California's Infrastructure Convergence: Aligning Development and Human Capital Investments

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California's dynamic and evolving economy depends on the careful upkeep and long-term investment in our state's infrastructure. Physical infrastructure — our highways, waterways, energy grid and public facilities — are an indispensable component of our economy, but by themselves they are insufficient to generate enduring economic growth. For that, California also needs to strengthen its human-capital infrastructure — education and workforce training — and also ensure that workers have access to affordable housing close to job centers. Without the right education and training, California workers won't be qualified for secure, high-paying jobs. Without affordable housing, more and more Californians will be forced to make a difficult choice: accept grueling commutes from the outskirts of metropolitan areas or move to states where housing costs less.

If California is to remain a leader in innovation, entrepreneurship and economic growth, regional and state leaders, in partnership with businesses, must drastically reimagine how they think about and invest in infrastructure. California needs infrastructure that not only facilitates mobility, but also cultivates our people and enables them to acquire the skills needed for a 21st century economy. Although leaders are aware of these needs, key infrastructure challenges persist, preventing the state from realizing its economic potential.

Any Jobs vs. Good Jobs

As California's economy continues to grow, adding new jobs and millions of residents to its cities and urban centers, the demand for better transportation infrastructure and other public services including utilities, education and health services, will grow. This is no secret to state and local leaders. Yet, in terms of funding decisions and political will, securing the state's economic future through necessary infrastructure enhancements remains elusive. This is not just a matter of building for the sake of creating temporary, construction-related jobs. The challenge lies in strategically aligning necessary infrastructure investments to facilitate and sustain long-term job creation. Reliable, interconnected transportation infrastructure that allows people to maintain manageable commutes, without the barrier of time delays and/or the specter of rising energy costs, is essential.

A continued lack of investment in transportation infrastructure will not only allow roads, highways and bridges to deteriorate further, it will stifle job creation, as well. Inadequate investment in transportation infrastructure limits individual mobility and economic vitality, cutting people off from jobs and education opportunities while impeding commerce and trade. This deferred investment continues to ripple through communities and the California economy, affecting the lives future generations and jeopardizing the state's long-term economic viability.

In order to address California's growing list of deferred infrastructure investments, a new paradigm for planning and development is required. The solution is both fiscal and structural. Community engagement and long-term planning, coordinated with the development process, must be implemented in tandem in order to address existing needs and to ensure that proper investments in transportation and infrastructure are made alongside construction of new housing or commercial buildings. Community investments and infrastructure investments cannot be planned and implemented separately or in a in a piecemeal fashion. Rather, in order for the state and local communities to receive the largest economic and social benefit from any investment — be it transportation, housing or infrastructure — it must be linked to the needs and priorities of the local and regional community.

The Evolving California Dream

Proximity to jobs is the dominant factor driving new housing development and a primary contributor to skyrocketing housing costs in areas such as San Francisco, Silicon Valley, Silicon Beach and other emerging urban job centers. Historically, California's answer to the housing shortfall has been limited primarily to construction of new suburban housing or sub-divisions further and further from the city center. For decades, this type of growth fueled the Californian dream of owning a detached, single-family home in an idyllic suburban community.

But for many young workers, young families and aging adults, suburbia is no longer attainable or even the ideal. Today, many Californians are choosing to live closer to public transportation networks or in walkable urban areas that allow for a greater mobility and economic opportunity. Providing a broader array of housing options in both urban and suburban communities is essential to maintain California's competitiveness and a high quality of life for the state's workforce requires. A diverse labor pool calls for options that accommodate young singles, couples and families with children. Too often, the housing discussion focuses solely on financial considerations, ignoring the social and economic benefits of vibrant, multi-generational neighborhoods and communities.

Communities and developers must consider the continuum of housing stock as well as the lifecycle of work. If we are to maintain a stable, productive workforce, it is crucial that older workers looking to downsize and young people entering the labor market are able to find decent, affordable housing. Even more critical is ensuring that appropriate housing is available for new families, who are not being well served by the recent spate of urban conversions targeting young singles. If inadequate or unaffordable housing prevents households from settling into established neighborhoods, then communities will lose out on the influx of new talent and skills that are needed to sustain vibrant neighborhoods and local economies. Parents who are willing to forego having yards in order to live close to urban jobs might still need three- or four-bedroom dwellings. If people can't find what they need in California, they will move elsewhere. A new concept of housing is needed in order to make the next iteration of the California dream a reality.

Filling the Federal Funding Void: Unity and Disunity

Reliance on federal funding is central to California's infrastructure dilemma. Historically, federal dollars were a primary catalyst for spurring infrastructure projects and enabling local jurisdictions to secure private-sector capital. Southern California and Northern California, as separate regions, have been fairly successful in maintaining unity in overall regional planning. But that unity often dissolves in the scramble for funding, damaging efforts to raise capital for infrastructure projects and exacerbating political and geographical divisions within the region. Moreover, as the federal Highway Trust Fund begins to evaporate and long-term federal infrastructure support becomes even less certain, the state will need to rely more on regional collaboration to finance larger-scale projects such as the California High-Speed Rail.

Given today's fiscal realities, how can cities work together effectively to pay for mutually beneficial infrastructure projects? Cities and local jurisdictions must think more creatively, and act more nimbly, to effectively use local mechanisms such as sales tax and special tax districts (EIFDs) to finance large investment projects.

In order to counteract this fragmentation of planning and funding, local community leaders, the public sector, and business must work together to forge a vision for the future around shared expectations and objectives. Not only should local elected officials, business leaders and others continue to ensure that California receives its rightful share of federal dollars, state and local leaders should continue to direct efforts towards the creation of long-term, high paying and sustainable jobs.

For interconnected regions such as Southern California and the San Francisco Bay area, economies and commerce do not stop at the city or county line. At its best, world-class public infrastructure enables the free flow of goods, services, and people across political and geographical boundaries. At its worst, fragmented and insufficient infrastructure can stifle economic growth and exacerbate existing silos and divisions. In order for California to secure its future, it must cultivate financial tools and funding mechanism at the local, state, and federal level that can respond to the high degree of mobility that is essential to California's 21st century economy.

Conclusion

Infrastructure does not exist in a vacuum. Viewing infrastructure as an investment in human capital allows policymakers to address a broader range of key issues. Smart investment enables leaders to target a changing housing dynamic that reflects the individual characteristics of regional economies and the demand for better transport links to work. It enables them to adopt policies that give Californian's the opportunity to secure better-paying jobs that will bolster the state's economy.

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