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THE POLICY CIRCLE

MIGRATION BETWEEN STATES





WHY IS MIGRATION IMPORTANT?

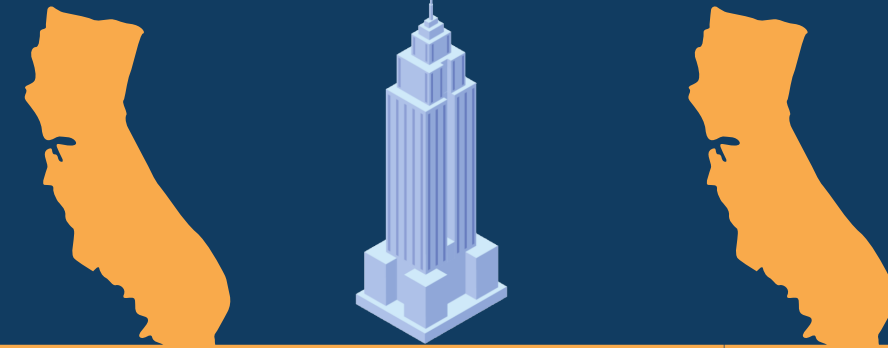


EVEN SMALL SHIFTS IN POPULATION CAN HAVE INFLUENTIAL EFFECTS, AND POLITICAL REPRESENTATION IS ONLY ONE EXAMPLE. IN STATES WHERE THE POPULATION IS BOOMING, THERE ARE POTENTIAL NEW BURDENS, “LIKE INCREASED TRAFFIC, RISING HOME PRICES AND STRAINS ON AN INFRASTRUCTURE ALREADY GRAPPLING WITH CLIMATE CHANGE.” STATES LOSING POPULATION MAY SEE NEGATIVE CHANGES TO THEIR TAX BASE, A WORKFORCE SHORTAGE, AND A DRAIN ON INTELLECTUAL CAPITAL.

THE U.S. SYSTEM OF FEDERALISM IS WHAT ALLOWS INDIVIDUAL STATES AND LOCALITIES TO DIRECT POLICIES OF LOCAL CONCERN, AND MEANS EACH STATE HAS THE FREEDOM TO SET ITS OWN POLICIES. GREATER PATTERNS OF MIGRATION CAN SHED LIGHT ON WHAT IS DRAWING PEOPLE TO SOME PLACES AND PUSHING THEM AWAY FROM OTHERS. THIS REFLECTS THE IDEA OF “VOTING WITH YOUR FEET,” THE ABILITY OF PEOPLE TO EXERCISE A DEGREE OF POLITICAL FREEDOM IN DECIDING WHAT POLICIES THEY WOULD LIKE TO LIVE UNDER. DETERMINING WHICH POLICIES ARE WORKING AND WHICH ARE NOT CAN HELP POLICYMAKERS DETERMINE WHICH KEY FACTORS NEED ATTENTION.



FACTS TO KNOW



IN 2019, DOMESTIC MIGRATION RATES DROPPED TO A NEW LOW OF 9.3%, DOWN FROM A HIGH OF 20% IN THE POST-WORLD WAR II ERA. TODAY, LOCAL MOBILITY (CHANGE OF IN-STATE RESIDENCE) ACCOUNTS FOR ROUGHLY 60% OF ALL MOVES AND SITS AT A RATE OF 5.4% OF THE POPULATION. CROSS-COUNTRY/BETWEEN STATE MOVEMENT AVERAGES 3.5% OF THE POPULATION.

MORE THAN 7 MILLION HOUSEHOLDS MOVED TO A DIFFERENT COUNTY IN 2020, ABOUT HALF A MILLION MORE THAN IN 2019, REFLECTING THE MOVES PROMPTED BY THE CORONAVIRUS PANDEMIC.

MORE THAN HALF OF LOCAL MOVERS CITE HOUSING AS THE REASON FOR MOVING, INCLUDING LOOKING FOR NEW, BETTER, OR MORE AFFORDABLE OPTIONS. ABOUT A QUARTER OF MOVERS CITE FAMILY REASONS. THE MAJORITY OF LONG-DISTANCE MOVERS CITE LABOR REASONS, SUCH AS STARTING OR RELOCATING TO A NEW JOB.

DATA FROM THE 2020 CENSUS REVEALS THAT U.S. POPULATION GROWTH HAS SLOWED SIGNIFICANTLY. THE 7.4% INCREASE IN POPULATION BETWEEN 2010 AND 2019 IS THE SECOND SLOWEST GROWTH RATE ON RECORD; THE SLOWEST OCCURRED DURING THE GREAT DEPRESSION. THIS MEANS PEOPLE MOVING BETWEEN STATES HAVE A MUCH LARGER INFLUENCE ON THE POPULATION OF STATES. AND THIS HAS LARGE REPERCUSSIONS.



➤ FRAMING THE ISSUE ◀



WITH THE EXCEPTION OF SOME URBAN AREAS SUCH AS MANHATTAN AND SAN FRANCISCO, THE U.S. IS SEEING “A CHRONIC SHORTAGE OF INVENTORY, HEAVY SALES VOLUME AND PRICES RISING AT LEVELS WILDLY AHEAD OF INCOME GROWTH’.” ADDING TO THIS ARE THE CHALLENGES OF LACK OF LABOR, LAND-USE REGULATIONS, RAW MATERIAL COSTS, AND LACK OF AVAILABLE LOTS. IN THESE GROWING MARKETS, THE UNDERSUPPLY OF HOUSING “IS LEADING TO SPECULATIVE BOOMS.” HOME PRICES IN THE TOP 10 MARKETS IN A WSJ/REALTOR.COM INDEX ROSE 27% ON AVERAGE IN 2020, COMPARED TO THE NATIONWIDE AVERAGE RISE OF 14%.

WHILE RESIDENTS COMING FROM MORE EXPENSIVE MARKETS LIKELY HAVE THE FUNDS TO BUY HOMES IN CASH, THEY THREATEN TO PRICE OUT THE PEOPLE ALREADY LIVING THERE. THESE INDIVIDUALS MAY BE FORCED TO MOVE FURTHER OUT FROM MAJOR AREAS IN SEARCH OF LESS EXPENSIVE HOUSING. IN TURN, THIS MAY AFFECT THE LABOR MARKET IF THEY CHOOSE TO LEAVE THEIR JOBS, OR AFFECT INFRASTRUCTURE THROUGH LONGER COMMUTES TO WORK. PARTICULARLY AS MORE PEOPLE COME THAN LEAVE, THERE MAY BE ADDITIONAL BURDENS ON INFRASTRUCTURE AS MORE INDIVIDUALS USE PUBLIC TRANSPORTATION AND DRIVE ON ROADS, AND ADDITIONAL BURDENS ON SERVICES AS MORE STUDENTS ENROLL IN SCHOOLS.

DATA POINTS INDICATE THE COST OF LIVING AND COST OF OPERATING A BUSINESS ARE MAJOR FACTORS WHEN INDIVIDUALS DECIDE TO RELOCATE. AREAS WHERE IT IS MORE DIFFICULT TO START OR CONDUCT BUSINESS ARE LIKELY TO SEE A DRAIN ON INTELLECTUAL CAPITAL AS ENTREPRENEURS TAKE THEIR BUSINESSES ELSEWHERE. AREAS WHERE WORKERS TAKE HOME LESS EARNINGS DUE TO TAXES ARE LIKELY TO SEE A SHORTAGE IN THE LABOR MARKET AS WORKERS MOVE TO WHERE THEIR EARNINGS CAN GO FARTHER IN RELATION TO COST OF LIVING. MEANWHILE, AREAS WITH POLICIES THAT ENCOURAGE BUSINESS DEVELOPMENT ARE LIKELY TO ATTRACT INDIVIDUALS LOOKING FOR BUSINESS OPPORTUNITIES, EITHER TO START THEIR OWN OR TO JOIN AN ACTIVE AND FLOURISHING BUSINESS SECTOR AND LABOR MARKET.

CONTRACTING MARKETS HAVE TOO MUCH INVENTORY DUE TO OUTMIGRATION, WHICH LEADS TO “A SLOWDOWN IN HOUSE PRICE APPRECIATION.” IN LARGE CITIES WHERE PEOPLE ARE LEAVING, THE RESULT IS DOUBLE-DIGIT RENT DECREASES AND THE SUBSEQUENT DECREASE OF BILLIONS OF DOLLARS OF ANNUAL PROPERTY TAX REVENUE. PROPERTY TAXES IN 2018 ACCOUNTED FOR 30% OF LOCAL GOVERNMENT GENERAL REVENUE, WHICH MEANS CUTS IN PROPERTY TAX REVENUE WILL RESULT IN SUBSEQUENT CUTS TO LOCAL SPENDING IN AREAS FROM ELEMENTARY AND SECONDARY EDUCATION TO PUBLIC HEALTH AND HOSPITALS TO ROADS AND HIGHWAYS.





➤ OUTBOUND STATE MIGRATION ◀



ILLINOIS' POPULATION HAS SHRUNK FOR SIX CONSECUTIVE YEARS. CHICAGO IN PARTICULAR HAS THE DISTINCTION OF BEING THE ONLY CITY "TO SUFFER A DROP IN BOTH PEOPLE MOVING IN AND AN INCREASE IN PEOPLE MOVING OUT." CENSUS DATA REVEALED MOST OF THOSE LEAVING ARE PRIME WORKING-AGE RESIDENTS WITH HIGHER LEVELS OF EDUCATION LOOKING FOR BETTER JOBS AND HOUSING OPPORTUNITIES. THIS HAS NEGATIVE IMPLICATIONS FOR THE STATE'S TAX BASE, LABOR MARKET OFFERINGS, AND INTELLECTUAL CAPITAL.

ACCORDING TO CENSUS BUREAU DATA, OF ADULTS WHO LEFT CALIFORNIA IN THE 2010S, 49% CITED WORK-RELATED REASONS, 23% CITED HOUSING-RELATED REASONS, AND 20% CITED FAMILIAL REASONS. A 2019 UC BERKELEY POLL OF REGISTERED VOTERS FOUND MORE THAN HALF OF SURVEY RESPONDENTS HAD CONSIDERED LEAVING CALIFORNIA; 71% MENTIONED HIGH COST OF HOUSING AND 58% MENTIONED HIGH TAXES. A SURVEY BY THE PUBLIC POLICY INSTITUTE OF CALIFORNIA IN MAY 2021 FOUND ABOUT A THIRD OF CALIFORNIANS "HAVE SERIOUSLY CONSIDERED LEAVING THE STATE BECAUSE OF HOUSING COSTS."

NEW YORK'S CUMULATIVE NET DOMESTIC MIGRATION LOSS TO OTHER STATES SINCE 2010 SITS AT OVER 1.5 MILLION. CENSUS ESTIMATES SAY OVER 200,000 MORE RESIDENTS MOVED OUT OF NEW YORK STATE THAN INTO NEW YORK FROM OTHER STATES BETWEEN JULY 2019 AND JULY 2020, THE HIGHEST AMOUNT IN 14 YEARS. IN 2020, THE STATE LOST A NET 150,000 HOUSEHOLDS, MORE THAN ANY OTHER STATE AND DOUBLE THE AMOUNT IN 2019. ACROSS ALL 50 OF NEW YORK'S COUNTIES, ONLY 3 HAVE GAINED POPULATION OVER THE PAST DECADE.



➤ INBOUND STATE MIGRATION ◀



BESIDES HOUSING, THE LABOR MARKET IS ALSO A PULL FACTOR. DALLAS PLACED FIRST FOR CITIES IN TECH INVESTMENT GROWTH IN 2020, ATTRACTING ENTREPRENEURIAL TALENT. INDIVIDUALS ARE NOT THE ONLY ONES HEADING TO TEXAS; ORACLE AND HEWLETT PACKARD HAVE MADE THE MOVE, TESLA IS OPENING A NEW ASSEMBLY PLANT, AND THE CHARLES SCHWAB CORP. IS AMONG SEVERAL "NORTHERN CALIFORNIA EMPLOYERS" THAT "HAVE RECENTLY SHIFTED THOUSANDS OF JOBS TO TEXAS." AS ONE CALIFORNIA BUSINESS OWNER DESCRIBED, THERE IS ALWAYS "A PERMIT, LICENSE, FEE, OR LINE TO GET THINGS DONE," BUT TEXAS IS MORE "BUSINESS-FRIENDLY". MUNICIPALITIES MAY OFFER TAX ABATEMENTS TO NEW BUSINESSES, AND ON THE WHOLE THE STATE HAS NO INCOME TAX, MAKING IT ATTRACTIVE FOR INDIVIDUALS AND BUSINESSES ALIKE.

IN 2019, INTERSTATE MOVES ACCOUNTED FOR MORE THAN TWO-THIRDS OF ALL HOUSEHOLD GROWTH IN ARIZONA. THE PHOENIX METRO AREA HAS ONE OF THE HIGHEST SHARE OF OUT-OF-STATE NEWCOMERS WHO ARE HOMEOWNERS (41%). THE MAJORITY OF DOMESTIC MIGRANTS ARE COMING FROM CALIFORNIA AND ARE ATTRACTED TO THE LOWER COST OF LIVING AND HOME PRICES. IN 2018, THE COST OF LIVING IN TUCSON WAS ABOUT 6% BELOW THE NATIONAL AVERAGE, AND PHOENIX WAS 2% BELOW. INVESTORS HAVE BEEN TAKING ADVANTAGE OF ARIZONA'S POPULARITY. ACCORDING TO THE WALL STREET JOURNAL, "BIG INVESTORS NOW OWN MORE THAN 22,000 RENTAL HOUSES IN METRO PHOENIX, AND DEPLOY HOUSE-HUNTING ALGORITHMS SOPHISTICATED ENOUGH TO SPOT A SUNNY KITCHEN IN A GOOD SCHOOL DISTRICT FASTER THAN A FOR-SALE SIGN CAN BE POUNDED INTO THE YARD."

FLORIDA HAS BEEN ATTRACTING NEW RESIDENTS FOR SOME TIME NOW; IN 2017, THE STATE HAD THE MOST DOMESTIC INMOVERS FROM OTHER STATES (FOLLOWED BY TEXAS). IN 2019, ROUGHLY HALF OF THE 96,000 NEW HOUSEHOLDS IN FLORIDA CAME FROM INTERSTATE MOVES. THE TAMPA METRO (ALONG WITH THE PHOENIX METRO, MENTIONED ABOVE), HAS ONE OF THE HIGHEST SHARES OF OUT-OF-STATE NEWCOMERS WHO ARE HOMEOWNERS, AT 41%. COVID-19 HAS PROMPTED MANY OUT-OF-STATERS TO BUY HOMES IN FLORIDA, PARTICULARLY NEW YORKERS, BUT OVERALL POPULATION GROWTH IN FLORIDA IN 2020 SLOWED TO ITS LOWEST RATE SINCE 2014. WARM WEATHER AND LOW TAXES HAVE HISTORICALLY ATTRACTED NEW RESIDENTS, WHILE RISING HOME PRICES ARE BEGINNING TO PUSH PEOPLE OUT; THE MIAMI METRO AREA, FOR EXAMPLE, HAS ONE OF THE HIGHEST PERCENTAGES (40%) OF COST-BURDENED RENTER HOUSEHOLDS IN THE COUNTRY.

➤ WHAT YOU CAN DO ◀

MEASURE -

DO YOU KNOW THE RATE OF INBOUND OR OUTBOUND MIGRATION IN YOUR COMMUNITY OR STATE? OR THE STATE OF THE REAL ESTATE MARKET? WHAT ARE YOUR STATE'S POLICIES, SUCH AS THOSE REGARDING TAXATION? HOW ARE INDIVIDUALS TAXED ON THEIR INCOME? WHAT IS THE SALES TAX IN YOUR STATE? HOW ARE BUSINESSES TAXED IN YOUR STATE? HOW DO YOUR ENERGY COSTS COMPARE? IS THERE A TASK FORCE OR PROJECT IN YOUR COMMUNITY TO WELCOME NEW RESIDENTS, OR DOES ONE NEED TO BE FORMED?



IDENTIFY -

ARE THERE COMMUNITY ORGANIZATIONS THAT ATTEND TO THE COMMUNITY'S NEW RESIDENTS? WHAT STEPS HAVE YOUR STATE'S OR COMMUNITY'S ELECTED AND APPOINTED OFFICIALS TAKEN?



REACH OUT -

FIND ALLIES IN YOUR COMMUNITY OR IN NEARBY TOWNS AND ELSEWHERE IN THE STATE. FOSTER COLLABORATIVE RELATIONSHIPS WITH LOCAL BUSINESSES, COMMUNITY ORGANIZATIONS, AND SCHOOL BOARDS.

PLAN -

SET MILESTONES BASED ON YOUR STATE'S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.



EXECUTE -

SEE WHAT'S HAPPENING TO HOUSING INVENTORY AND PROPERTY LISTING PRICES IN YOUR COMMUNITY. SEE HOW MANY HOUSEHOLDS MOVED IN OR OUT OF YOUR COUNTY. ENGAGE WITH YOUR LOCAL ELECTED OFFICIALS; WHAT IS BEING DONE TO WELCOME NEWCOMERS TO THE COMMUNITY? ENGAGE WITH YOUR LOCAL CHAMBER OF COMMERCE. WHAT IS THE STATE OF THE BUSINESS SECTOR, AND WHAT IS ATTRACTING OR DISCOURAGING BUSINESS FORMATION? SEE WHETHER YOUR STATE LOST OR GAINED SEATS AFTER THE 2020 CENSUS, AND HISTORY OF APPORTIONMENT, TO UNDERSTAND POPULATION PATTERNS IN YOUR STATE.

