Economic Drivers And Development Strategy For The City Of Los Altos

URBAN STUDIES 164: SUSTAINABLE CITIES

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TABLE OF CONTENTS

ACKNOWLEDGEMENT

The team would like to take the opportunity to thank our community partner Jennifer Quinn for all of her help and guidance this quarter. We appreciate all of the time she spent assisting us with the throughout the duration of our project. This project helped us gain a better understanding of the importance of analyzing economic drivers and economic development strategies, and what impacts they might have.

We would also like to thank our professor, Deland Chan, for providing us with the necessary background and tools to conduct both the quantitative and qualitative portions of our project. This class informed our understanding of sustainability in an urban setting. The class also helped us learn about how to conduct field work, which will be very valuable for our future careers.

Economic development is important for a city's sustainability and resilience. By analyzing the economic framework and drivers of a city's economy, officials can make informed policy and planning decisions. Likewise, by better understanding the demographic makeup and trends of an economy, a narrative can be told of who is living in the city and how well the city is serving the community. The purpose of this project was to look at the demographic makeup of Los Altos to understand key economic drivers and trends, so that we might be able to create a component of the city's Economic Strategic Plan.

Through the help of our community partner, Jennifer Quinn, the team used a variety of data and research material to develop the economic narrative of the city. We were able to compare our findings to other cities to help us better understand how each city's culture and characteristics shape its economy. We relied on many different data sources, such as the U.S. Bureau of Labor Statistics and the U.S. Census Bureau, to provide us with accurate and current demographic information for Los Altos. We also visited different locations within the city to help us address the social component of our data. We spoke with merchants, property owners, business owners, city officials, and residents to hear their perspectives on how Los Altos could be improved.

While our project was only about ten weeks long, our field and data work gave us valuable information that Jennifer can include in Los Altos' Economic Big Book and economic development planning. Our findings suggest that overall many residents are well-educated and earning high wages relative to the rest of California and Santa Clara County. Additionally, we found that the median home prices for the city is one of the highest in the region, and the prices are rising at a relatively fast rate.

These statistics and our other data findings led us to conclude that while most of the city has a high quality of life, there are residents who may be struggling to keep up with the increasing affluence of the city. The needs of these residents should be considered in future policy and planning decisions. Additionally, promoting local retail through city events and improvements in walkability could benefit economic development efforts. A next step in the project would be to conduct additional field and data research so it can be better understood how the city's economy influences local businesses and the community.

The City of Los Altos is located in Santa Clara County, California, and is one of the wealthiest cities in both the Bay Area are the United States. It is about ten minutes away from Stanford University and it is located within the Silicon Valley. Neighboring cities include Mountain View and Sunnyvale.
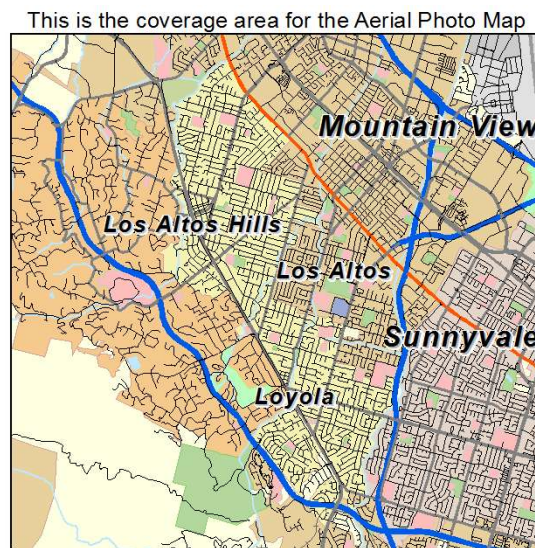

Figure 1: An aerial map image of Los Altos.

The purpose of this project is to aid the City of Los Altos in developing the city's Economic Strategic Plan. The team focused on identifying the drivers of the Los Altos economy and analyzing the implications of these drivers. The main drivers studied by the team this quarter were demographics, which include the education and income levels of the city residents. Additionally, we also attempted to understand the social implications of our data findings.

Understanding the demographic trends and resulting impacts on the community is beneficial for improving the city's resilience against economic and political shifts. Additionally, by better understanding the economic drivers of Los Altos, the city can better collaborate with neighboring cities in the county, such as Mountain View and Sunnyvale.

When we first began this class in January, we had assumed that the term 'sustainability' when referring to a city was associated with environmental sustainability. However, through the class content and mentorship with our community partner, we recognize that sustainability includes many different facets of a city's structure and organization. For example, our class examined factors such as transportation, housing, economic drivers, and urban planning. For Los Altos, by better understanding the foundation of its economy, the city can make better decisions to ensure that residents' and merchants' needs are met while still ensuring the city's long-term

prosperity. Moreover, while this project primarily focused on economic side of sustainability, this often ties into other components of sustainability. For example, consider transit options in Los Altos. Los Altos is not a direct stop for Caltrain or other primary transit options. If an individual wants to visit the city, they likely have to drive. This discourages people who do not drive or have a car to visit Los Altos. This can result in less business for merchants and restaurants, which directly hurts the economy. As it can be seen from this example, cities that are sustainable often must consider how each of these factors connect to one another. Our research helped us better understand these connections.

To better understand the economic drivers of Los Altos, the team worked closely with our community partner Jennifer Quinn. Jennifer is the Economic Development Manager for the City of Los Altos, and has previous experience in urban planning and real estate development. She is currently working on preparing Los Altos' Economic Strategic Plan and Economic Big Book. As stated above the purpose of the Big Book is to help identify the economic trends and areas where modifications can be made to better ensure Los Altos is economically resilient.

These modifications may come in the form of policy or organizational changes. For example, after talking with merchants, we learned that there is significant retail leakage, as many residents shop at the Stanford Shopping Center, where there are more upscale stores. Policy changes could encourage more merchants to establish businesses in the city, which could result in more people being drawn to the stores in Los Altos. Additionally, we looked to identify the gaps and social implications of the data. This can improve the equitable sharing of resources and opportunities within the city, as the graphs can identify the demographic representation in the city, so that all individuals are considered in future policy and planning decisions.

In order to better conceptualize the existing data provided by our community partner and to better comprehend the data that we found while conducting research analysis, we compiled a literature review. We researched the current economic states and economic development plans of cities with similar demographics to Los Altos, such as Menlo Park, Winter Park (Fl.), San Carlos, and Marin County. By doing so, we were able to contextualize Los Altos' economic state and better understand how these concepts affect its residents on a day-to-day basis.

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MENLO PARK, CALIFORNIA

Menlo Park is a city that is located between the San Francisco and San Jose metropolitan areas. Menlo Park has a well-educated, diverse, and active community with a population of approximately 30,000. The city is known as the "Capital of Venture Capital," and many prolific companies, such as Facebook and SRI International, are located within the city[1].

 Los Altos and Menlo Park are both located within Silicon Valley. Both cities are impacted by the Silicon Valley's innovation and hi-tech sectors. Therefore, Menlo Park is an ideal case study, as many of the challenges and opportunities for the city's economic resilience are similar to Los Altos.

While the city benefits from being within Silicon Valley, Menlo Park has developed a Comparative Economic Advantage Summary and Economic Development Strategic Plan as a way to maintain the city's resilience and sustainability. The city has developed ten economic goals based on an analysis of the areas where the city could improve its economic competitiveness[2,3].

These ten goals and strategies to implement them include:

- Diversify and grow city revenue sources
  - Menlo Park used to receive a steady stream of tax income from the car dealerships located on El Camino Real. However, many of these dealerships have left Menlo Park. Due to the low number of retail businesses, Menlo Park receives less sales tax revenue than many other Bay Area cities: the city plans to fill this gap by developing a diverse variety of public revenue, rather than bring in more

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[1] "Menlo Park City Profile." *City of Menlo Park Official Website*. Web. 13 Mar. 2016. <http://www.menlopark.org/461/City-Profile>.

[2] *Menlo Park Economic Development Strategic Plan*. Rep. UP Urban, 2014. Print.

[3] *Menlo Park Comparative Economic Advantage Study*. Rep. UP Urban, 2014. Print.

large-scale big box retailers. This may include trying to capture disposable income from the innovation sector or improving real estate development. From a resilience standpoint, Menlo Park has identified that relying on one source of revenue does not increase long-term stability.

- Focus on 'walkable' urbanism in a few strategic locations
    - Compared to similar cities, Menlo Park has a low walkability score. Walk Score® calculates a walkability score by calculating whether or not the distance residents would have to travel to do errands would require a car. Not only does walkability have the potential to improve the health of residents, but it can also contribute to an increase in residential value and improved access to retail businesses. The city would like to find a subset of locations to make the city more walkable[4,5].
- Capture the economic potential of Pass-Through traffic
    - About 80% of north Menlo Park's daily traffic is pass-through, which means the commuters do not stop in the city. By improving walkability and the availability of a wide range of retail and entertainment options, Menlo Park hopes that more people stop in the city and ultimately spend money.
- Activate the East Side by leveraging planning and real estate development opportunities in the M-2
    - The city's Belle Haven neighborhood has high residential and retail potential, but it lacks many services beneficial to residents. Developing the neighborhood and the adjacent M2 zone by providing more amenities for residents will encourage Menlo Park residents to shop locally within their community.
- Work with neighboring cities to increase transit and cycling options that integrate Menlo Park into the region
    - One of the major selling points to bring a business into a city is the availability and accessibility of transit options. Many thriving cities have good transportation options. While the Silicon Valley has been known as the center for hi-tech and innovation, it is likely that transit is one of the reasons more companies are moving into San Francisco. Menlo Park is cognizant that the city alone cannot solve the transit and traffic issues in the Bay Area. However, one strategy is to cooperate with established transit services within the region, such as Facebook shuttles or the Stanford Marguerite, to regionally improve transit availability.
- Enhance cultural/arts opportunities
    - Actively promoting entertainment and arts opportunities can improve the vibrancy and culture of the city.
- Preserve housing affordability and income diversity wherever possible
    - Economic resilience and a strong workforce are dependent upon having a variety of housing options. As Menlo Park considers new residential development options, they look to incorporate all levels of housing options.

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[4] "What Is Walkability?" *Walk Score*. Web. 10 Mar. 2016. <https://www.walkscore.com/how-it-works/>.

[5] Pivo, G., & Fisher, J. D. (2011). The Walkability Premium in Commercial Real Estate Investments. Real Estate Economics, 39(2), 185–219.

- Consider where the market is headed in 5, 10, and 20 years, not where it has been
    - The city describes highly amenitized, mixed-use neighborhoods to be the new suburban model. Menlo Park wants to capture the needs and benefits of the innovation sector now and in the future. According to Berkeley Economist Enrico Moretti, the innovation sector has a greater multiplier effect than many other industry sectors. The multiplier effect is reflective of the full economic impact of a job, and how many additional jobs are created as a result. While oftentimes people consider that hi-tech only creates high-paying technical jobs, the biggest effect these companies have on the regional employment is outside of themselves. Moretti suggests that five jobs are created for each job in the innovation sector. Two of these jobs are often skilled and specialized, such as a lawyer. The other three jobs are unskilled jobs, such as waiters or store clerks. Due to Menlo Park's location within Silicon Valley providing a vibrant, walkable, and amenities rich community, this can help to capture these unique benefits of the innovation sector[6].
- Attend to the details, learn from the best
    - While the city is focused on the big drivers to the economy, Menlo Park is aware of the importance of maintaining current services such as public utilities and the school system.
- Rethink parking/access to downtown
    - The city considers the current parking replacement requirements to be a limiting factor to developing the mixed-use, walkable community desired by the city.

WINTER PARK, FLORIDA

Winter Park, Florida, is a city of approximately 30,000 in Central Florida that roughly shares the same demographics as our study area of Los Altos, California. Both cities are direct suburbs of major US cities (Orlando and San Francisco, respectively). While the median household income in Winter Park is much lower than that of Los Altos' -- around $73,000 versus $155,000 -- like Los Altos, Winter Park has set goals for the city to improve its economy and increase its rate of economic development. In order to achieve this, Winter Park has been focusing its efforts on creating a business-friendly climate and facilitating business investment, as the city has been struggling under the burden of high living costs, job loss, unemployment, and sluggish home sales[7].

In 2011, the city's Economic Development Department, in conjunction with its Economic Development Advisory Board, completed and started implementing an economic development plan[7].

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[6] "Multiplier Effects: Connecting the Innovation and Opportunity Agendas." *The Brookings Institution*. 2012. Web. 12 Mar. 2016. <http://www.brookings.edu/blogs/the-avenue/posts/2012/08/23-multiplier-effects-muro>.

[7] "Analysis of Potential Policy and Regulatory Impediments to Economic Development." *City of Winter Park*. Sept.-Oct. 2013. Web.

The plan outlines a five-pronged approach, derived from the "City of Winter Park's WRT Issues and Recommendations Report" in 2014[8]:

- Promote Development and Grow the Tax Base
  - Develop corridor master plans.
  - Identify a strategy to address annexation.
- Promote and Enhance Community Character & Livability
  - The city of Winter Park aims to encourage livability by strengthening public transportation. Not only will Winter Park encourage pedestrian traffic, but by revamping pedestrian, bicycle, and transit connections, Winter Park will become a more environmentally-friendly city, as well as increase its walkability score.
  - To enhance community character and enjoyability, the city chose to focus its efforts on increasing its emphasis on entertainment, art, culture, and recreation with a specific desire to "sustain a cultural atmosphere that is renowned for civic and community support of art in public places that enhances positive identity and connection to Winter Park".
- Engage in Economic Gardening
  - In order to address the job loss and unemployment that was a result of the Great Recession, Winter Park aims to create a business climate that facilitates and encourages entrepreneurship and businesses.
- Target and Grow Business Clusters
  - One of Winter Park's main priorities is to create a growth map for Targeted Business Clusters. This way, the city will be able to map out its economic growth and see which pockets of their jurisdiction has the highest density of economic development; by understanding the current state of economic development, Winter Park will be able to make educated decisions as to where to place businesses and where to emphasize business growth in the city.
- Achieve Strategic Partnerships
  - Winter Park hopes to expand and develop its economy by developing partnerships with other cities, working together to encourage economic growth and entrepreneurship.

SAN CARLOS, CALIFORNIA

San Carlos, California is a city in San Mateo County, approximately half an hour away from Los Altos. Many of San Carlos' residents work at companies such as Facebook and Google in and across Silicon Valley[9].

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[8] "WRT Issues and Recommendations for Winter Park." *City of Winter Park*. 10 Aug. 2014. Web.
<https://cityofwinterpark.org/docs/departments/planning-community-development/WRT_IssuesRecommendations.pdf>.

Much like Los Altos, the majority of San Carlos' population is white (approximately 76 percent). Many of San Carlos' residents are families: nearly 70 percent live in familial households and nearly a third of the population is under the age of 18. Additionally, similar to Los Altos, the median income of San Carlos is $130,000 for a family of four and the median sale price of a home is around 1.5 million dollars. This high cost of living can be directly attributed to the fact that San Carlos is a part of Silicon Valley and shares similar statistics as other nearby cities[9].

San Carlos published their 2016-2019 Economic Development Strategy in order to help meet economic development goals for the city. These economic initiatives can be summarized through three main goals that will remain as essential focal points for economic development in Los Altos:

1. Foster a strong local community and business climate.
2. Facilitate private investment in businesses and buildings.
3. Maintain and grow the City's tax base.

While the above three points act as a foundation and general guidelines for further economic development, more specialized initiatives were put in place to make sure that these goals would be met[10,11].

These initiatives include:

- Champion marketing and promotion
  - San Carlos aims to create a marketing strategy that helps distinguish and promote San Carlos' livability within Silicon Valley. By continuing to evolve the city-wide branding and marketing campaign, San Carlos hopes to attract new residents and families to the area, marketing San Carlos as the best city in Silicon Valley to live, work, learn, and play. By increasing the number of visitors and residents, the city's tax base will grow, abling the city to expand their investment in businesses and buildings.
- Support enhanced connectivity and mobility
  - Other aspects of livability that San Carlos aims to address are their connectivity and mobility: as the district attracts both more people and more businesses, the city plans to preserve and expand parking, transit, and mobility options. By doing so, they hope to better connect residents and workers with amenities,

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[9] "SAN CARLOS TRANSIT VILLAGE - PROJECT OVERVIEW." *City of San Carlos*. Web. 15 Mar. 2016.
<http://www.cityofsancarlos.org/planning/projects/san_carlos_transit_village/project_overview.asp>.

[10] "Retail Analysis Report." *City of San Carlos*. 2013. Web.
<http://www.cityofsancarlos.org/planning/projects/projects/san_carlos_transit_village/project_overview/retail_analysis.asp>.
[11] "2016-2019 Economic Development Plan." *City of San Carlos*. City of San Carlos. Web.
<http://www.cityofsancarlos.org/civicax/filebank/blobdload.aspx?blobid=12649>.

restaurants, and services in various parts of the city, rather than having all economic activity concentrated in a specific area.

- One strategy to increase mobility is through the development of the new Transit Village which will provide new retail and residential units conveniently located near the San Carlos Caltrain station. This new village can make it easier for Caltrain commuters to make a stop in San Carlos as retail will be conveniently located next to the station. This development will also make it easier for the new residents of this village to have easy access to transit options to connect them to other cities[9].

- Nature placemaking and beautification
  - In order to establish San Carlos as an aesthetically pleasing city, the City plans on supporting beautification activities such as streetscape and facade improvements. This will aid in revamping their livability index, as well as making San Carlos a more marketable city. In addition, by supporting greener and more environmentally-friendly practices, the city will be committing itself to a greener future, as well as sustaining the unique character of Downtown San Carlos.

- Foster growth in the business community
  - Because of its location in Silicon Valley, many of San Carlos' residents work in the technology and business sectors. The city hopes business and tech workers will continue to choose to live in San Carlos. The city aims to do this by encouraging San Carlos-based startups to remain in the community as they grow, and by attracting new knowledge-based businesses, as well as supporting the creation of a property and business improvement district.

- Encourage smart real estate development
  - One of San Carlos' economic issues is the high cost of living, which limits the accessibility for many people to live in the city. The city aims to address this issue by pursuing opportunities to facilitate construction of more affordable housing and by actively pursuing grant funding for capital improvements. They will identify catalyst sites for new mixed-use development for affordable housing, market rate housing, and office space. While the new development of housing will encourage more residents of different economic backgrounds, the implementation of more office space in the city will retain San Carlos-based startups and attract new knowledge-based businesses.

MARIN COUNTY, CALIFORNIA

Another area of interest to look at is Marin County. Marin County is connected to the Bay Area and the Sonoma, Contra Costa, and Alameda counties. With over 285,000 residents, the county is trying build economic growth while improving social and environmental sustainability. Similarities to Los Altos include the racial makeup, older age of residents, and higher affluence relative to the rest of the state.

Marin is primarily a service-based economy, with a growing scientific and research sector. A key takeaway from the analysis done on the county's economy is that the county has a high number of skilled workers that are leaving the county for higher paying jobs, hence the average income is high and the unemployment is relatively low[12].Based on our analysis, Los Altos has a similar situation, as unemployment is low as many workers do not work within Los Altos.

Marin County residents earn about twice the average per capita income of most California residents(about $100,000 in Marin County and $45,000 in CA in 2010). However, as noted earlier, many of the residents that are receiving the high wages are commuting to San Francisco and the greater Bay Area for work. The higher income of residents results in more consumer activity, but can mask pockets of poverty[12].

Associated with the high wages is one of the highest median home prices of any county in Northern California. High residential home prices increases the cost of living within the county[12].

Considering the unique makeup of Marin County, the CEDS has proposed a set of goals for the next five years. This information was derived from the Marin County Comprehensive Economic Strategy Report, which was published in 2015[12].

- Wireless Access and Broadband Expansion
  - Reasons for Improvement: improving high-speed Internet access can increase business productivity, connect businesses and employees, and keeps Marin County technologically up-to-date.
  - Strategies for Government to Implement: The local government can oversee infrastructure improvements and the methods to develop better Internet in the county. Additionally, the government can manage costs of the project.
- Destination Management
  - Reasons for Improvement: improving the destination infrastructure can improve the efficiency of travel for tourists around the county, maintain historic and cultural attractions, and provide tourist amenities that do not impede on the livelihoods of resident.
  - Challenges to Expanding Tourism: There is little funding to support the transportation, marketing, and policy requirements to have a thriving tourist economy.
  - Strategies to Increase the Number of Overnight Tourists: Develop a unified marketing and economic program, focus more on the active sports (kayaking, mountain biking, etc.) that can be done within the county, increase focus on

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[12] "Marin County Comprehensive Economic Development Strategy." *Marin Economic Forum*, Sept. 2015. Web. 29 Feb. 2016. <http://marinemployment.org/sites/default/files/upload_files/Marin%20County%20Comprehensive%20Economic%20Development%20Strategy-RobEyler,%20MEF.pdf>.

beer, cheese, and wine companies, increase the attention to unique features of the county.

- Natural Resources and Open Space
  - Marin County has a large amount of open space that should be maintained for its intrinsic, aesthetic, and tourist value. The county is also looking to increase its water independence. Strategies to improve the county's water independence include conservation, desalination, measuring usage, and recycling of water. State water shortages and climate change will affect the economy and culture of the county.
- Housing and Transportation
  - Create a various range of housing options and price ranges to serve all residents and workers within the county.
  - Focus on new and infill housing in the downtown to increase the culture and community of the county and preserve pockets of open space.
  - Reduce regional freeway travel times and vehicle miles traveled by improving the safety and connectivity of walkers and bikers.
- Social Safety Net
  - Marin hopes to improve its economic resilience by improving access to basic needs of its residents such as healthcare, education, and childcare. In addition, it aims to increase community gardens and to both publicize and to increase the number of food donations and food donation sites within the jurisdiction.

Besides online research, our in-class lectures were also extremely helpful in humanizing and conceptualizing our data related to Los Altos. Real-life examples and case studies helped us better understand the social implications of policy proposals. An example of this is a summary of our lecture from February 29, 2016, featuring the Stanford Parking and Transportation Service:

Under the General Use Permit, Stanford agreed to not increase the amount of traffic coming onto campus each day. The Stanford Parking and Transportation Services (P&TS) looked to find strategies that could reduce the number of single occupancy vehicles (SOV) commuting to campus each day. The methods and overall success of the P&TS have been used to guide other cities and regions when considering transportation options.

One of the methods used by P&TS to reduce SOV is to incentivize people that choose to not commute alone. For example, the Commute Club pays individuals $300 if they do not buy a campus parking permit. Additionally, the Go Pass/Eco Pass is another incentive used. Stanford pays for VTA and Caltrain passes that employees can use for unlimited access on these transit services. While the main purpose is for daily commute to work, employees can use the passes anywhere they would like. This program can reduce barriers to entry for public transit, and can help employees save money on transportation for work and leisure[13].

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[13] "Go Pass/Eco Pass." *Stanford Parking and Transportation Services*. Stanford University. Web.

One issue with using a transit service is that the stops so not necessarily connect directly to campus. Therefore, P&TS has reduced this 'last mile' problem by having the Stanford Marguerite bus pick up at the Caltrain station and drop off at various locations around Stanford. Another possible issue is that transit services run on scheduled times, and in an emergency or crisis it can be challenging to get somewhere in a timely manner. P&TS will provide employees with a taxi to take them home if there is an emergency. This can make employees feel more comfortable about using transit or carpool instead of driving their personal vehicle[14].

To improve the accessibility for people that would like to bike to Stanford, P&TS has placed more bike racks, bike cages, and lockers throughout campus. Also, Stanford has modified its road system by using roundabouts in dangerous locations to reduce the potential for car, bike, or pedestrian collisions. Despite the large span of Stanford's campus, most people can get around without a car, and a large portion of students bike or scooter to class14. As Los Altos has a significant number of bikers in the city, these strategies used by Stanford could be used by Los Altos to make the city even more bike friendly.

Another example of this was from our Urban Studies lecture with Vivian Wong from the San Pablo EDC on February 10, 2016

Vivian's lecture was very applicable to our project as she is working on economic development in San Pablo. The goal of the San Pablo Economic Development Corporation (EDC) is to develop and diversify the economy by educating and training the businesses and local workforce. The EDC sought to achieve this mission by strengthening existing businesses and bringing in new businesses, which in turn will improve tourism and quality of life in the city. The EDC is supporting businesses in the community by helping to form strategic partnerships, developing business campaigns, and working to retain and attract businesses to San Pablo[15,16].

In order to develop strategies to grow the economy it is necessary to gain an understanding of what businesses are currently there and how the businesses are performing. Vivian discussed how it is often necessary to conduct field studies to obtain this data as oftentimes planning departments have incorrect data about the business inventory in the city. However, when conducting field work, it is important to develop strategies to build trust with merchants so conversations can be mutualistic and informative. Merchants can be a very valuable source of knowledge as to what is needed or missing within the community.

The general strategies to develop a city's economy include: business attraction, business expansion, and business perseverance. One specific way the EDC has been trying to achieve

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<http://transportation.stanford.edu/alt_transportation/EcoPass.shtml>.

[14] "Stanford Parking and Transportation Services." Stanford University. 29 Feb. 2016. Lecture.

[15] "Overview of SPEDC." *San Pablo Economic Development Corporation*. 2012. City of San Pablo. Web. <http://www.sanpabloedc.org/cms2/view.htm/3062/2922/About-Us>.

[16] Wong, Vivian. "Community Serving Businesses and Economic Development." Urban Studies 164. Stanford University. 10 Feb. 2016. Lecture.

economic development is by increasing the amount of residents that shop locally within San Pablo. The EDC has used marketing campaigns, games, and videos to increase awareness of the unique retail available in San Pablo, as well as some of the benefits for the community if more residents shop locally[15, 16].

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The above case studies have informed our understanding of the various methods a city or county may use to improve their own economies and resilience. Often, the strategies used for economic development in one city was unique : for example, Menlo Park's plan discussed how the innovation sector is an important component of the economy, while Marin County's plan focused on improving the tourist economy and maintaining the open space in the region. These differences reflect the culture and unique character of these two locations. We realized that a successful economic development plan considers the characteristics, location, and overall culture of the region when developing the strategies ensure the sustainability and resilience of the region.

For Los Altos, this drove our desire to gain a better understanding of who was living in the city and what made Los Altos different. What makes Los Altos unique will be very different than what makes Winter Park or Marin County unique; therefore, we had to conduct our own research to answer these questions. The case studies we looked at helped guide the types of data we should look at, and what types of demographic information was important to consider. This helped us better analyze the data we had been given, as we have had little experience looking at demographic data prior to this class. However, these two questions were challenging for us to answer, as a graph often only shows part of the narrative. Therefore, we took the opportunity to conduct fieldwork and to actually talk to and connect with members of the community in order to try to answer these questions. Using the methods taught in this class and through Vivian's lecture, we were able to conduct interviews with city officials, merchants, and property owners.

Additionally, two other questions that surfaced through the literature review are how 'walkable' is Los Altos is, and how Los Altos can improve its accessibility to transit. From the case studies, it was clear that one of the challenges to improving business and retail productivity is that people must be able to access the community in order to patronize the city's businesses. If a community is walkable, people can easily and safely visit multiple stores and businesses. While we were not able to conduct official transit or walkability studies, we did take consider these factors when we were visiting Los Altos. It would be beneficial for additional research to be done to consider Los Altos' transit and mobility options.

The team analyzed a variety of data sources and conducted field research with community stakeholders to answer our research questions about the city's economic security.

To help the team become acquainted with the types of data necessary for the project, as well as to provide a background on basic economic principles, Jennifer created a project team Dropbox. She provided us with information from a variety of sources such as the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and Esri. She also directed us towards the data source Silicon Valley Indicators, which provides demographic and economic data for Silicon Valley. These data sources were necessary for our project, as they provided us with accurate information so we could create a series of graphs and charts that reflected the data.

Another aspect of our project was looking at how Los Altos' current economic state was impacting the community. One of the methods we used to try to find this information was by touring the city. We visited multiple neighborhoods and the downtown area. Actually walking through the city helped us gain a sense of the city's culture and character.

Another way we collected this data was by attending a Coffee Chat at Tom's Depot in Loyola Corners, where we met with local merchants and property owners to discuss the effects of economic development on their businesses. Interestingly, we noticed that there was tension amongst the different property and store owners over the ideal method to improve the neighborhood. Some people wanted to focus on making Loyola Corners more family friendly, while others want to shift the usage of the neighborhood to be focused on residential units. Each stakeholder was advocating for the strategy that would best serve their businesses or interests and this led to little compromise amongst the stakeholders

Lastly, we were also able to have a conference call with Nancy Dunaway (Los Altos Village Association) and Julie Rose (President of the Los Altos Chamber of Commerce) to discuss what type of retail is in Los Altos and their views on the retail climate in the city. Given that neither of these officials had direct ties to individual businesses (that we know of), we felt that their perspectives were valuable; it seemed as if they formed opinions and made decisions based on the well-being of the Los Altos economy, rather than on their own interests, as opposed to what we witnessed in Loyola Corners, where each individual business/property owner was interested primarily in the well-being of their own endeavors.

Questions We Considered for Field Observations and Interviews:

- How busy is the downtown?
- Are there available parking spots?
- Are people in the stores?

- Who is shopping in Los Altos?
  - Age, distance traveled to shop, families/individuals
- What types of retail and businesses are in Los Altos?
- What changes could be made to help increase the number of visitors to your stores?
- Do most people that work in Los Altos also live in the city?
- What types of events would bring more people to Los Altos?
- Is store/business accessible for any individual?
- Would more public transit availability in the city be beneficial?
- Are there any safety concerns for customers?

One limitation of our methodology is that we feel we are still missing some of the connections between the data and the social aspect. This is partly due to the short time frame we had to complete the project. We were not able to interview as many individuals as we would have liked, and we were not able to talk to any Los Altos residents. While we feel that we did uncover some valuable findings, we were unable to answer all of the questions we would had liked to. We understand this is the nature of quarterly projects, and so are happy that our research lead to these questions, regardless.

Having said that, we do feel we did a good job analyzing a multitude of data sets, case studies, and articles to develop a series of graphs and charts that can be used for the Economic Big Book. None of the team members had substantial previous economic knowledge, so our project helped to give us a better understanding of economic development and various economic drivers.
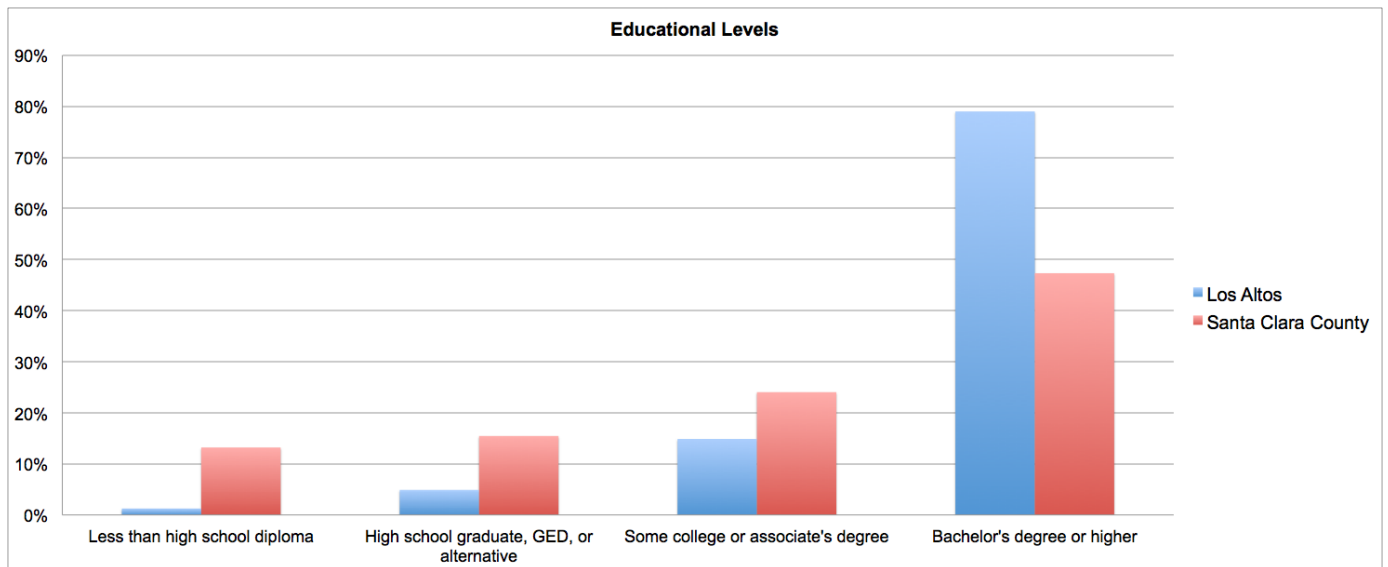
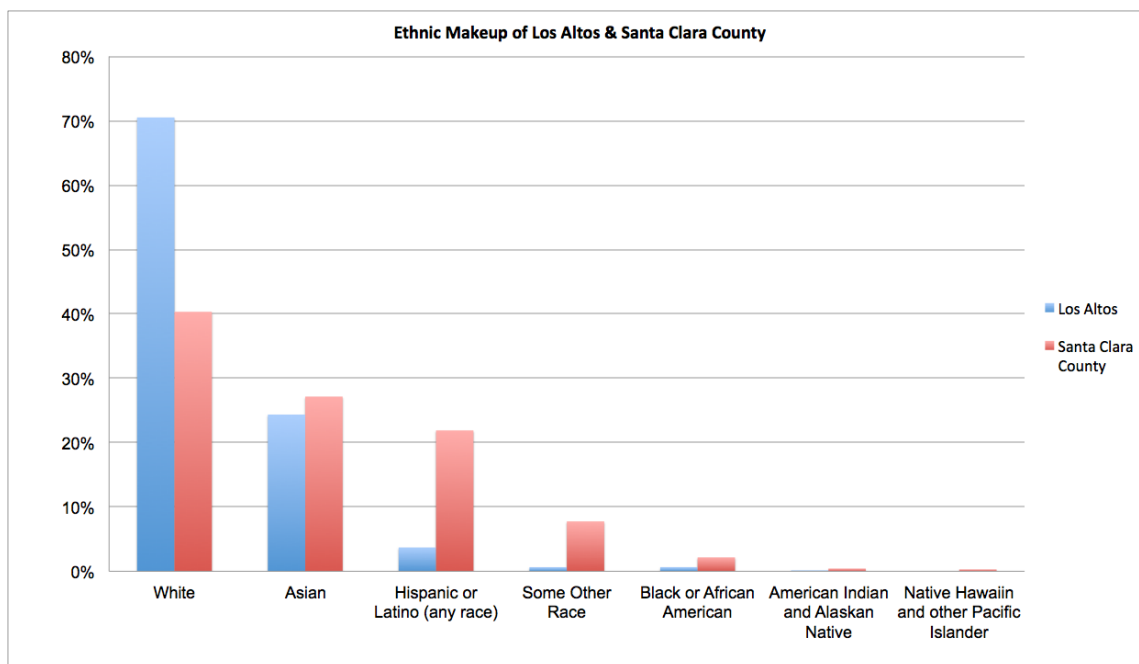Figure 1: Educational levels in Los Altos & Santa Clara County[17].

Figure 2: Ethnic makeup of Los Altos & Santa Clara County (2015)[17].

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[17] "Easy Stats." *Easy Stats*. US Census Bureau, 2016. Web. 16 Mar. 2016.

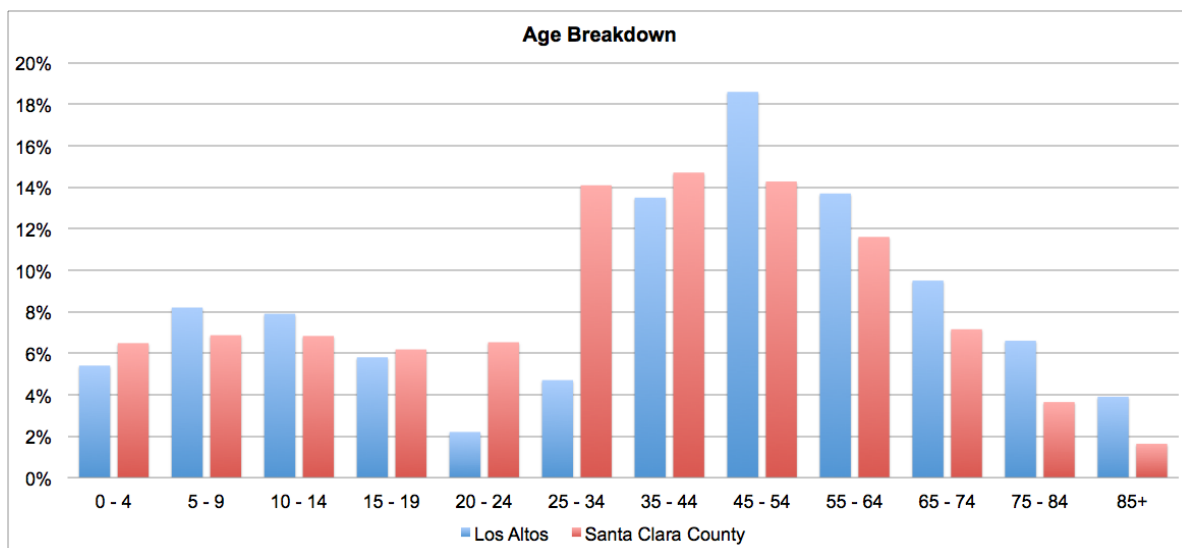Figure 3: Per Capita income in Los Altos, Palo Alto, San Francisco, & Santa Clara County[18].

Figure 4: Age Breakdown for Los Altos & Santa Clara County (2015)[18].

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18 "Los Altos 2010 Census Profile." *Esri RSS News*. Esri, 23 Oct. 2015. Web. 16. Mar. 2016

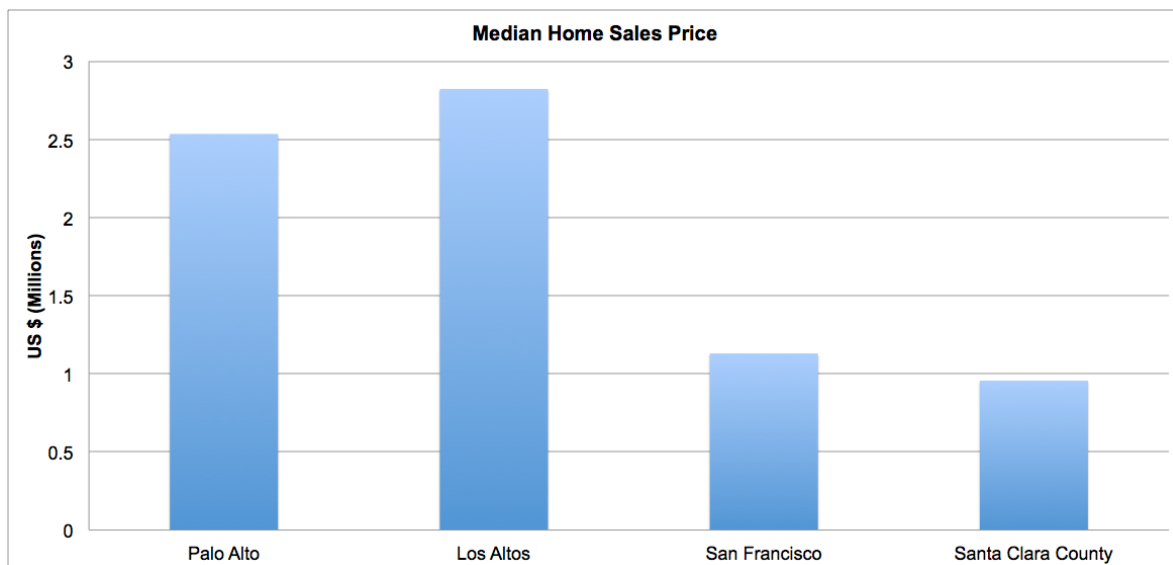Figure 5: % Change of population by age from 2015-2020[18].

Figure 6: Median Homes Sales Prices in Palo Alto, Los Altos, San Francisco & Santa Clara County (2015)[20].
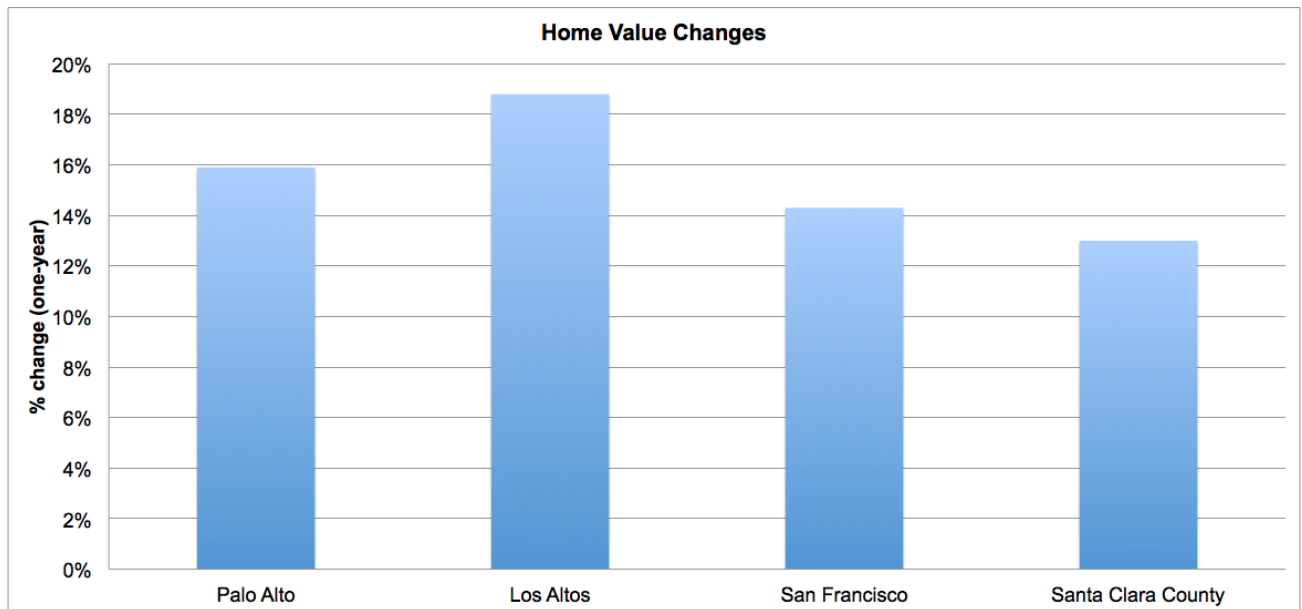
Figure 7: % Median Home Sales Prices Change From 2014-2015 in Palo Alto, Los Altos, San Francisco & Santa Clara County[20].
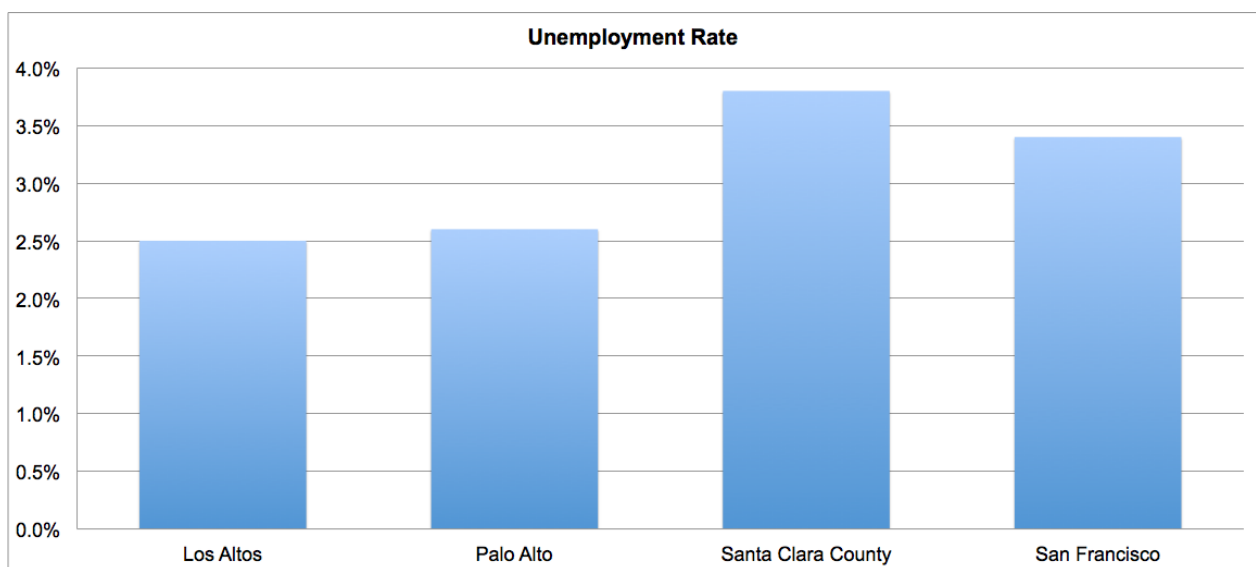

Figure 8: Unemployment Rates in Los Altos, Palo Alto, Santa Clara County & San Francisco (2015)[17].
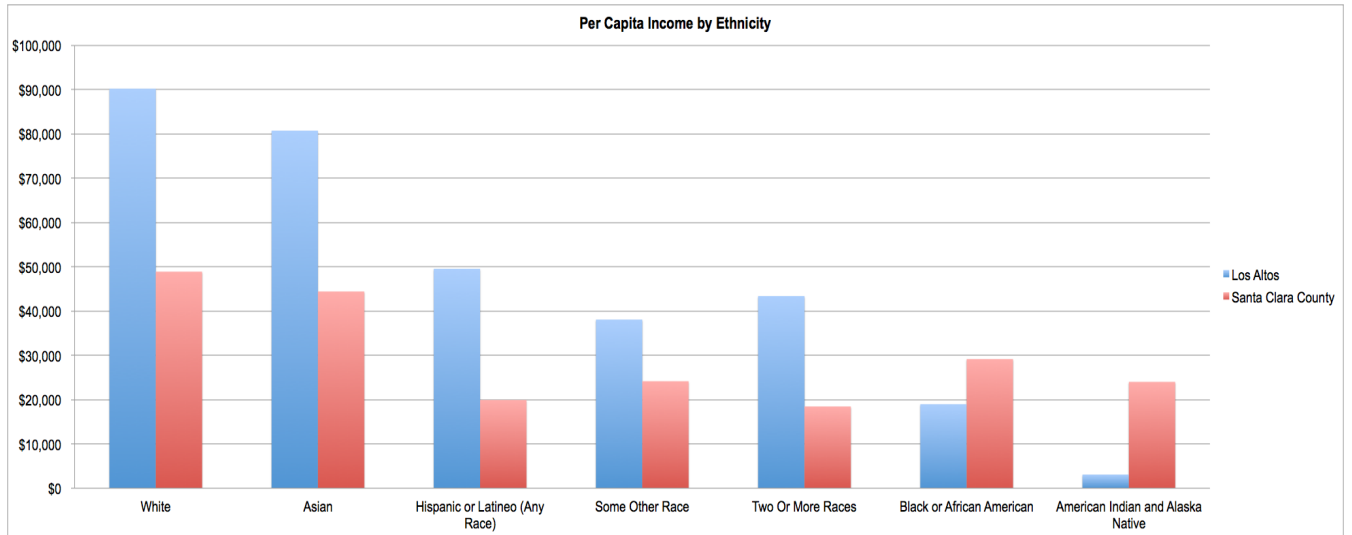
Figure 9: Per Capita Income by Ethnicity in Los Altos & Santa Clara County (2015)[17].
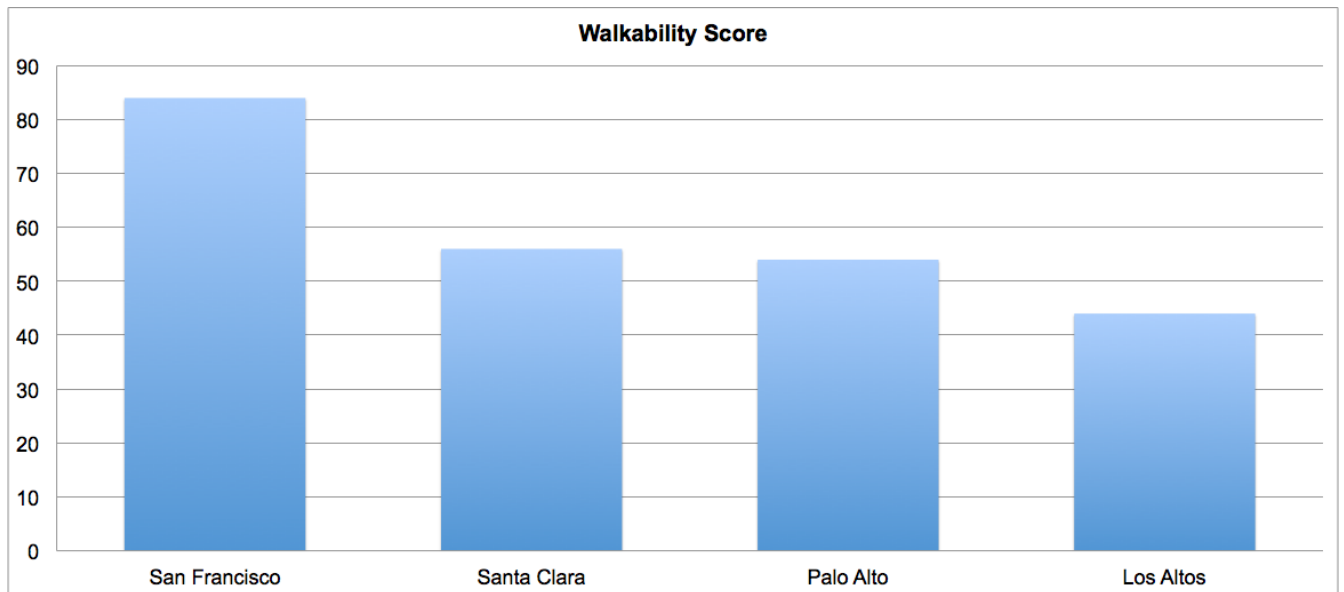

Figure 10: Walkability Scores in San Francisco, Santa Clara, Palo Alto & Los Altos[4].

From the graphs it can be inferred that most residents in Los Altos are highly educated, employed, and have a high per capita income. From Figure 1, it can be seen that almost 80% of residents have a bachelor's degree or higher, which is higher than the rest of Santa Clara County. According to data from the Bureau of Labor Statistics, individuals with higher education typically receive a higher income and have lower unemployment Rates[19]. This trend is consistent in Los Altos. From Figure 3 it can be seen that unemployment rates in Los Altos were lower than Palo Alto, San Francisco, and Santa Clara County. Likewise, Figure 2 shows the average annual per capita income to be highest in Los Altos.

However, while the per capita income in Los Altos may be higher than many other cities, the wealth is not evenly distributed across reported ethnicities in Los Altos. As seen from Figure 7, individuals identifying as White or Asian earn significantly more than individuals identifying as different ethnicities. For example, individuals identifying as Black or African American earn less than one quarter the average income as White individuals. Moreover, another interesting finding from Figure 7, is that while the average per capita income is higher for Los Altos than for Santa Clara County, for Black or African Americans and American Indian and Alaska Natives the per capita income is lower on average in Los Altos than in Santa Clara County. This could relate to the low number of residents in Los Altos that identify Black or African American, American Indian and Alaska Native, or Native Hawaiian and other Pacific Islander shown in Figure 6. However, it would be beneficial to conduct further research that could assess why individuals that do not identify as White or Asian receive a lower average per capita income

 Our first recommendation is to develop policy aimed at equalizing economic prosperity across ethnic backgrounds, so that the Los Altos economy might be able to rely upon more than one or two demographics for sustainment, thereby increasing the resiliency of the economy. This is likely both a short and long term recommendation, as actions can be taken today to begin the process of economic equality amongst ethnic backgrounds, with the understanding that this is a process that will likely take many years (and perhaps generations) to fully achieve.

Another demographic factor we looked at was the age distribution of the city. The age distribution can help tell the narrative of the economic state of the city, as we want to know who lives and is being drawn to the city. From Figure 4, there is a clear dip in the population for young adults 20-30 years old. Meanwhile, the highest proportion of population is aged 35-64. Another age group that has a high proportion of people in Los Altos is children 0-20 years old. From this trend, it seems like the city is serving a lot of families, as adults 35-64 are at an age where many people have children. This finding is what we expected. The city's high-cost of living and calm environment draws families looking for a safe community with good schools in a suburban community. In general, many young adults may look for a more urban and lively community to begin their careers, and thus would likely consider San Francisco or San Jose over Los Altos. Another explanation could be that many 20-34 year olds have left the community for

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[19] "Earnings and Unemployment Rate by Educational Attainment." U.S. Bureau of Labor Statistics, 12 Feb. 2016. Web. 14 Mar. 2016. <http://www.bls.gov/emp/ep_chart_001.htm>.

college or graduate school. The age distribution for Los Altos is similar to Santa Clara County's, however Santa Clara County's age distribution is a bit more evenly distributed.

One question we asked ourselves is whether this age distribution was likely going to stay consistent, or if it would be changing. Therefore, we developed a graph representing the change of each age bracket by 2020. As seen in Figure 5, the age distribution in Los Altos is shifting. Overall, the changes reflect an age distribution that is becoming more consistent amongst all the age brackets. For example, residents aged 35-54 have a reduced proportion, while the proportion of residents 15-34 is actually increasing. Another interesting finding from Figure 5 is the increase of residents in the community aged 55-84. This shift suggests that, overall, the population of Los Altos is aging. This could result from residents choosing to move to or remain in Los Altos when they approach or hit a retirement age. Another explanation could be that some of the older residents that have been in the community for generations are 'stuck' in the community because they cannot afford to move out of the community. These residents may have an expensive home, but their incomes have not kept up with the increasing affluence of the city. This phenomenon is known as 'house rich, cash poor,' and we will be discussing this in more detail later in the report.

Los Altos is ideally located near major innovation and business hubs in Northern California, namely Silicon Valley and San Francisco, and so draws highly educated, successful workers to the city. This is reflected in the high median homes prices in Los Altos. From Figure 4, Los Altos' median home prices is a bit higher than Palo Alto, a nearby city also located in the Silicon Valley region. Both of these cities have significantly higher median home prices than Santa Clara and San Francisco counties. From Figure 5, it can be assumed that this trend will remain for at least the near future, as Palo Alto and Los Altos have high rates of annual home value change. Home prices in Los Altos have seen rapid rise, as they have doubled in value since 2009[20]. While high home prices may appear to be a sign of a healthy economy, there may be gaps in this data. Home prices are generally tied to the health of the national economy, and so are generally not well insulated against economic downturns. The data we have provided is not thorough enough to determine the long-term sustainability of the Los Altos home sales market.

However, for some of long-term Los Altos residents, they may live in an expensive home but cannot afford the high cost lifestyle of living in Los Altos. In addition, many long-term Los Altos residents, especially senior citizens, have personal incomes not reflective of the current market value of the home/land they own. Generally, this phenomenon is known as being 'house-rich, cash-poor', and arises when residents that bought their homes many years past no longer are making the above-average income that they might have once had. Specifically, in Los Altos, we see this happening to residents that bought home 2-3 decades ago and have continued to live in them into retirement. Thanks to California Proposition 13, these homeowners locked into tax rates based on the value of their home upon purchase, meaning the tax hikes on their homes are proportional to the value they paid, rather than current (much higher) market value. These

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[20] "Los Altos CA Home Prices & Home Values | Zillow." *Zillow*. N.p., Jan. 2016. Web. 15 Mar. 2016. <http://www.zillow.com/los-altos-ca/home-values/>.

residents don't have the same amounts of disposable income others in the community have, and so aren't living similar lifestyles. Given that many members of the community make significantly more money per year than they do, it is not uncommon for them to have feelings of financial insecurity[21]. Even though many of these individuals are overall well off compared to the average American, the region has a high cost of living and many temptations to spend.

Knowing this, it would be beneficial to talk to residents in the community to get a sense of their general financial situations and feelings they have about it. This would help determine the social implications of rapidly rising, very expensive home prices. Our second recommendation is to develop policy aimed at improving resources for house-rich, cash-poor senior citizens. While we don't feel capable of suggesting specific policies, giving the issue greater attention is certainly of high importance. This would have both social and economic benefits for Los Altos, as the well-being of these senior citizens would be increased, and economic opportunities for the city might be realized.

Similarly, an additional recommendation is related to the home prices of Los Altos. Given that the current value of Los Altos homes are amongst the highest in the nation, and that these values are only rising, better understanding the drivers of these values and their foundations would benefit the Los Altos housing market. It is in the best interest of Los Altos for these values to remain high over time, and not to be susceptible to sudden market changes. Being able to decouple the Los Altos housing market from one or two industries would improve the resilience and sustainability of the Los Altos economy.

Lastly, our final recommendation is to create policy aimed at improving the health of the retail sector in Los Altos. Data regarding the retail sector was not reflected in our quantitative research or analysis, although it was heavily referenced during our visits to Los Altos and conversations with business and property owners. As referenced above, any sort of development in Los Altos is not without controversy. Given this, we feel that policies designed to improve the ability of current retail space to serve Los Altos residents would be worthwhile enough to attempt. For example, Jennifer has mentioned that increasing floor area for certain retailers (either by allowing increased height allowances or multiple retail spaces) could help improve their sales. This would be an example of a policy that wouldn't necessarily invite big-brand stores into the area, but would serve to improve retail revenue in the city by aiding current (likely locally owned) businesses.

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[21] Rivlin, Gary. "In Silicon Valley, Millionaires Who Don't Feel Rich." *The New York Times*. The New York Times, 04 Aug. 2007. Web. 15 Mar. 2016. <http://www.nytimes.com/2007/08/05/technology/05rich.html?_r=0>.

Through working on this project, our entire team gained valuable experience, both academic and professional. We conducted much data research, analysis, and visualization, as well as in-person conversations with business stakeholders in Los Altos. The data-related work gave us a sense of the importance of statistical-driven economic decision making, while the in-person conversations gave a humanizing sense to our work. We were able to understand the high-level demographic drivers of the economy, while also seeing how these drivers manifested themselves on the ground-level in Los Altos.

From the start, we could quickly see how our project would be different than the other class projects. Initially, this gave us some doubts as to how we would provide social impact through our work. We assumed that we were simply performing economic analysis on a prosperous community, and that our work would simply serve to benefit a community not lacking for resources. Over the course of the quarter, however, our views shifted, and we recognized the value of our project and efforts.

After gaining a new perspective of Los Altos, we saw that there were, in fact, opportunities for us to make differences in the city on a social-equity level. Through reflecting on our data analysis (with the assistance of Jennifer, as well as Nancy Dunaway and Julie Ross), we found how holes existed in our research, and so were able to consider how we might go about addressing them. In doing so, we felt our project became more complete, and that we could confidently present our work before our class and community partner.

Given more time and resources, we feel that further research into the underserved communities we identified would be valuable. This could mean researching the situations of "house-rich, cash-poor" senior citizens. Some questions could include:

- How do they fit into the greater Los Altos community?
- What resources could be provided for them to have better livelihoods?
    - Would this necessarily mean they are better off selling their house and moving out of Los Altos?
- What policies could be implemented to ensure future generations of senior citizens don't experience the same issues?

Additionally, we believe a deeper analysis of homelessness rates in and around the Los Altos community would be worthwhile. We identified a homeless shelter in the area, but were unfortunately unable to make contact with it. Furthermore, given the uneven distribution of per capita income amongst different ethnic groups within Los Altos, a deeper analysis of economic opportunity equality in Los Altos would be an interesting and worthy area of study. Questions for this topic could include:

- Where in Los Altos do different demographic groups live?

- On average, how long have residents of different demographic groups lived in Los Altos for?
- What sorts of jobs are typically held by different demographic groups?
- Generally, how do different demographic groups feel about living in Los Altos?
- Do you feel that the city adequately distributes resources amongst all residents and neighborhoods

Many of these 'next steps' are directly related to the recommendations we made in the Deliverables section. This isn't to suggest that actions can't be taken now to begin addressing the issues we posed. Rather, it is to say that these issues warrant immediate and sustained actions geared towards addressing both current impacts and their root causes. Policies can be implemented in the short-term to begin attempts at remedying the issues, while further research can be done to better understand how these issues arose in the first place, so that they might be appropriately addressed in the near-future.

Although we were unable to answer these questions ourselves, we are happy that our research was able to uncover these additional questions. We are pleased with the work we were able to do, and hope that it might be able to go towards something more. Given Jennifer's plans for the Economic Development Plan of Los Altos, we are confident that it will. We are extremely grateful for the support of our peers, our instructor Deland Chan, and our community partner Jennifer Quinn. Without the feedback and insights provided by them, our project would have been impossible.

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