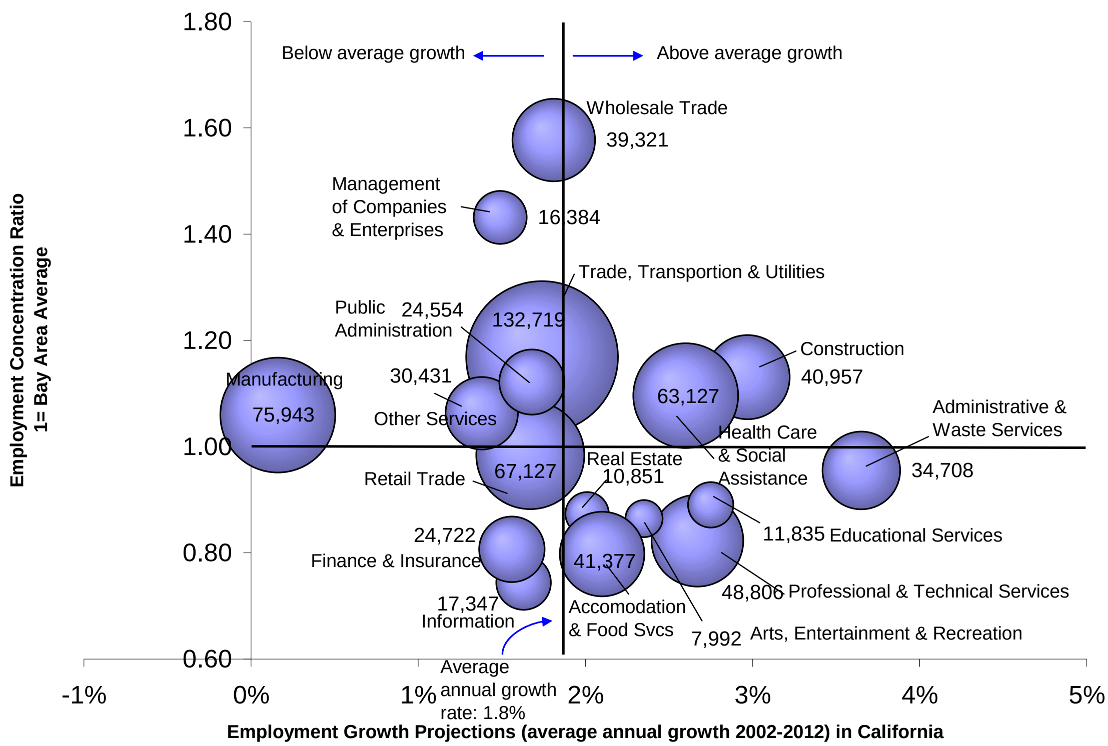
In the chart above, each bubble represents an industry and the size of each bubble is in proportion to its total employment in the County. The y-axis represents the concentration of employment in each industry relative to the Bay Area as a whole, where a concentration ratio (ECR) of 1.00 is the typical Bay Area concentration. Any industry with an ECR of less than one is relatively less concentrated in the County than it is elsewhere in the Bay Area.

The chart above reveals the extent to which most of Alameda County's most important industries pay wages, on average, below the Bay Area average. It shows also that the County's biggest employers are Trade, Transportation and Utilities, Manufacturing, Retail Trade, and Health Care. Generally, these industries offer lower skill, lower paying jobs than those industries more highly concentrated in the rest of the Bay Area.

Alameda County's employment also is ***concentrated in industries that are projected to grow slower than the average California industry***. Only Construction and Health Care and Social

Assistance are forecast to have above average growth rates and, given the recent slowdown in the residential real estate markets, Construction may be slowing down as well.

Figure 4: Alameda County Industries (one per bubble) by Employment, Employment Concentration, and Average Statewide Forecast Employment Growth Rate, 2005.



Source: California Employment Development Department, 2005. ECG analysis.

Table 3: Historic Industry Growth Rates in Alameda County

Industry	Growth in Employment 2001-05
Financial Activities	20%
Other Services	11%
Construction	1%
Education and Health Services	0%
Leisure and Hospitality	-1%
Professional and Business Services	-8%
Trade, Transportation, and Utilities	-10%
Manufacturing	-16%
Information	-16%

Source: California Employment Development Department, 2005.

Over the past four years, much of the recovery of the East Bay region's economy has been fueled by activity in the Construction, Real Estate and related Finance activities. Due to the rising level of housing prices, a building boom has occurred as developers try to bring more housing supply into the market and there has been higher-than-normal demand for equity-financed home remodeling and other projects due to lower interest rates and increases in homeowner's equity. As a result, these sectors have been the only sectors to see much growth in employment.

Since the housing market is likely to slow down in the coming years, growth in these types of jobs may slow down as well.

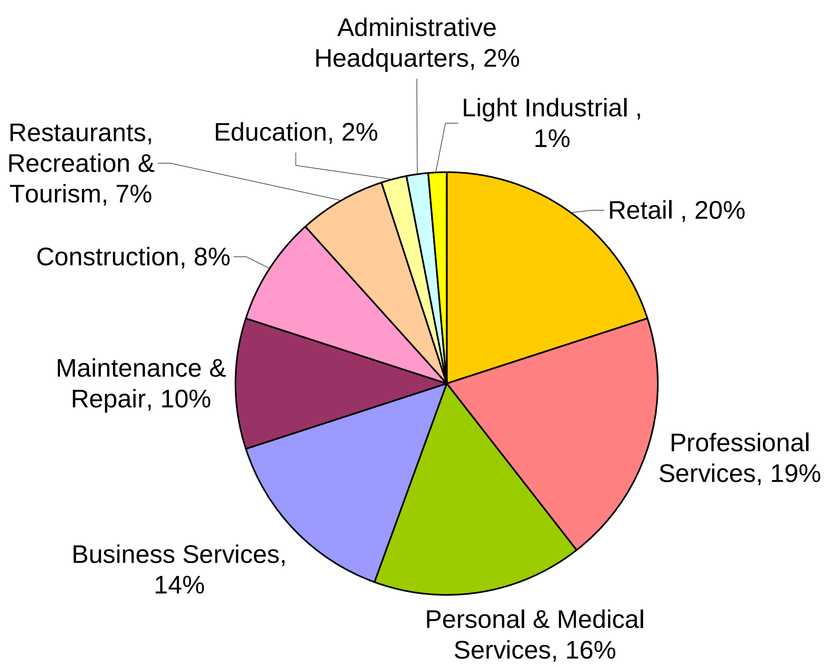
A likely strategic advantage for the East Bay economy going forward is its strength in Trade and Transportation activities. The Bay Area Council and Bay Area World Trade Council expect trade activity to expand in coming years, with exports from California growing faster than exports from the U.S. as a whole. Currently, California accounts for a higher share of total U.S. exports (16%) than it does of U.S. Gross Domestic Product (GDP).

In addition, Governor Schwarzenegger's recent efforts to invest heavily in the state's public infrastructure may result in job growth in this sector for East Bay residents.

Business Base

There are approximately 5,730 business establishments in the Study Area, or 2.5% of the nearly 233,000 companies located in the nine-county Bay Area. Relative to other communities, the Study Area's business community is heavily service oriented and, as is to be expected, oriented toward serving the local market. Nearly half of the businesses located in the Study Area provide local-serving retail (20%), personal & medical services (16%), or maintenance & repair services (10%) to the residents living in the area (for a complete list of company types under each heading, see Appendix B):

Figure 5: Businesses by Type in the Study Area, 2005

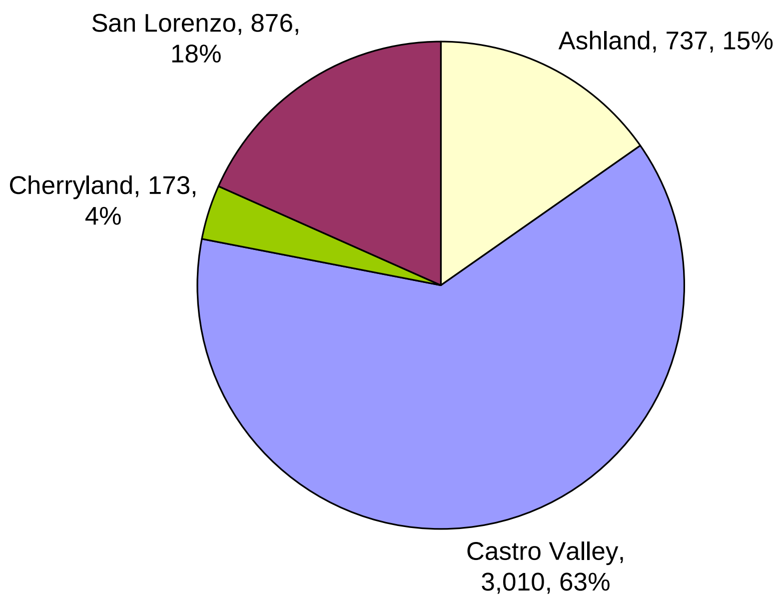


Source: County of Alameda Business License Data, 2005. It should be noted that 20% of those entities holding a business license are the owners of rental properties (64% residential and 36% commercial). The chart above excludes this portion of the total.

In addition, many of the business and professional service firms such as insurance and real estate brokers, as well as the restaurants and recreational services, are likely local-serving in nature. Yet it also is likely that many of the business and professional services firms provide services to businesses and individuals outside of the Study Area, thereby drawing wealth into the area. This is most likely true for firms in management consulting, accounting, legal, and computer services as well as in construction and light industrial activities as well. The Study Area is slightly more concentrated than the rest of the Bay Area in Construction companies (8% of total firms vs. 5%).

Within the Study Area, business establishments are largely concentrated in Castro Valley which is home to 63% of the firms in the area. The distribution among the four communities is as follows:

Figure 6: Distribution of Businesses across the Study Area, 2005.



Source: Alameda County Business License Database, 2005.

Across the Study Area, the majority of firms (77%) are very small (less than five employees). This is quite typical of any region. As of 2000, the most recent year available, Dun & Bradstreet reports the following distribution of firms by size across the region:

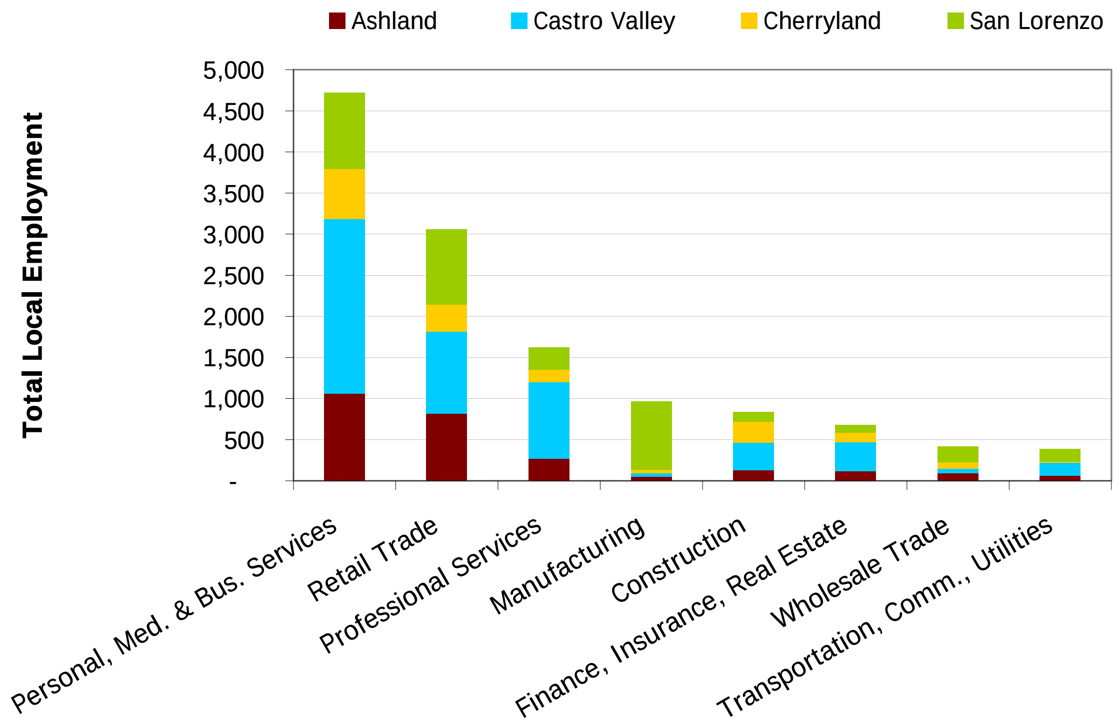
Table 4: Distribution of Firm Size, across the Region

Firm Size (Number of Employees)	Number of Firms in the Region	Percentage
Five or less	1430	77%
Between 5-25	324	18%
Between 25-50	58	3%
Between 50-250	36	2%
Greater than 250	2	0.1%

Source: Dun & Bradstreet, 2000.

To get a sense of where the employment is by sub-area and by firm type, the most recent data available is from the year 2000 from Dun & Bradstreet. See the Figure below.

Figure 7: Employment by Firm Type and Sub-Area



Source: Dun & Bradstreet, 2000

The percentage of total employment by firm type is consistent with the percentage of total firms by type in that slightly more than a third (37%) of regional employment is in personal, medical and business service businesses. Another quarter (24%) of the region's employment is in retail, and one eighth of the workforce works in professional service jobs including legal, engineering, and management services.

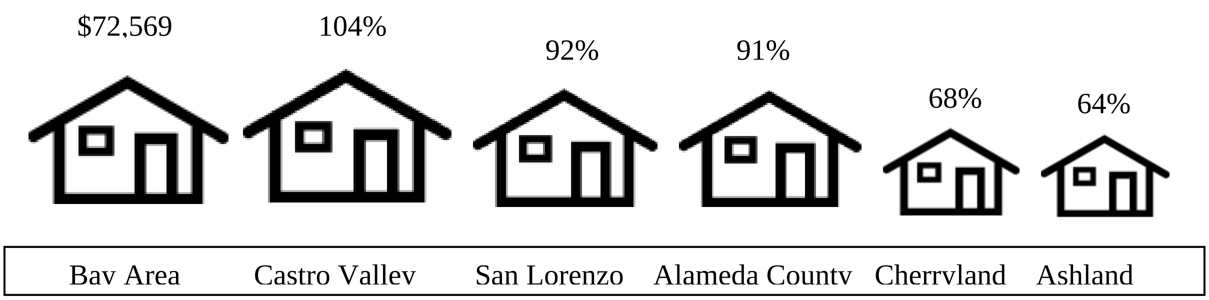
The distribution of employment by sub-area is roughly consistent with the distribution of firms with Castro Valley hosting the majority (63%) of jobs in most industries, with the exception of manufacturing and wholesale trade. In the latter case, San Lorenzo hosts the lion's share, primarily due to the presence of the Industrial Park. Also, the higher-than-proportionate concentration of construction employment in Cherryland is notable, as are the higher rates of employment in personal, medical and business services and retail jobs in Ashland. The latter may be due to the proximity of the Bayfair Mall.

Income

In part due to the difference in its mix of industries, Alameda County has a lower level of household income (87% of the Bay Area median). In the Study Area, this is particularly notable in Ashland and Cherryland.

Median Household Income

Figure 8: Median Household Income, 2005



Source: Claritas, 2005. ECG analysis.

The chart below shows how each community in the Study Area compares to the Bay Area (and Alameda County) across income measures. Most notable is that per capita income in the Study Area is considerably lower than elsewhere in the Bay Area (nearly 40% lower in Ashland and Cherryland).

Table 5: Various Income Indicators in the Study Area and Bay Area

	Alameda County	Ashland	Cherryland	Castro Valley	San Lorenzo	Bay Area
Median household income	87%	63%	66%	100%	87%	$ 64,611
Median family income	85%	56%	57%	94%	80%	$ 77,697
Per capita income	78%	53%	50%	89%	64%	$ 34,079
Individuals in poverty	120%	155%	134%	49%	59%	9%

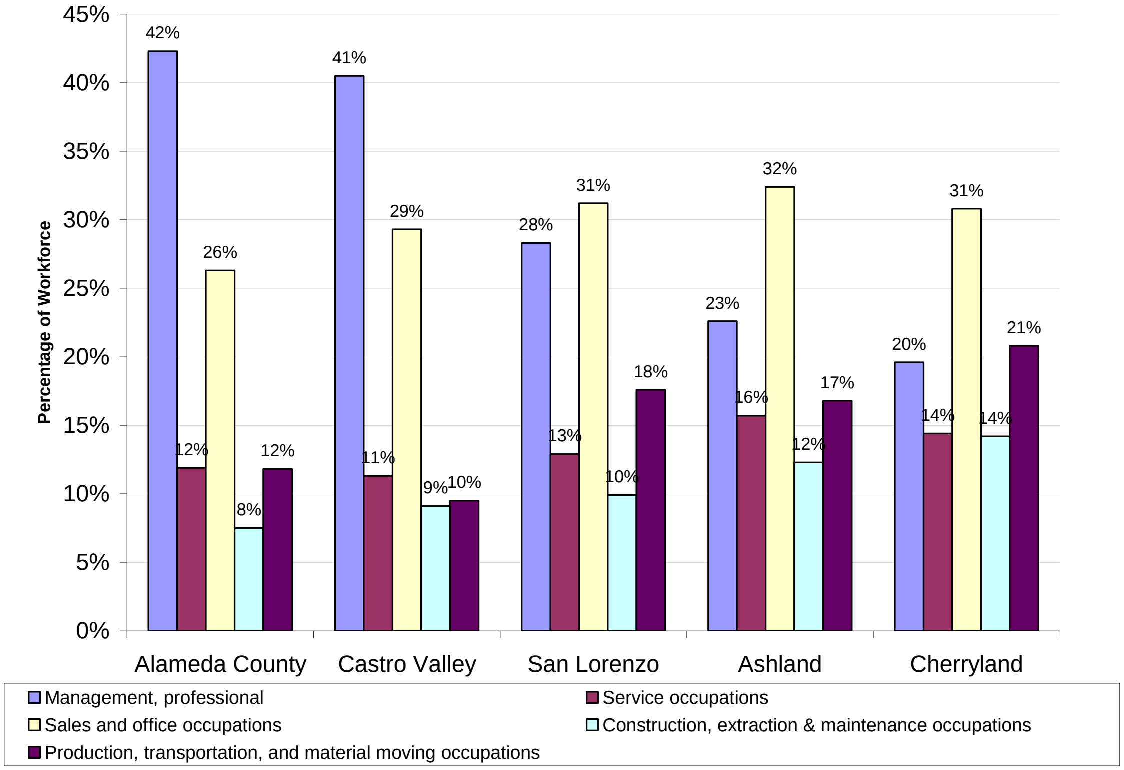
Source: Claritas, 2005.

Poverty rates also are of particular concern. In Ashland and Cherryland, the rates are considerably higher than in the rest of the Bay Area. That these communities have incidents of poverty at nearly three times the rate of Castro Valley and San Lorenzo is also striking.

Occupation Trends

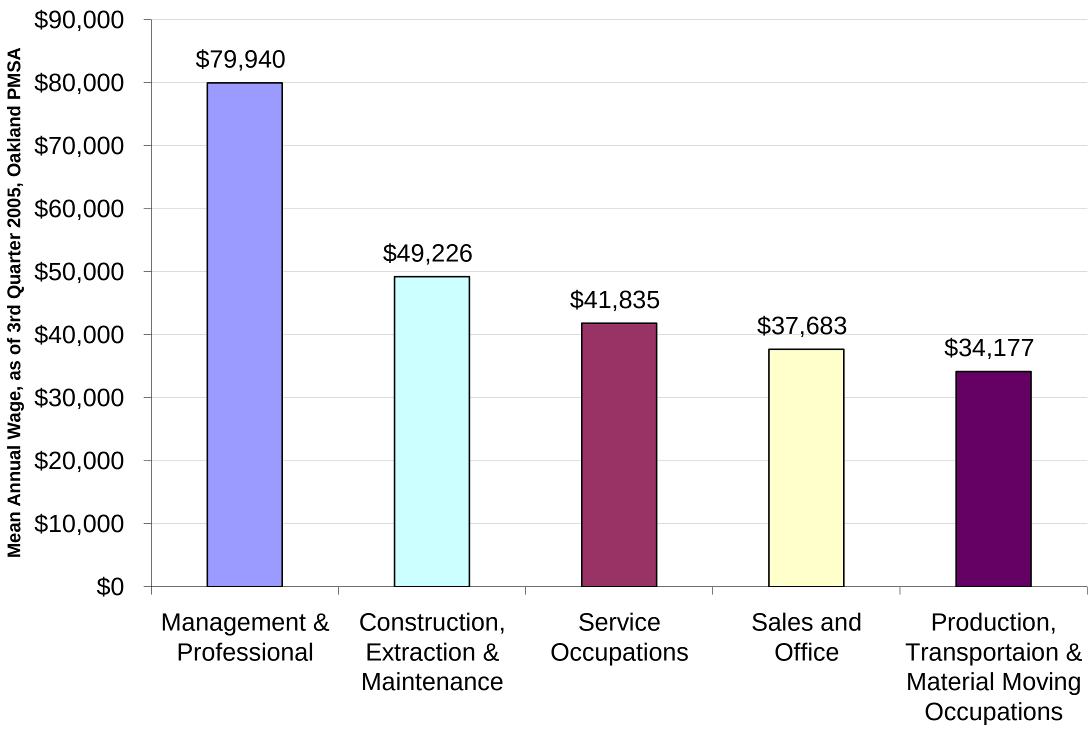
Occupational trends in the Study Area offer one explanation for lower median incomes. Ashland, Cherryland, and San Lorenzo have far fewer residents in higher wage paying occupations and far more residents in lower wage paying occupations than the rest of Alameda County. Castro Valley is similar to the rest of Alameda County in its occupational make-up.

Figure 9: Occupational Make-up of the Residential Populations of the Study Area and Alameda County



Source: Census 2000 – need to update this with Claritas. ECG analysis.

Figure 10: Mean Annual Wages by Occupation in the Oakland PMSA, 2005



Source: CA Employment Development Department, 3rd Quarter 2005. ECG analysis.

Cost of Living

The Bureau of Labor Statistics recently issued a report finding that Bay Area workers are the highest paid in the nation – earning 17% more than the average U.S. worker (December 28, 2005). Based on 2004 data, the report makes adjustments for regional differences, such as the higher concentration of computer and other high-wage workers in the Bay Area. Without the adjustment, workers in the Bay Area would make 31.5 percent more than the national average earning $80,412 versus the national average of $61,152.

However, as the *San Jose Mercury News* noted, the report does not take into account cost of living differences. It is likely, although hard to measure, that the higher cost of living in the Bay Area more than wipes out any income differential. It costs 58% more than the national average to live in the Oakland area, 66% more in the San Jose area, and 75% more to live in the San Francisco area. As mentioned earlier, the rising cost of living in the Bay Area also may wipe out the region's significant productivity advantage over other metro regions.

Housing

The Bay Area

The Bay Area continues to be the most expensive place to live in the United States. The cost of housing, which has set growth records in recent years, is the driving force behind the region's higher cost of living. The median price (the median is the point at which half the homes sell for more and half for less) for a Bay Area home was $625,000 in November, 2005, compared to a median price of $218,000 nationwide, according to the California Association of Realtors (CAR).

Table 6: Median Home Prices in the Nine-County Bay Area Region, November, 2005

	Median Home Price November 2005	Percentage increase over the previous year
Marin	$809K	9.5%
San Francisco	$749K	7.5%
San Mateo	$733K	10.4%
Santa Clara	$653K	16.6%
Bay Area	$625K	17.3%
Napa	$605K	13.1%
Contra Costa	$589K	24.3%
Alameda	$587K	17.4%
Sonoma	$574K	21.6%
Solano	$490K	22.5%

Source: DataQuick Information Systems, November 2005.

The minimum household income needed to purchase a median-priced home in the Bay Area in November was $149,043. In the U.S. as a whole, the minimum income needed to purchase a median-priced home was $51,990 in the same time period. (These numbers are based on an average effective mortgage rate of 5.9% and assuming a 20% down payment). According to CAR, only 11 percent of California households can afford to buy a median-priced home in Alameda County.

While the Bay Area housing market, as of December, 2005, seems to be cooling off (the number of homes sold had declined 10.8 percent from last year, according to DataQuick Information Systems, due to reduced demand and higher interest rates), most experts agree that there is no housing "bubble" in the Bay Area that is likely to burst. Due to the chronic disequilibrium between the demand for housing (ABAG predicts that 2 million new residents will be added to the Bay Area's population by the year 2030) and the supply, the expense of living in the Bay Area is not likely to decline dramatically.

The Study Area

Home values in the Study Area are representative of the median values in Alameda County which tend to be lower than median values in the Bay Area, but higher than California statewide median values. Alameda County, in turn, is in the less expensive range among the other nine counties in the Bay Area in terms of its home values. But median home prices in Alameda County, Castro Valley, and San Lorenzo are still higher than the statewide median price in November of 2005, which was $548,400, according to CAR.

Table 7: Median Home Prices by City in Alameda County, November, 2005

City/County	# of Units Sold	Median Home Price November 2005	% Yearly Change
Pleasanton	89	$ 749,000	12.6%
Alameda	75	$ 724,000	19.7%
Berkeley	75	$ 695,000	24.1%
Castro Valley	63	$ 675,000	27%
Dublin	73	$ 661,500	16.4%
Union City	104	$ 650,000	15.1%
Fremont	242	$ 640,000	12.8%
Newark	51	$ 625,000	21.4%
Alameda County	1,734	$ 599,250	19%
Livermore	156	$ 587,500	9.8%
Hayward	188	$ 572,500	25.8%
Albany	21	$ 568,000	6.3%
San Lorenzo	49	$ 567,000	24%
San Leandro	107	$ 549,000	18.3%
Emeryville	54	$ 512,750	42.4%
Oakland	387	$ 500,000	23.5%

Sources: DataQuick Real Estate News, Median Home Sales Recorded by City in November, 2005.

Housing stock in the Study Area tends to be slightly older and smaller than that in the rest of the Bay Area. While individual lots are small (less than 1/10th of an acre), they are close together, providing a close neighborhood experience but lacking in amenities typical of denser communities such as greater access to retail, services, and public transportation.

The housing inventory in the Study Area also is relatively small, with Castro Valley having nearly three times the number of housing units as each of the other communities. Castro Valley, and particularly San Lorenzo, have more than twice the percentage of their housing stock as single family detached residences. These differences in the housing stock of each community are notable.

Home Ownership & Tenure Patterns

Home ownership and tenure patterns in the Study Area reveal the same pattern: both Castro Valley and San Lorenzo residents much more likely than those in the Bay Area or the rest of the County to own the home they occupy, whereas Ashland and Cherryland residents are much more likely to rent their home and to stay in it slightly less long than their counterparts in the rest of the Study Area or in Alameda County.

Table 8: Housing Stock, 2005

	Total Housing Units	% Housing stock that is single-family detached
Ashland	7,304	41%
Cherryland	5,147	44%
Alameda County	548,650	53%
Bay Area	2,588,407	54%
Castro Valley	21,483	71%
San Lorenzo	7,258	88%

Source: Claritas, 2005.

Table 9: Home Ownership and Tenure, 2005

	Ashland	Castro Valley	Cherryland	San Lorenzo	Alameda County	Bay Area
Owner Occupied Housing Units	36%	70%	34%	79%	55%	58%
Renter Occupied Housing Units	64%	30%	66%	21%	45%	42%
Residence in Same House Five Years Earlier (1995)	45%	55%	48%	66%	51%	N/A

Source: Claritas, 2005.

One reason for the difference in home ownership and tenure in Ashland and Cherryland is the nature of the housing stock. Above, we saw much lower percentages of single family homes in these areas. Rather, much of the housing available is in multi-family structures with more than 3 units.

Commuting Patterns

One of the consequences of the high cost of living in the Bay Area is the rise in long-distance commuting. Many families and individuals move to increasingly remote areas in search of housing they can afford, but continue to work in the Bay Area.

Table 10: Commute Times, 2005

	Mean travel time to work in minutes	Percentage of residents traveling 15 minutes or more to work (out of area)
Ashland	32	91%
Cherryland	34	84%
Castro Valley	33	84%
San Lorenzo	31	78%
Bay Area	29	N/A
California	28	75%
U.S.	26	71%

Source: Claritas, 2005.

In this respect, the Study Area is fairly typical of the Bay Area. Travel time to work among those living in the Study Area is close to the mean Bay Area travel time of 29.4 minutes. Compared to cities outside of the inner Bay Area like Tracy and Vallejo, residents of the Study area have a significant advantage. Commuters from Tracy spend an average of 41.9 minutes commuting, while those from Vallejo spend 35.4 minutes. However, compared to the U.S. average, Study Area residents are at a disadvantage. Cherryland residents spend 20% more of their time commuting than typical U.S. commuters.

To gauge whether or not residents are working within the Study Area it is estimated that a commute of 15 minutes or more indicates a resident leaving the Study Area for work. With this estimation, it appears that the great majority of residents do not work near where they live – more than elsewhere in the state and nation.

Nevertheless, the location of the Study Area in relation to the job centers in Oakland, Fremont, Pleasanton and San Mateo is one of the best in the Bay Area: nearly equidistant to these vibrant job centers, residents and businesses locating in the Study Area can easily access a number of different markets in the East Bay as well as on the peninsula.

The impact of commuters traveling long distances to work in the Bay Area is felt directly in the Study Area. Lying at the junction of 880, 238, and 580, the Study Area sees an extremely high number of vehicles pass through its air space every day. In fact, the junction between 880 and 238 sees the most daily trips of any of the exits or entrances to 880.

Table 11: Travel Times to Major Job Centers, 2005

San Lorenzo to:	Miles	Minutes
Oakland	12.8	16
Fremont	15.1	19
Pleasanton	16.9	22
San Mateo	19.1	22

Source: Yahoo.Maps.com

This extremely high volume of traffic traversing the Study area has a number of impacts, both positive and negative. Positively, the area has high visibility and retailers seeking signage opportunities will be well served to locate in the area. Negatively, the obvious noise and air pollution detract from the overall quality of life in the Study Area.

Table 12: Highway Traffic Volumes through the Study Area, 2005

Highway	Annual Average Daily Traffic
238 at Jct. Rte. 185, Mission Boulevard	132,000
238 at Hesperian Boulevard	131,000
238 at Jct. Rte. 880	82,000
580 at Jct. Rte. 238	150,000
580 at Liberty Street/164th Avenue	147,000
580 at Plaza Drive	146,000
580 at 150th Avenue	131,000
880 at Jct. Rte. 238 East	277,000

Source: CA Department of Transportation, Traffic and Vehicle Data Systems Unit, 2004.

Land Use

In the mid-19th Century, land in the Study Area was developed as agricultural land with a few recreational facilities and hotels to accommodate visitors to the area. During and after World War II, however, developers built many of the homes that still stand today. In the case of San Lorenzo, much of the community was built as a planned development around a central village square.

Table 13: Residents per Housing Unit

	Residents per Housing unit
San Lorenzo	2.9
Cherryland	2.9
Ashland	2.9
Alameda County	2.7
Bay Area	2.7
Castro Valley	2.6

Sources: Claritas for 2005 population estimates and number of housing units. Land area data from city-data.com, 2005. Land area is developed land (total land less 3.75 million acres of open space as calculated by Greenbelt Alliance).

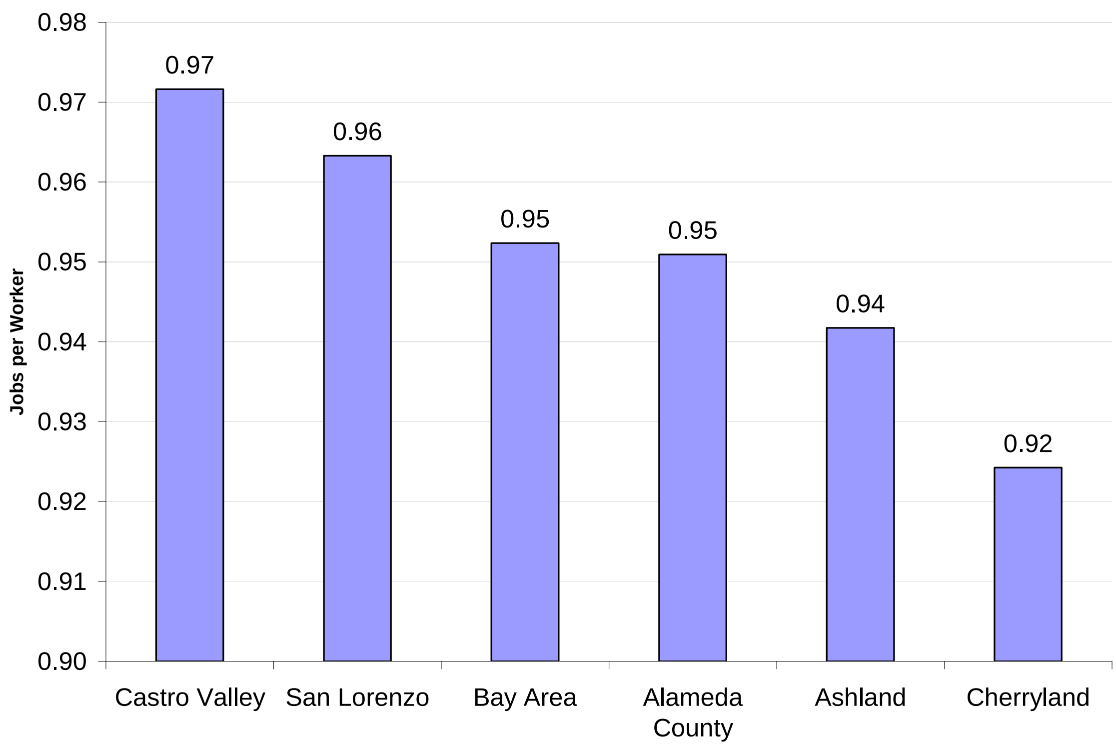
Today, land use patterns around the Study Area are changing rapidly. Real estate within inner ring of the Bay Area has increased exponentially in value and planners across the region warn of a serious shortage in the supply of housing as one reason why the region's real estate values have soared. As a result, planners and governments alike are advocating for higher density development and mixed use land use patterns where residential, retail and commercial activities are often co-located to ease congestion on the area's crowded highways.

In the Study Area, some multi-family projects have been built. In Ashland and Cherryland, nearly one fifth of the housing stock is comprised of developments containing 3-19 units. As a result, these areas have a slightly higher number of housing units per acre (six and seven respectively, compared to an average of four units per acre across the Bay Area).

In terms of the number of residents living in each housing unit, the Study Area is not significantly different than the rest of the Bay Area.

The development of commercial real estate in the Study Area has largely reflected the nature of the residential developments. As primarily residential communities, commercial activities have been focused along commercial corridors or community centers, as in San Lorenzo and Castro Valley. Very little industrial land exists except for the Grant Street industrial park in San Lorenzo. Interestingly, despite the more residential nature of the communities in the Study Area, their ratio of jobs to members of the labor force is not substantially different from the Bay Area average, with Castro Valley and San Lorenzo providing slightly more jobs per worker, on average, than the Bay Area or the other two communities.

Figure 11: Ratio of Jobs per Member of the Labor Force, 2005



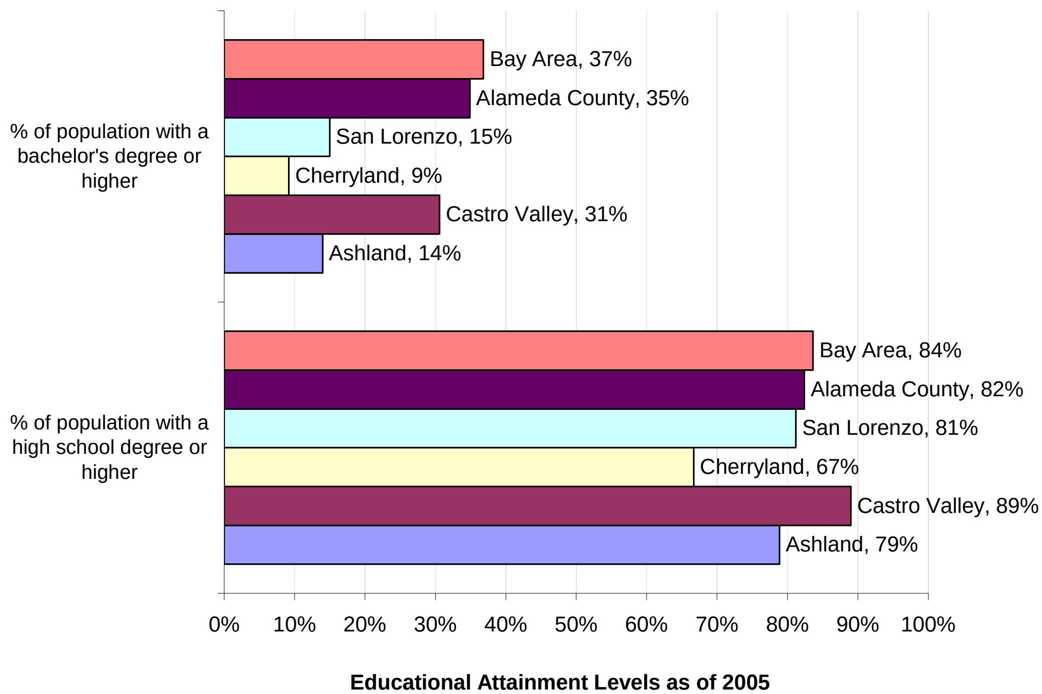
Source: Claritas, 2005.

With its relatively low concentration of commercial and industrial space, the Study Area is more typical of the suburban communities in the Bay Area, and less typical of the larger job centers immediately to its north and south.

Education

As with a number of the other indicators reviewed in this report, other demographic indicators such as the level of educational attainment of the Area's residents mirrors the pattern already set: residents in Castro Valley are fairly typical of residents around the Bay Area, San Lorenzo slightly less so, and Ashland and Cherryland considerably less so.

Figure 12: Educational Attainment Levels, 2005



Source: Claritas, 2005.

The performance of the school districts serving the Study Area tells a similar story, although it should be noted that residents from Ashland and Cherryland are served by the San Lorenzo school district. The latter has a very good reputation and a very low drop-out rate relative to the rest of the Bay Area.

Table 14: Educational Performance of K-12 Public School Districts, 2001

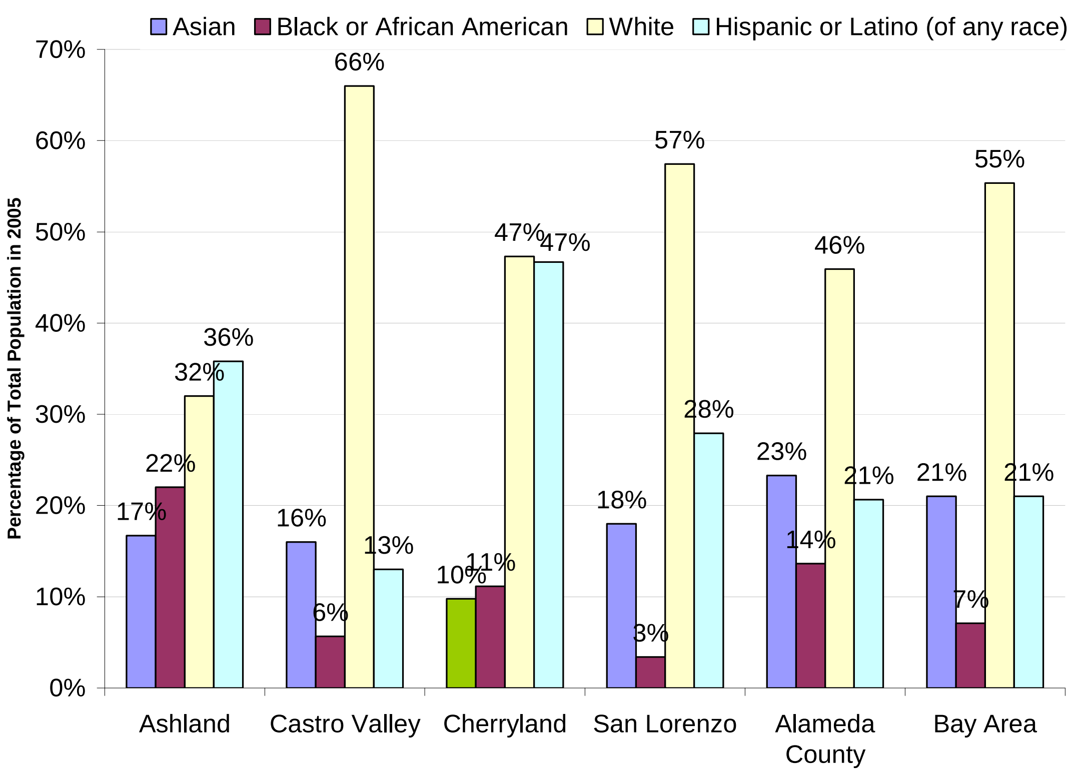
	Alameda County	Bay Area	Castro Valley Unified	San Lorenzo Unified
Percent of Seniors with SAT scores above 1,000 in 1998-99	25%	26%	34%	11%
Percent of Seniors taking the SAT in Alameda County Districts 1998-99	47%	N/A	48%	28%
Four-year derived high school dropout rates 1998-99	9%	9%	3%	4%

Source: Bay Area Council, *Bay Area Educational Performance Profile, 2001.* Cherryland and Ashland students attend San Lorenzo Unified District schools.

Other Demographics

Lastly, the ethnic make-up of the various communities in the Study Area is also notable in the dramatic differences across the four communities.

Figure 13: Racial Composition of the Study Area and Bay Area, 2005

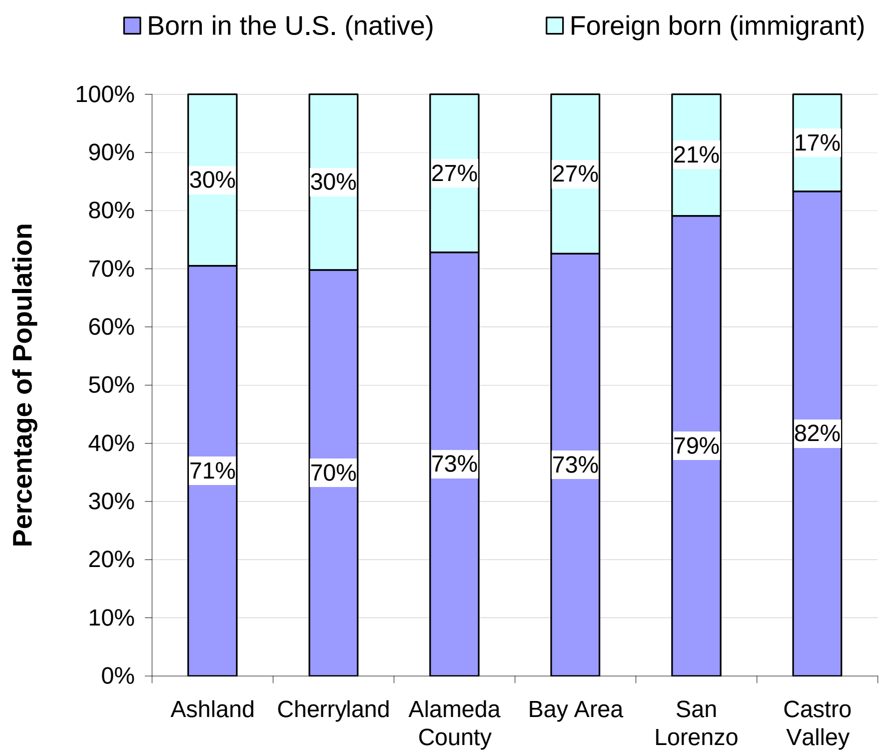


Source: Claritas, 2005.

Castro Valley stands out due to its relative homogeneity. San Lorenzo is quite typical of the Bay Area in terms of its racial composition. While Ashland and, particularly, Cherryland stand out in their concentration of individuals of Hispanic or Latino origin. Nearly half the population of the Cherryland identified themselves as Hispanic or Latino in the 2000 Census.

Not surprisingly, this trend is correlated with the percentage of the population in each community that is foreign born.

Figure 14: Immigrants Living in the Study Area vs. Bay Area, 2005



Source: U.S. Census, 2000.

Both Ashland and Cherryland have much higher percentages of their residents identifying themselves as immigrants than other communities in the Bay Area and Alameda County, and certainly more than the other two communities in the Study Area.

Strategic Issues & Next Steps

This report has reviewed and contrasted many of the major economic indicators of the Bay Area and those of the Study Area. In this way, it has put the Study Area in its broader economic context and sets the stage for the next step in developing an economic development strategic plan. With a better sense of how the Study Area's residents, workers, and businesses fit into the larger trends affecting the region, the strategic planning process can recognize the Area's starting point, set goals, and develop strategies for achieving those goals.

The facts and trends in this report raise a number of issues that could be considered in subsequent phases of the strategy development process. Some of these include:

1. The dynamics of globalization and the changing nature of employment opportunities in the Bay Area have produced a variety of job opportunities for Study Area residents. However, given that Study Area residents have, on average, lower levels of educational attainment and earn below-average incomes, does it make sense to consider a more pro-active role in providing job training and job placement services to Area residents? Are their other initiatives the County could take to address these issues?

2. The economy of the study Area primarily serves the goods and services needs of local residents. It does not, however, serve the employment needs those residents. Should the County use its economic development resources to help improve the local-serving retail and service functions of local businesses or should it seek to retain and attract companies that could offer employment opportunities to Area residents?

This list of issues to be considered in the strategy process is obviously not exhaustive. These and others can and will be considered during subsequent phases in the strategy process. The next steps in the process involve conducting a series of broad-based public meetings during which the participation of residents and business owners and operators will be sought. A visioning exercise will follow the review of the findings of this report. The process will also involve a closer look at the Area's retail. Additional meetings, interviews, and focus groups will enrich the knowledge base and search for effective tools and initiatives to shape and implement the strategy further.

Appendix A: Indicator Summary Matrix

The table below is a summary of the indicators reviewed in this report, comparing the Study Area with Alameda County and the Bay Area. Sources are listed in the main body of the report.

	Ashland	Castro Valley	Cherryland	San Lorenzo	Alameda County	Bay Area
Per capita income	$20,289	$35,631	$18,903	$25,649	$31,331	$35,522
Unemployment rate	5.40%	2.90%	8.10%	3.40%	4.90%	4.50%
Poverty rate	14%	5%	12%	5%	11%	9%
Home prices	N/A	$ 675,000	N/A	$ 567,000	$ 599,250	$625,000
Owner occupied housing units	36%	70%	34%	79%	55%	58%
Renter occupied housing units	64%	30%	66%	21%	45%	42%
Housing stability (in home more than 5 years)	45%	55%	48%	66%	51%	N/A
Percentage of housing stock that is single-family detached	41%	71%	44%	88%	53%	54%
Residents per housing unit	2.9	2.6	2.8	2.9	2.7	2.7
Housing units per acre	6	1	28	4	1	4
Resident per acre	18	6	20	12	4	10
Jobs per member of the labor force	0.94	0.97	0.92	0.96	0.95	0.95
Percent high school graduate or higher	79%	89%	67%	81%	82%	84%
Percent of high school seniors with SAT scores above 1,000	Part of SLZ	34%	Part of SLZ	11%	25%	26%
Foreign born (immigrant)	30%	17%	30%	21%	27%	27%

Comparison table in which Alameda County and each city in the Study Area are contrasted with the Bay Area as a whole: each indicator is provided as a percentage of the Bay Area average or median indicator (the latter is found in the far right hand column).

	Ashland	Castro Valley	Cherryland	San Lorenzo	Alameda County	Bay Area
Per capita income	57%	100%	53%	72%	88%	$35,522
Unemployment rate	120%	64%	180%	76%	109%	4.50%
Poverty rate	159%	50%	137%	60%	122%	9%
Home prices	N/A	108%	N/A	91%	96%	$625,000
Owner occupied housing units	62%	121%	58%	138%	95%	58%
Renter occupied housing units	151%	71%	155%	49%	107%	42%
Percentage of housing stock that is single-family detached	76%	131%	81%	163%	98%	54%
Residents per housing unit	107%	96%	104%	109%	100%	2.7
Housing units per acre	159%	25%	699%	100%	25%	4
Resident per acre	181%	61%	195%	118%	35%	10
Jobs per member of the labor force	99%	102%	97%	101%	100%	0.95
Percent high school graduate or higher	94%	106%	80%	97%	99%	84%
Percent of high school seniors with SAT scores above 1,000	Part of SLZ	131%	Part of SLZ	42%	96%	26%
Foreign born (immigrant)	108%	60%	110%	76%	99%	27%

Appendix B: Businesses in the Study Area by Type (Business License Information)

Property Rental		
RENTAL OF RESIDENTIAL		705
RENTAL OF COMM/INDUSTRIAL		392
	Sub-total	1097
Business Services		
BUSINESS SERVICE CONCERNS		578
EQUIPMENT LEASING & RENTAL		24
PUBLISHING		16
	Sub-total	618
Construction		
CONSTRUCTION CONTRACTOR		346
	Sub-total	
Personal & Medical Services		
BARBER		264
MEDICAL/HEALTH		241
DAY CARE FACILITY		43
PORTRAIT STUDIO		35
MASSAGE THERAPY		23
DRY CLEANING & LAUNDROMAT		22
DENTAL LABS		11
STORAGE FACILITY		11
AMBULANCE/LIMOUSINE		10
AUTO TOWING CONCERN		8
CAR WASH FACILITIES		8
CEMETARY/MORTUARY/UNDERTAKE		6
	Sub-total	682
Professional Services		
MANAGEMENT & CONSULTING		186
ACCOUNTING/AUDITING/BOOKKEE		141
COMPUTER SYSTEMS/DESIGNS		126
ENGINEERING/ARCHITECTURAL		80
REAL ESTATE BROKER- FIXED		72
LEGAL		64
TRANS PERSON/GOODS		58
FINANCE/CREDIT		43
INSURANCE BROKERS		17
MONEY LENDING/CREDIT		15
EMPLOYMENT/PERSONNEL		11
REAL ESTATE BROKER- NO		9
INSURANCE/UNDERWRITING		6
	Sub-total	828
Maintenance & Repair		
AUTO REPAIR		120
JANITORIAL & CLEANING		119
HOME REPAIRS & IMPROVEMENTS		107

LANDSCAPING & GARDENING		84
MACHINERY/EQUIPMENT REPAIRS		7
	Sub-total	437
Retail		
SPECIALTY STORES		183
ART, GIFT & NOVELTY		109
REPAIR/HAND-TRADE SHOP		90
COMMISSION MERCHANT		54
HOME FURNISHING STORES		45
AUTO (USED) DEALER		33
GROCERS		30
AUTOMOTIVE SUPPLY		28
JEWELRY STORES		25
SPECIALTY FOOD STORES		21
FAMILY APPAREL		18
FLORIST SHOPS		24
LIQUOR STORES		23
HOUSEHOLD GOODS		22
SECOND HAND STORES		17
SPORTING GOODS		15
VARIETY STORES		13
CIGAR STORE/STAND		12
GASOLINE STATIONS		11
GENERAL STORES		11
VENDING MACHINE OPERATORS		10
WOMEN'S APPAREL		10
BUILDING MATERIALS		9
ELECTRONIC/ELECT EQUIP		9
STATIONARY/BOOK STORES		9
MUSIC STORES		8
CONFECTIONARY STORE		7
GARDEN STORES		6
OFFICE/SCHOOL FURNITURE		6
	Sub-total	858
Restaurants, Recreation, & Tourism		
EATING/DRINKING PLACES		139
RECREATION/ENTERTAINMENT		96
HOTEL/MOTEL OPERATORS		21
CARPET/UPHOLSTERY CLEANING		17
LIQUOR BAR/DRINKING PLACES		13
	Sub-total	286
Educational Businesses		85
Administrative Headquarters		78
Light Industrial		
LIGHT INDUSTRIAL EQUIP/MACH		17
LIGHT INDUSTRIAL		15
TEXTILES MANUFACTURING		13
FOOD PROCESSING EQUIP		10
	Sub-total	55
GRAND TOTAL		5370

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