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## Economists weigh in on the local economy at Central Coast Economic Forecast

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The annual [Central Coast Economic Forecast](#) was held Friday at the Madonna Inn Expo Center.

Hundreds of local leaders from the county were in attendance to hear from economists about the year-in-review and what to expect in the upcoming year. After the June 2016 announcement from PG&E that Diablo Canyon Power Plant would be closing in 2025, it made for a hot topic of discussion at this year's event.



Robert Kleinhenz, an economist and Executive Director of Research for Beacon Economics, presented at the annual event. Part of his analysis focused primarily on how the 2025 closure of Diablo Canyon will impact the Central Coast Economy. With nine years ahead of the official closure of the plant, Kleinhenz says there's a fair amount of time for communities in the county to strategize about what the closure will mean.

Kleinhenz says the 1,500 high paying jobs at Diablo Canyon make up about 1.5 percent of the local workforce. However, the economist says there are two particular areas the county should prepare for well ahead of the closure.

"Without those 1,500 high paying jobs, I think that's the real key here," Kleinhenz said. "That, and of course property taxes, which are a large part of the revenue stream Diablo Canyon delivers to local government."

Friday's conference went beyond the discussion of Diablo Canyon. Erica Orange, the Executive Vice President and Chief Operations Officer for The Future Hunters, spoke on technological and economic trends that will impact the future.

The economy as a whole was also discussed. Christopher Thornberg, an economist with Beacon Economics, presented on the current state of the economy. His answer could be a surprise to some.

"It's not that bad. In fact, it's very good," Thornberg said. "Growth is a little slower than we might like, but we're still growing, fundamentals are strong, no sign of a recession, label markets are tight."

That doesn't mean there's nothing wrong. According to Thornberg, it's the housing market that's flawed.

"We keep talking about how California needs to grow faster, yet at the same time we fail to recognize the lack of housing and the sky high housing costs we're seeing," Thornberg said. "It's very simple, if you don't have housing, you can't grow."

Kleinhenz calls population and household growth on the Central Coast modest. However, he says the pressure on the stock of housing falls on those who want to go from renters to homeowners.

"This is not an affordable housing problem, this is a housing affordability problem that begins with low income households and stretches will into the middle income category," Kleinhenz said.

Thornberg says housing isn't the only thing to worry about. In his presentation, he highlighted the following as concerns for the economy:

- Bad financial regulation
- Growing wealth inequality
- California tax structure
- Lack of public investment

Thornberg says areas he feels aren't getting the attention they deserve are Social Security, Medicare and Medicaid, which he says are about to go through enormous fiscal stress as a result of baby boomers moving into retirement.

Bringing it back to the local economy, Kleinhenz says the Central Coast's economic forecast will continue to see a low unemployment number and a growth in income, both for households and businesses.

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