



February 25, 2016

TO: Honorable Mayor and City Council

FROM: Edward C. Starr, City Manager

SUBJECT: CITY MANAGER'S WEEKLY REPORT: February 19-25, 2016

CITY MANAGER/ADMINISTRATIVE SERVICES DEPARTMENTS

- A recent report released from the real estate website Trulia provides substantial evidence that the United States housing market is experiencing a gradual shift away from suburban homeownership and toward a greater role for renting in cities and urban areas. The report examines growth in renting versus homeownership across the U.S., as well as the rise in rental housing prices between 2006 and 2014. To get at this, the report used data from the American Community Survey for 50 of the largest U.S. metros and from the Census Bureau.

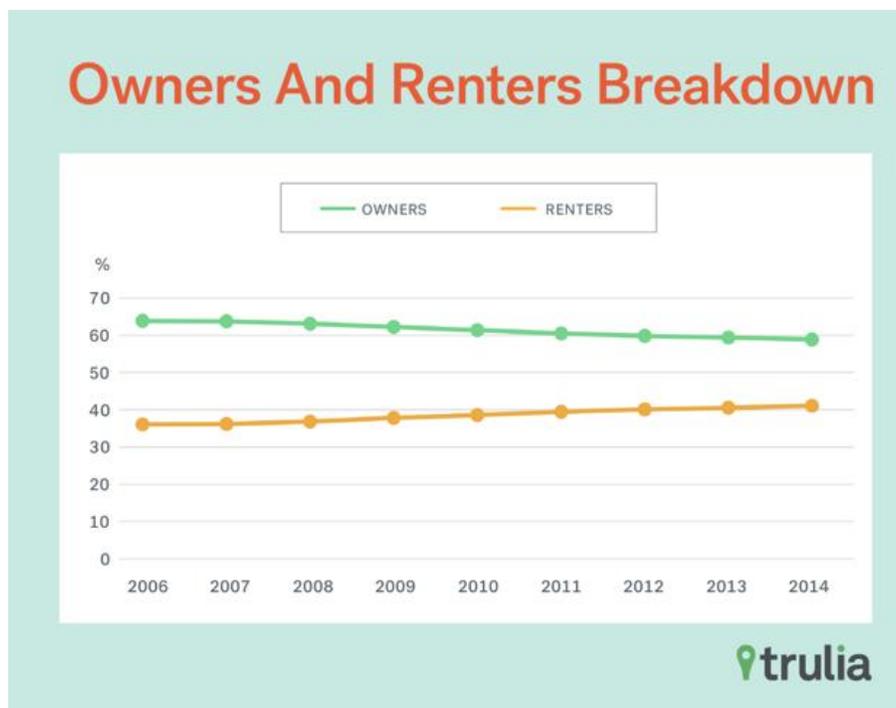


Table 1

The report found that the share of U.S. households that rent increased from 36.1 percent in 2006 to 41.1 percent in 2014. Meanwhile, the share of households who own their own homes declined over that same period from 63.9 percent in 2006 to 58.9 percent in 2014. The share of renters increased in each and every one of the 50 U.S. metros Trulia examined.

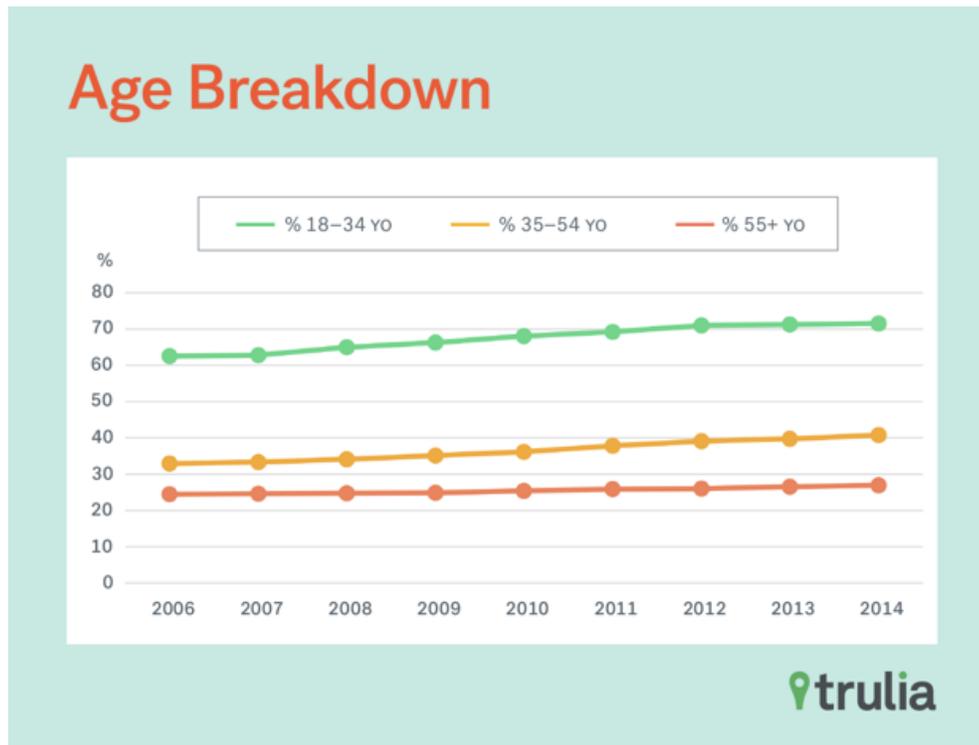


Table 2

The increase in renting was most notable among millennials. The share of renters between the ages of 18 and 34 jumped from 62.5 percent in 2006 to 71.6 percent in 2014. This increase in renting was even larger among Americans between the ages of 26 and 34, rising by a whopping 10.9 percentage points from 2006 to 2014, compared to 5.9 percentage points for the younger group.

The report notes that, traditionally, young adults have become first-time homebuyers as they grow older and have advanced in their careers and incomes. This suggests that the fundamental shifts in the economy job loss, low-income growth, and diminishing affordability of homes may have caused the increase in renting for those in the 18-34 year-old group.

However, the report further found that renting was up among all age groups. The share of renters increased from 33 percent to 40.7 percent among household ages 35-54. The report speculates that this group may have been hard hit by job loss and foreclosure during the crisis. Renting also increased, from 24.4 percent to 27 percent among Americans aged 55 and older.

Income Breakdown



Table 3

The shift from homeownership to renting was actually more pronounced among the middleclass and more affluent Americans. Among the lowest income households, those making \$31,000 or less, the share of renters grew by 3.7 percentage points, from 61.1 to 64.8 percent. For lower middle-class Americans (households earning between \$31,000 and \$42,000), the share of renters increased by 4.9 percentage points, from 43.8 to 48.7 percent.

The largest increase was among upper-middle class households (households earning from \$126,000 to \$188,000), who saw their share of renters grow by 6.3 percentage points, from 27.2 percent to 33.5 percent. For the highest income households, those making more than \$188,000, the share increased by 5 percentage points, from 12.3 percent to 17.3 percent.

A much larger share of African-American and Hispanic-American households were renters over this time period. As of 2014, 66.1 percent of Hispanics and 61 percent of African Americans were renters, compared to just 34.4 percent of whites. While all racial groups saw a shift from owning to renting between 2006 and 2014, Hispanics experienced the largest rise—an 8.7 percentage point increase (from 57.4 percent to 66.1 percent)—compared to a 5 percentage point increase (from 56 percent to 61 percent) among black households and a similar increase (from 29.5 percent to 34.4 percent) among white households.

The transition overall is led by large, dense, superstar cities like New York and Los Angeles, as well as knowledge and tech hubs like Boston, Seattle, Austin, San Francisco, and Silicon Valley in the Bay Area, among others. These metros have some of the largest shares of renters compared to homeowners. In fact,

there are three metros where more than half of households rent: New York (56.9 percent), Los Angeles (54.4 percent), and San Francisco (53.3 percent). Several other metro areas in California round out the top 10 metro areas with the largest share of renters: San Diego (47.7 percent), San Jose (43.7 percent), Orange County (42.5 percent).

Researchers from the Martin Prosperity Institute: Rotman School of Management, University of Toronto, concluded that based on the findings of the Trulia report, homeownership is no longer the key driver of America's industrial economy as it once had been. Across the U.S., cities and metros with higher rates of homeownership have had more trouble adjusting to the demands of the knowledge economy, trapping their residents in housing they cannot sell and limiting their ability to adjust to economic downturns. Meanwhile, cities and metros with more renters have proven better able to cope with the transformation from an industrial to a knowledge economy.

The study showed that metros with greater shares of renters tend to have higher wages, higher productivity (measured as economic output per capita), and greater concentrations of high-tech firms. Metros with greater shares of renters also have higher concentrations of highly educated adults with college degrees and a greater share of the workforce made up of creative class workers in science and technology; knowledge-based professions; and arts, culture, entertainment, and media. Metros with greater shares of renters are also substantially denser and more diverse—two other factors that contribute to innovation, creativity, and economic growth.

On the other hand, metros with higher levels of homeownership were found to be less innovative, less productive, less diverse on average, and have less talent.

- New state voter registration figures continue the trend of the fastest growing segment of the California electorate registering without any political affiliation.

The data released Monday by Secretary of State Alex Padilla shows 24 percent of those registered have no party preference.

The report says California had 17.3 million registered voters in January of this year. Of them, 43 percent were registered as democrats and 27 percent as republicans.

Both major political parties have been losing their share of the electorate in recent years as more people register as independents, but GOP registration is falling fastest as a percentage.

In California, the Republican Party shrank by about 400,000 registered voters, or 8 percent during the last 4 years, even as the number of democrats stayed flat and unaffiliated voters grew.

About 4.76 million California voters are registered as republicans, down from 5.17 million at this point in 2012. Republicans now make up about 27.6 percent of voters, down from 30.4 percent 4 years prior. No county in the state has a majority of voters registered as republicans.

By comparison, about 7.44 million Californians are registered as democrats, a very slight increase from 2012. Democrats are 43.1 percent of voters, down slightly from 43.6 percent in 2012, as the party did not grow as fast as the population.

The number of Californians registering as independent grew quickly: about 500,000 more voters are unaffiliated today than in 2012. With 24 percent of voters, the number claiming "no party preference" are on pace to surpass the number of republicans within 2 or 3 years.

COMMUNITY DEVELOPMENT DEPARTMENT

- At its meeting on Monday night, the Planning Commission approved a Precise Plan of Design for a 22-unit, residential condominium development and 9-unit, single-family residential development at 4975 Mission Boulevard. The 4.60-acre site just east of Monte Vista Avenue is developed with a vacant, 19,000 square-foot commercial building constructed as a grocery store in 1966, and later used for a short time as a Mexican restaurant.

Crestwood Communities, which built over 130 single-family homes in Montclair in the mid-2000s, proposes to demolish all of the existing improvements and construct 22 detached condominiums on the northern half of the site, and 9 single-family homes on the southern half of the property. Since the property was annexed into the City nearly 10 years ago, staff has entertained numerous proposals for re-use of the existing building or development of the property.

The subject proposal, which will require City Council-approval of amendments to the General Plan Land Use Map and Official Zoning Map, would be consistent with the land-use transition that has occurred along the south side of Mission Boulevard over the past decade, wherein quality residential development has gradually replaced commercial uses that have been abandoned, have run their useful life, or are no longer viable.

The City Council will consider the subject land use amendments at its March 21 meeting.

FIRE DEPARTMENT

- Last week, on-duty companies from Montclair and Upland Fire Departments participated in vehicle extrication training activities at Upland Police Department's Impound Lot.

Firefighters were trained on the most up-to-date extrication techniques while incorporating a multi-casualty incident. They were required to stabilize, extricate, and remove any potential "victims" within the critical "golden hour" by using all approved techniques and resources available to them.

Photos are included on Page 12.

HUMAN SERVICES DEPARTMENT

- Yesterday, over 260 senior citizens attended a party to celebrate February birthdays. For "the month of love" birthday party, held in the Community Center, guests enjoyed a delicious meal and dessert and were entertained by the Sparkle Line Dancers.

A photo collage of the event is featured on Page 13.

POLICE DEPARTMENT

- This past Saturday, Sergeant Matt Borra and Officer Eric Rivera of the Crime Suppression team participated in a Monte Vista Elementary School community event, which was held during its "Saturday School."

Sergeant Borra and Officer Rivera presented the students with safety information, and the students participated in mini boot-camp training for "junior officers."

Students also had an up-close look at some of the tools of the trade, including the Department's armored vehicle.



- Chief Mike deMoet, Captain Robert Avels, and Detective Andy Graziano attended a meeting held on Monday at the Chaffey Joint Union High School District office to discuss active shooter preparedness and response. The meeting was led by Superintendent Mat Holton and was attended by assistant principals from each of the District's high schools and law enforcement representatives from Montclair, Rancho Cucamonga, and Ontario.

To better prepare for active shooter events, the group developed an action plan that includes the development of District protocols for active shooter events and preparedness training for high school staff and students. A multi-agency training team will coordinate mock active shooter events at eight of the District's campuses, which will include a simulated, combined response by police and fire personnel from each of the cities' agencies.

The drills will be a great opportunity for first responders to gauge their readiness for an active shooter event. The group plans to begin the drill prior to the end of the school year.

PUBLIC WORKS DEPARTMENT

- Following a state mandate to reduce water usage in 2015, Monte Vista Water District issued a news release implementing drastic water restrictions that would impact residential, commercial, and City landscaping.

The Public Works Department immediately cut water usage to park and median island landscaping which caused dry and unappealing conditions to park users and motorists traveling through Montclair. In an effort to soften the poor landscape conditions, staff prepared and placed notification signs informing residents that conditions were temporary and a direct result of the current water shortage.

Through Monte Vista Water District, a grant was offered under a program called SoCal Water \$mart. The grant had a maximum allowance of \$50,000 and could only be used for removal of existing turf and replacement with a drought-tolerant replacement. Staff prepared an application that identified a project that included removal of median island turf on Central Avenue between San Bernardino Street and Howard Street. The qualifying project cost came to \$49,946. With the removal of turf and placement of new Gorilla Hair-type woodchips, the median islands look much improved with little cost to the City.

It is anticipated that additional grant money will become available later this year. If so, more median turf replacement will take place. It is the City's intent to eventually add additional drought-tolerant landscaping in all of the City medians, removing all of the turf.



SUCCESSOR REDEVELOPMENT AGENCY/ MONTCLAIR HOUSING CORPORATION

- Costco's business model is making it unstoppable, even in an uncertain retail industry. According to Morgan Stanley analysts, Costco operates one of the best business models in our space, and the retail giant succeeds by only minimally marking up offerings, passing along lower costs to customers, and providing differentiated and high-quality products.

Costco has become the go-to destination for a wide variety of products that consumers prefer to buy in-person, including cars, gasoline, and groceries. By becoming one of the best value options for items that shoppers want to purchase at brick-and-mortar locations, the company has been able to continue to compete against swiftly growing e-commerce companies, such as Amazon. In December, Deutsche Bank upgraded Costco's rating from hold to buy, calling the company "Amazon-proof."

The other aspect of Costco's business that has helped it compete against retail rivals is its membership model. Costco's members make up 44.6 million households, accounting for \$785 million in sales in the fourth quarter.

While Morgan Stanley says that Costco has faced some problems in the short term, due to issues such as weather, low gas and food prices, and the company's preparation to transition to Visa credit cards from American Express credit cards, in the long term, Costco's business model makes the company prepared to dominate retail rivals.

- If you do not like shopping inside a Walmart store, you are in luck. The retail giant is charging full-speed ahead with its plan to expand its online presence, and it's spending nearly \$1 billion to make it happen.

Walmart released its fourth-quarter 2015 earnings, which revealed that its online and offline growth is slowing. Global web sales climbed 8 percent year-over-year in the fourth quarter, compared to 24 percent year-over-year growth in the same quarter in 2014.

To aid growth, Walmart is pushing forward with its plan to further expand its online grocery business and to increase the number of products it sells online, all in an effort to grow the company's overall online business.

Last October, Walmart announced it would invest \$900 million in its web development in the next two years. And last December, the company launched its own mobile wallet, called Walmart Pay.

It is clear Walmart is focusing much of its energy on competing against the e-commerce powerhouses. In fact, Walmart's website traffic is actually growing more quickly than Amazon's, so the opportunity is there.

Total global revenue hit \$129.7 billion in the fourth quarter 2015, down 1.4 percent from \$131.6 billion in the year-ago period. The revenue decline is due in large part to poor performance at Walmart International and Sam's Club. The former saw a 9.7 percent year-over-year decrease in revenue, while the latter saw a 2.2 percent drop.

The news wasn't much better domestically, as U.S. sales increased just 2.4 percent year-over-year.

Walmart's focus on e-commerce is just one piece of the rapidly changing payments landscape, which already looks much different than you might think.

Walmart noted the following e-commerce habits among genders:

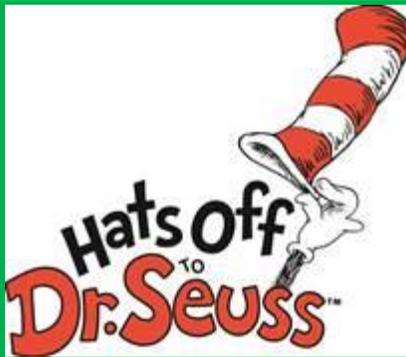
- When it comes to e-commerce, men drive nearly as much overall spending online in the U.S. as women. The conventional wisdom is that women drive shopping trends, since they control up to 80-85 percent of household spending. However, in 2010, comScore estimated women account for \$6 out of every \$10 spent online. In 2012, a Greenfield survey found that women account for 58 percent of online spending in the U.S.
- 22 percent of men made a purchase on their smartphones last year, compared to 18 percent of women; and 20 percent of men bought something on a tablet, while the percentage for women was 17 percent.
- 40 percent of American men aged 18 to 34 said they would ideally buy everything online, compared to only 33 percent of women the same age.
- 43 percent of men aged 18-34 say they typically shop on online auction sites like eBay, compared to only 31 percent of women in the same age group.
- Men of all age groups are more likely to look for lower prices on their phones than women, and are more likely than women to buy things on their phone.
- Among teens, the proportion of males who report shopping online (86 percent) is 10 percentage points higher than that for teen girls. Also, a higher percentage of teen boys say they shop at general interest e-commerce sites like Amazon (34 percent) and eBay (8 percent) than is the case among teen girls, who prefer more specialized and fashion-conscious sites.

ECS:spa

"You're never too old, too wacky, too wild, to
pick up a book and read to a child."

~ Dr. Seuss

MARCH 2016



01	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
02	Community Action Committee Meeting Council Chambers	7:00 p.m.
07	City Council Workshop Council Chambers	5:45 p.m.
07	City Council Meeting Council Chambers	7:00 p.m.
13	Daylight Saving Time begins	2:00 a.m.
14	Planning Commission Meeting Council Chambers	7:00 p.m.
15	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.
16	Safety Committee Meeting City Hall Conference Room	10:30 a.m.
17	Public Works Committee Meeting City Hall Conference Room	4:00 p.m.
20	Spring Begins	
21	Real Estate Committee City Hall Conference Room	5:30 p.m.
21	Code Enforcement/Public Safety Committee Meeting City Hall Conference Room	6:15 p.m.
21	City Council Meeting Council Chambers	7:00 p.m.
27	Easter	
28	Planning Commission Meeting Council Chambers	7:00 p.m.
29	City Manager's Staff Meeting City Hall Conference Room	9:00 a.m.

Vehicle Extrication Training February 2016



Senior Center February Birthday Party

