Meeting Agenda - Final

ABAG Regional Planning Committee

Chair, Karen Mitchoff, Supervisor, County of Contra Costa
Vice Chair, Carlos Romero, Urban Ecology

Wednesday, March 4, 2020	**1:30 PM**	**Yerba Buena - 1st Floor**

Note Start Time

Association of Bay Area Governments
Regional Planning Committee

The ABAG Regional Planning Committee may act on any item on the agenda.
The meeting is scheduled to begin at 1:30 p.m.
Agenda, roster, and webcast available at https://abag.ca.gov
For information, contact Clerk of the Board at (415) 820-7913.

Location
Bay Area Metro Center, 375 Beale Street, Yerba Buena Conference Room 1st Floor, San
Francisco, California
Teleconference Location
County of Sonoma, Board of Supervisors, 575 Administration Drive, Room 100, Santa Rosa,
California

Roster
Susan Adams, Jesse Arreguin, Marily Ezzy Ashcraft, Rick Bonilla, Mark Boucher, Monica
Brown, Paul Campos, David Canepa, Kathleen Cha, Cindy Chavez, Amber Crabbe, Diane
Dillon, Pat Eklund, Neysa Fligor, Scott Haggerty, Russell Hancock, Melissa Jones, Rafael
Mandelman, Nathan Miley, Karen Mitchoff, Julie Pierce, David Rabbitt, Belia Ramos, Matt
Regan, Katie Rice, Carlos Romero, Mark Ross, Al Savay, Gregory Scharff, Scott Sedgley,
James Spering, Sonja Trauss, Lori Wilson

1. **Call to Order / Pledge of Allegiance / Roll Call / Confirm Quorum**

2. **Public Comment**

   Information

3. **Chair's Report**

   Information

4. **Consent Calendar**

4.a.   20-0374   Approval of ABAG Regional Planning Committee Minutes of February 5,
                              2020

  Action: Approval

  Presenter: Clerk of the Board

  Attachments: Item 4a Minutes 20200205 Draft.pdf

5. Regional Housing Needs Allocation

5.a.   20-0375   Report on Proposed Methodology for Determining Regional Housing Need
                              Allocation (RHNA) Subregion Shares

                              Update on jurisdictions that have opted to form a subregion for conducting
                              the 6th cycle RHNA process and presentation of the proposed
                              methodology for determining a subregion's share of the Regional Housing
                              Need Determination (RHND).

  Action: Approval

  Presenter: Gillian Adams

  Attachments: Item 5a 1 Summary RHNA Subregions v2.pdf

                         Item 5a 2 Attachment A Memo RHNA Subregions v2.pdf

                         Item 5a 3 Attachment B Resolution No 2020 07 Acknowledging Formation RHN

                         Item 5a 4 Attachment C Presentation RHNA Subregions v2.pdf

6. Plan Bay Area 2050

6.a.   20-0378   Report on Second Round of Priority Development Area Nominations and
                              Expanded Local Engagement

                              Report on the second round of Priority Development Area nominations and
                              expanded local engagement, emphasizing the late May deadline for local
                              jurisdictions to submit expanded or new PDAs.

  Action: Information

  Presenter: Dave Vautin

  Attachments: Item 6a 1 Summary Additional PDA Window v1.pdf

                         Item 6a 2 Attachment Memo AdditionalPDAWindow v2.pdf

6.b.   [20-0376](#)   Report on Draft Regional Grown Forecast of Total Jobs, Population, Households, and Housing Units for Plan Bay Area 2050

Presentation on the Draft Regional Growth Forecast for population, jobs, and housing for the nine-county region under development for use in Plan Bay Area 2050, based upon the ABAG Executive Board's adopted methodology from Fall 2019.

Action: Information

Presenter: Paul Fassinger

Attachments: [Item 6b 1 Summary Draft Regional Growth Forecast v2.pdf](#)

[Item 6b 2 Attachment A Memo Draft Growth Forecast.pdf](#)

[Item 6b 3 Attachment B Presentation Draft Growth Forecast.pdf](#)

7. Adjournment / Next Meeting

The next meeting of the ABAG Regional Planning Committee is on May 6, 2020.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章：MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	20-0374	**Version:** 1	**Name:**	
Type:	Minutes		**Status:**	Committee Approval
File created:	2/24/2020		**In control:**	ABAG Regional Planning Committee
On agenda:	3/4/2020		**Final action:**	
Title:	Approval of ABAG Regional Planning Committee Minutes of February 5, 2020			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	Item 4a Minutes 20200205 Draft.pdf			

Date	Ver.	Action By	Action	Result

Approval of ABAG Regional Planning Committee Minutes of February 5, 2020

Clerk of the Board

Approval

Meeting Minutes - Draft

ABAG Regional Planning Committee

Chair, Karen Mitchoff, Supervisor, County of Contra Costa
Vice Chair, Carlos Romero, Urban Ecology

Wednesday, February 5, 2020	1:00 PM	Yerba Buena - 1st Floor

Association of Bay Area Governments
Regional Planning Committee
Special Meeting

The ABAG Regional Planning Committee may act on any item on the agenda.
The meeting is scheduled to begin at 1:00 p.m.
Agenda, roster, and webcast available at https://abag.ca.gov
For information, contact Clerk of the Board at (415) 820-7913.

Roster
Susan Adams, Jesse Arreguin, Marilyn Ezzy Ashcraft, Rick Bonilla, Mark Boucher, Monica Brown, Paul Campos, David Canepa, Kathleen Cha, Cindy Chavez, Amber Crabbe, Diane Dillon, Pat Eklund, Neysa Fligor, Scott Haggerty, Russell Hancock, Melissa Jones, Rafael Mandelman, Nathan Miley, Karen Mitchoff, Julie Pierce, David Rabbitt, Belia Ramos, Matt Regan, Katie Rice, Carlos Romero, Mark Ross, Al Savay, Gregory Scharff, Scott Sedgley, James Spering, Sonja Trauss, Lori Wilson, Monica Wilson

1. Call to Order / Pledge of Allegiance / Roll Call / Confirm Quorum

Chair Mitchoff called the meeting to order at about 1:02 p.m. Quorum was present. The agenda was taken as follows: Item 6, Item 2, Item 4, Item 3, Item 5, Item 7, Item 8.

Present: 19 - Ashcraft, Bonilla, Brown, Cha, Chavez, Crabbe, Eklund, Haggerty, Hancock, Miley, Mitchoff, Pierce, Regan, Rice, Romero, Ross, Savay, Spering, and Trauss

Absent: 15 - Adams, Arreguin, Boucher, Campos, Canepa, Dillon, Fligor, Jones, Mandelman, Rabbitt, Ramos, Scharff, Sedgley, Wilson L, and Wilson M

2. Public Comment

There was no public comment.

3. Election of Regional Planning Committee Chair and Vice Chair

3.a.   20-0241   Election of Regional Planning Committee Chair and Vice Chair

Upon the motion by Savay and second by Bonilla, the nomination of MItchoff as Chair and Romero as Vice Chair of the ABAG Regional Planning Committee was approved. The motion passed unanimously by the following vote:

Aye: 20 - Ashcraft, Bonilla, Brown, Cha, Chavez, Crabbe, Eklund, Fligor, Haggerty, Hancock, Miley, Mitchoff, Pierce, Regan, Rice, Romero, Ross, Savay, Spering, and Trauss

Absent: 14 - Adams, Arreguin, Boucher, Campos, Canepa, Dillon, Jones, Mandelman, Rabbitt, Ramos, Scharff, Sedgley, Wilson L, and Wilson M

4. Chair's Report

There was no Chair's Report.

5. Consent Calendar

Upon the motion by Pierce and second by Romero, the Consent Calendar was approved. The motion passed unanimously by the following vote:

Aye: 20 - Ashcraft, Bonilla, Brown, Cha, Chavez, Crabbe, Eklund, Fligor, Haggerty, Hancock, Miley, Mitchoff, Pierce, Regan, Rice, Romero, Ross, Savay, Spering, and Trauss

Absent: 14 - Adams, Arreguin, Boucher, Campos, Canepa, Dillon, Jones, Mandelman, Rabbitt, Ramos, Scharff, Sedgley, Wilson L, and Wilson M

5.a.   [20-0214](#)   Approval of ABAG Regional Planning Committee Minutes of December 4, 2019

6. Regional Housing Needs Allocation

Neysa Fligor joined the meeting.

6.a.   [20-0211](#)   Regional Housing Need Allocation: Housing Methodology Committee Update and Overview of New Rules for Identifying Housing Element Sites

Staff will provide an update from the Housing Methodology Committee on the Regional Housing Need Allocation process to date and will provide an overview of new requirements for identifying sites for housing in the Housing Element.

Gillian Adams gave the report.

The following gave public comment: Rodney Nickens.

7. Plan Bay Area 2050

7.a.   [20-0212](#)   Update on Plan Bay Area 2050: Draft Blueprint - Housing and Economy
                                Elements

Staff will provide an update on the proposed geographies and strategies
for the Plan Bay Area 2050 Draft Blueprint, focused on the Housing and
Economy elements of the Plan. Staff will present on material shared with
the ABAG Executive Board in late January at the joint ABAG/MTC
workshop, highlighting feedback received.

Matt Maloney and Dave Vautin gave the report.

The following gave public comment: Ken Bukowski.

8. Adjournment / Next Meeting

Chair Mitchoff adjourned the meeting at about 3:00 p.m. The next regular
meeting of the ABAG Regional Planning Committee is on March 4, 2020.

File #:	20-0375	**Version:** 1	**Name:**		
Type:	Report		**Status:**	Committee Approval	
File created:	2/24/2020		**In control:**	ABAG Regional Planning Committee	
On agenda:	3/4/2020		**Final action:**		

Title: Report on Proposed Methodology for Determining Regional Housing Need Allocation (RHNA) Subregion Shares

Update on jurisdictions that have opted to form a subregion for conducting the 6th cycle RHNA process and presentation of the proposed methodology for determining a subregion's share of the Regional Housing Need Determination (RHND).

Sponsors:

Indexes:

Code sections:

Attachments: Item 5a 1 Summary RHNA Subregions v2.pdf
Item 5a 2 Attachment A Memo RHNA Subregions v2.pdf
Item 5a 3 Attachment B Resolution No 2020 07 Acknowledging Formation RHNA Subregions.pdf
Item 5a 4 Attachment C Presentation RHNA Subregions v2.pdf

Date	Ver.	Action By	Action	Result

Report on Proposed Methodology for Determining Regional Housing Need Allocation (RHNA) Subregion Shares

Update on jurisdictions that have opted to form a subregion for conducting the 6th cycle RHNA process and presentation of the proposed methodology for determining a subregion's share of the Regional Housing Need Determination (RHND).

Gillian Adams

Approval

March 4, 2020   **Agenda Item 5.a.**

Regional Housing Needs Allocation (RHNA)

Subject: Report on Proposed Methodology for Determining Regional
                           Housing Needs Allocation (RHNA) Subregion Shares

Background: Staff will provide an update on RHNA subregion formation and the
                           proposed methodology for allocating a share of the region's total
                           housing need to subregions, consistent with Housing Element
                           Law.

Issues: Housing Element Law allows two or more jurisdictions to form a
                           "subregion" to conduct a parallel RHNA process to allocate the
                           subregion's housing need among its members. For this cycle of
                           RHNA, subregions have formed in Napa County and Solano
                           County.

                           Housing Element Law also requires ABAG to allocate a share of
                           the region's total housing needs to a subregion in a "proportion
                           consistent with the distribution of households assumed for the
                           comparable time period of the applicable regional transportation
                           plan." To meet this requirement, ABAG staff proposes that the
                           subregion's share of housing needs should be based on the
                           shares of household growth for member jurisdictions for the RHNA
                           period (2022-2030) from the Plan Bay Area 2050 Blueprint. This is
                           the same approach for determining the subregion share of total
                           housing need ABAG used for the 2015-2023 RHNA.

Recommended Action: The ABAG Regional Planning Committee is requested to
                           recommend ABAG Executive Board authorization of staff to
                           negotiate and enter into a delegation agreement with the RHNA
                           subregions in Napa County and Solano County and to approve
                           the proposed methodology for allocating a share of total housing
                           need to each subregion.

Attachments: A. Memo RHNA Subregion Formation and Subregion Share
                           Methodology

                           B. Resolution No. 07-2020

                           C. Presentation

Reviewed: _Therese W McMillan_
                           Therese W. McMillan

REGIONAL HOUSING NEEDS ALLOCATION

Association of Bay Area Governments

TO: Regional Planning Committee   DATE: March 4, 2020

FR: Executive Director

RE: RHNA Subregion Formation and Subregion Share Methodology

Overview

Housing Element Law allows two or more jurisdictions to form a "subregion" to conduct a parallel RHNA process to allocate the subregion's housing needs among its members.[1] The subregion process allows for greater collaboration among jurisdictions, potentially enabling RHNA allocations that are more tailored to the local context as well as greater coordination of local housing policy implementation.

Jurisdictions that form a subregion accept responsibility for meeting all statutory requirements for RHNA, including fully allocating the subregion's total housing needs, developing an allocation methodology for the subregion that is reviewed by HCD, releasing a draft housing allocation by income using the subregion's adopted allocation methodology, addressing any appeals of the subregion's draft allocation, preparing and approving the subregion's final allocation and conducting the required public hearings. Housing Element Law requires the RHNA allocation, including the allocations made by subregions, to be consistent with the development pattern in Plan Bay Area 2050.[2]

Subregion Formation

The deadline for jurisdictions to form a subregion was February 1, 2020. Local governments who wished to form a subregion were required to adopt a resolution confirming their participation in the subregion.

ABAG has received notification of formation of two subregions:
1. ***Napa County***: includes City of American Canyon, City of Napa, Town of Yountville, and the County of Napa *(does not include City of Calistoga or City of St. Helena)*
2. ***Solano County***: includes City of Benicia, City of Dixon, City of Fairfield, City of Rio Vista, City of Suisun City, City of Vacaville, City of Vallejo, and County of Solano

ABAG will enter into a delegation agreement with each subregion formally assigning the authority for completing the RHNA process from ABAG to the subregion.

Determining a Subregion's Share of Total Housing Needs

The California Department of Housing and Community Development (HCD) is responsible for identifying the total number of housing units for which the Bay Area must plan for the eight-year RHNA cycle, from 2022-2030. Each subregion then receives a share of the region's total housing needs from ABAG and must allocate a portion to each participating jurisdiction.

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[1] See State of California Government Code Section 65584.03.
[2] See State of California Government Code Section 65584.04(m)(3).

The legal requirement for how ABAG allocates a share of the region's total housing needs to each subregion remains unchanged from the last RHNA cycle. Housing Element Law states:

> *"The share or shares allocated to a delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan."[3]*

To meet this statutory requirement, ABAG staff recommends that the total housing needs assigned to each subregion be based on its share of the region's household growth between 2022-2030 from the Plan Bay Area 2050 Blueprint. The subregion's share of the region's total housing needs (as determined by HCD) would be the sum of each member jurisdiction's share of the region's household growth for the RHNA period. To encourage consistency between the RHNA allocation developed by ABAG and the subregions' allocations, the income distribution for the subregion's share of housing needs will be determined using the income allocation methodology adopted as part of ABAG's RHNA methodology. This is the same approach for determining the subregion share of total housing need ABAG used for the 2015-2023 RHNA.

Changes to Subregion Membership
Consistent with ABAG's approach for previous RHNA cycles, the proposed delegation agreement allows for a jurisdiction to withdraw from participation in the subregion without causing the dissolution of the entire subregion. If a jurisdiction withdraws from the subregion, the subregion's share of housing needs will be reduced by the number of units the withdrawing jurisdiction would receive from the most current version of ABAG's methodology available at the time when the jurisdiction decides to withdraw. The withdrawing member will then become part of the region's RHNA process, and it would receive its allocation based on the methodology adopted by ABAG.

Next Steps
In summer 2020, ABAG will release a draft share of housing needs for each subregion using the Draft Plan Bay Area 2050 Blueprint. ABAG will release the proposed final share of housing needs for each subregion using the Final Blueprint and hold a public hearing, as required by Housing Element Law, prior to adopting the final subregion shares in fall 2020.

Recommendation
Staff respectfully requests that the ABAG Regional Planning Committee recommend that the ABAG Executive Board authorize staff to negotiate and enter into a delegation agreement with the subregions in Napa County and Solano County and approve the proposed methodology for allocating a share of total housing need to each subregion.

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[3] See State of California Government Code Section 65584.03(c).

ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD

RESOLUTION NO. 07-2020

ACKNOWLEDGING FORMATION OF REGIONAL HOUSING NEEDS ALLOCATION (RHNA) SUBREGIONS AND AUTHORIZING NEGOTIATION AND EXECUTION OF DELEGATION AGREEMENT BETWEEN ABAG AND RHNA SUBREGION(S)

WHEREAS, the Association of Bay Area Governments (ABAG) is a joint powers agency formed pursuant to the agreement of its members and California Government Code §§ 6500, et seq., and is the council of governments (COG) for the San Francisco Bay Area; and

WHEREAS, pursuant to the Housing Element Law (Act) at California Government Code §§ 65580, et seq., each COG and the California Department of Housing and Community Development (HCD) are required to determine the existing and projected housing needs in the COG's region; and

WHEREAS, under the Act, ABAG determines each city's and county's share of the regional housing need through the regional housing need allocation process (RHNA); and

WHEREAS, local governments have the option of forming a RHNA subregion to allocate a share of the regional housing need among themselves; and

WHEREAS, the Act requires that ABAG acknowledge the formation of RHNA subregions and to enter into a delegation agreement with each one that forms; and

WHEREAS, local governments have notified ABAG in writing of their intent to form the RHNA subregions, as is listed in Attachment A to this resolution.

ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 07-2020

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments hereby:

1. Acknowledges the formation of the RHNA subregion by local governments as shown in Attachment A to this resolution; and

2. Authorizes staff to negotiate and execute a delegation agreement with each subregion.

The foregoing was adopted by the Executive Board this 19th day of March, 2020.

_____
Jesse Arreguin
President

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Clerk of the Board of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 19th day of March, 2020.

_____
Frederick Castro
Clerk of the Board

ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 07-2020

ATTACHMENT A

ABAG has received formal written notice from local governments regarding their intent to form the Napa Subregion and Solano Subregion.

Napa Subregion

City of American Canyon
City of Napa
Town of Yountville
County of Napa

Solano Subregion

City of Benicia
City of Dixon
City of Fairfield
City of Rio Vista
City of Suisun City
City of Vacaville
City of Vallejo
County of Solano

Regional Housing Needs Allocation (RHNA) Subregions

ABAG Regional Planning Committee

March 4, 2020

What are subregions and how many have been formed for this RHNA cycle?

- **Jurisdictions can form a subregion to carry out its own RHNA.** Subregions must follow the same process and meet the same requirements as the regional RHNA process.

- **The primary benefit is local ownership of RHNA process.**

- **Subregions formed for this RHNA cycle:**

  - *Napa County*: American Canyon, Napa, Yountville, and Napa County *(does not include Calistoga and St. Helena)*

  - *Solano County*: Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, Vallejo, and Solano County *(includes all jurisdictions in county)*

How is the subregion's share of housing needs calculated?

- **HCD will identify the total number of housing units for the Bay Area,** which is referred to as the Regional Housing Needs Determination (RHND).

- **ABAG must allocate a share of the total housing needs to each subregion,** whereas the subregion must develop a methodology for allocating among member jurisdictions.

- **For the total number of housing units for the subregion, the process is clearly prescribed in Housing Element Law:** the subregion share must be "in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan".

How is the subregion's share of housing needs calculated?

- Therefore, based upon these statutory requirements, the share of the RHND for each subregion must be based upon **its share of Bay Area household growth between 2022 to 2030 from the Plan Bay Area 2050 Final Blueprint.**

- For the income distribution of units allocated to the subregion, there are not the same statutory requirements; however, **staff proposes to use the same process as conducted for the previous RHNA cycle.**

  - To align with the regional process and to support affirmatively furthering fair housing, **staff proposes to use the Proposed Methodology developed by fall 2020** through the HMC process to identify subregional breakdowns of units by income.

Can a subregion's membership change over time?

- **Yes, jurisdictions can withdraw from a subregion,** so long as this occurs prior to when ABAG's Draft Methodology is submitted to HCD.

- **The subregion can continue even if a member withdraws,** as long as it still meets the statutory guidelines.

- **The withdrawing member would then become part of the regional (ABAG) RHNA process,** receiving its allocation based on the methodology adopted by ABAG.

What are the next steps?

- **Summer 2020**: ABAG releases draft subregion share of housing needs using the Plan Bay Area 2050 Draft Blueprint.

- **Fall 2020**: ABAG releases final subregion share of housing needs using the Plan Bay Area 2050 Final Blueprint, holding a public hearing before adopting final subregion shares.

Today's Requested Action

Recommend that the ABAG Executive Board authorize staff to negotiate and enter into a delegation agreement with the subregions in Napa County and Solano County and approve the proposed methodology for allocating a share of total housing need to each subregion.

Thank You

For more information contact

Gillian Adams, RHNA Project Manager

gadams@bayareametro.gov

File #:	20-0378	**Version:** 1	**Name:**	
Type:	Report		**Status:**	Informational
File created:	2/24/2020		**In control:**	ABAG Regional Planning Committee
On agenda:	3/4/2020		**Final action:**	
Title:	Report on Second Round of Priority Development Area Nominations and Expanded Local Engagement Report on the second round of Priority Development Area nominations and expanded local engagement, emphasizing the late May deadline for local jurisdictions to submit expanded or new PDAs.			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	Item 6a 1 Summary Additional PDA Window v1.pdf Item 6a 2 Attachment Memo AdditionalPDAWindow v2.pdf			

Date	Ver.	Action By	Action	Result

Report on Second Round of Priority Development Area Nominations and Expanded Local Engagement

Report on the second round of Priority Development Area nominations and expanded local engagement, emphasizing the late May deadline for local jurisdictions to submit expanded or new PDAs.

Dave Vautin

Information

March 4, 2020	**Agenda Item 6.a.**

Plan Bay Area 2050

Subject: Report on Second Round of Priority Development Area Nominations and Expanded Local Engagement

Background: At its meeting on February 20, 2020 the ABAG Executive Board received a staff report enabling a second round of Priority Development Area nominations, combined with expanded local engagement efforts for Plan Bay Area 2050. This enables cities to expand PDAs or nominate new PDAs in advance of the Final Blueprint for Plan Bay Area 2050 later this year.

Staff will report on the second round of Priority Development Area nominations and expanded local engagement, emphasizing the late May deadline for local jurisdictions to submit expanded or new PDAs.

Issues: None

Recommended Action: Information

Attachments: Memo, Plan Bay Area 2050: Blueprint Growth Geographies – Second Round of Priority Development Area Nominations and Expanded Local Engagement

Reviewed:

Therese W. McMillan

M E M O R A N D U M

PLAN BAY AREA 2050

TO:	ABAG Executive Board	DATE:	February 18, 2020
FR:	Executive Director		
RE:	Plan Bay Area 2050: Blueprint Growth Geographies – Second Round of Priority Development Area Nominations and Expanded Local Engagement		

Summary

At the February 14th joint meeting of MTC Planning and ABAG Administrative Committees, staff presented the recommended Growth Geographies for the Plan Bay Area 2050 Draft Blueprint. Based on feedback from local jurisdictions, staff recommends augmenting the recommendation to study "Option B" in the Draft Blueprint phase with two further commitments: (1) **to enable a second round of submissions of new or expanded Priority Development Areas (PDAs) this spring in advance of the *Final Blueprint* phase**, and (2) **to commit to expanded local engagement** specifically targeted to jurisdictions who have designated less than 50 percent of their PDA-eligible areas as places for future housing growth.

Background

Last year, cities and counties had the opportunity to nominate new and expanded PDAs for consideration as locations for focused housing growth in advance of the Plan Bay Area 2050 Blueprint planning process. As identified in proposed ABAG Resolution 02-2020, 34 new PDAs were nominated in 2019, as well as dozens of PDA boundary modifications. Still, many jurisdictions have still not nominated the majority of their PDA-eligible areas for consideration, creating challenges in advancing critical equity and sustainability goals for the region and the state. To address this issue – as highlighted in **Attachment A** – staff have proposed a set of Growth Geographies for study, fusing locally-nominated Priority Development Areas (PDAs) with additional growth areas in Transit-Rich and High-Resource places that have not nominated at least 50 percent of PDA-eligible areas.

At the meeting, staff heard from several jurisdictions that fell short of that 50 percent threshold, expressing interest in working collaboratively to expand their PDA boundaries or nominate new PDAs in advance of Plan Bay Area 2050. In response, staff is recommending to augment the "Option B" approach with an opportunity for local jurisdictions to submit new PDAs or PDA boundary expansions this spring. If submissions from a given local jurisdiction then exceed the 50 percent threshold set under "Option B", these new PDAs would be integrated in lieu of relevant Transit-Rich and High-Resource Areas as part of the analysis of the Plan Bay Area 2050 Final Blueprint.

Proposed Path Forward

For local jurisdictions interested in expanding PDA boundaries or nominating new PDAs, staff is proposing a second round of PDA nominations for Plan Bay Area 2050 this spring, in particular to

enable local jurisdictions to increase the share of PDA-eligible lands nominated as places for future housing growth. New PDAs or expanded PDAs would be required to meet the adopted ABAG criteria as updated in May 2019, including a commitment to developing a PDA-specific plan and meeting transit service minimum requirements. Similar to the 2019 call for PDA nominations, new PDAs require adoption by a City Council or Board of Supervisors, whereas PDA boundary expansions simply require approval by a City Manager or Planning Director.

The timeline for this proposed process is listed below:

- **Mid-March:** open window for second round of submissions for new or expanded PDAs
- **March through May:** targeted engagement with local jurisdictions to submit additional PDAs or to expand existing PDAs
- **May 28th:** final deadline for submitting new PDAs or expanded PDAs for consideration in Plan Bay Area 2050 Final Blueprint, including Council or Board resolutions if necessary
- **Summer:** adoption of new and expanded PDAs by ABAG Board; integration into Final Blueprint Growth Geographies

To support our local partners, MTC/ABAG staff will commit to expanded local engagement during this time period, focusing on presentations to city and county planning directors who would be a lead role for submitting new and expanded PDAs. Presentations will also highlight the Growth Geographies framework under study through the Draft Blueprint process and the road to the Final Blueprint later this year. In particular, staff will undertake targeted local engagement for jurisdictions who have nominated less than 50 percent of their PDA-eligible areas, given that these jurisdictions are likely to be the most interested in participating in this second round of PDA nominations in advance of Plan Bay Area 2050.

Therese W. McMillan

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	20-0376	**Version:** 1	**Name:**		
Type:	Report		**Status:**	Informational	
File created:	2/24/2020		**In control:**	ABAG Regional Planning Committee	
On agenda:	3/4/2020		**Final action:**		
Title:	Report on Draft Regional Grown Forecast of Total Jobs, Population, Households, and Housing Units for Plan Bay Area 2050				
	Presentation on the Draft Regional Growth Forecast for population, jobs, and housing for the nine-county region under development for use in Plan Bay Area 2050, based upon the ABAG Executive Board's adopted methodology from Fall 2019.				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	Item 6b 1 Summary Draft Regional Growth Forecast v2.pdf				
	Item 6b 2 Attachment A Memo Draft Growth Forecast.pdf				
	Item 6b 3 Attachment B Presentation Draft Growth Forecast.pdf				

Date	Ver.	Action By	Action	Result

Report on Draft Regional Grown Forecast of Total Jobs, Population, Households, and Housing Units for *Plan Bay Area 2050*

Presentation on the Draft Regional Growth Forecast for population, jobs, and housing for the nine-county region under development for use in *Plan Bay Area 2050*, based upon the ABAG Executive Board's adopted methodology from Fall 2019.

Paul Fassinger

Information

March 4, 2020	Agenda Item 6.b.

Plan Bay Area 2050

Subject:	Report on Draft Regional Growth Forecast of Total Jobs, Population, Households, and Housing Units for *Plan Bay Area 2050*
Background:	In preparation for crafting the growth pattern for *Plan Bay Area 2050*, it is necessary to first understand how much the region will likely grow over the next 30 years. The Regional Growth Forecast estimates of jobs, population and households will serve as a key input to the UrbanSim 2.0 land use model, which will identify likely locations for future growth based on the ultimate Plan's strategies. This presentation will focus on the draft range of Regional Growth Forecasts, and the underlying assumptions for creating the range. MTC/ABAG staff are developing the Regional Growth Forecast based on the methodology adopted by the ABAG Board in September 2019.
Issues:	For Plan Bay Area 2050, MTC/ABAG staff have worked on an upgraded methodology that is designed to integrate the effects of housing, economic, and other critical strategies that are part of the broader Plan Blueprint. Such strategies are expected to influence the level of growth in the region, while also affecting affordability, equity, economic mobility, and other critical outcomes. The draft Regional Growth Forecast range includes a Base Case forecast which can be described as "business as usual", with few changes from today's policies. We are also providing an Upper Range forecast, which reflects a significant drop in the relative price of housing between the Bay Area and the nation; this shift would be the net result of implementing a suite of potential strategies that would increase housing supply at all income levels.
	Between 2015 and 2050, the Base Case forecast projects regional employment to grow by 1.1 million to **5.1 million jobs**. Population is forecasted to grow by 2.0 million people to **9.7 million**. This population will comprise over **3.6 million** households, for an increase of nearly 950,000 households from 2015. The Upper Range forecast, which assumes integration of successful housing strategies that would effectively lower the region's relative housing price, projects that the region would grow to **5.2 million jobs**, and **10.2 million** people comprising **4.0 million** households. Additional technical documentation is provided in **Attachment A**.
Next Steps:	Upcoming refinements will work to align the Regional Growth Forecast with the specific strategies integrated in the Draft Blueprint for Plan Bay Area 2050. The Final Regional Growth

March 4, 2020   **Agenda Item 6.b.**

Plan Bay Area 2050

Forecast is slated to be complete in spring 2020 in advance of the Final Blueprint phase of Plan Bay Area 2050.

Recommended Action: Information

Attachments: A. Plan Bay Area 2050: Draft Regional Growth Forecast

B. Presentation

Reviewed:

Therese W. McMillan

M E M O R A N D U M

PLAN BAY AREA 2050

Agenda Item 6.a - Attachment A

TO:	Regional Planning Committee	DATE:	March 4, 2020
FR:	Bobby Lu, Lisa Zorn and Paul Fassinger		
RE:	Plan Bay Area 2050: Draft Regional Growth Forecast		

Summary

The Regional Growth Forecast is an important element of the Plan Bay Area 2050 long-range planning process. The forecast identifies how much the Bay Area might grow between the Plan baseline year (2015) and the Plan horizon year (2050), including population, jobs, households, and associated housing units. The forecast also includes characteristics of that growth, including employment by sector, population by age and ethnic characteristics, and the demographic characteristics and income distribution of households. The Regional Growth Forecast will be used during the Blueprint planning phase to identify the total amount of growth, which will then be distributed to local areas using the UrbanSim 2.0 land use model based on strategies integrated into the Plan.

After integrating feedback from the public, key stakeholders, and a technical advisory committee[1], the ABAG Executive Board approved the Regional Growth Forecast Methodology in September 2019. Staff has continued to work with the technical advisory committee on implementation of the forecast methodology; this memorandum summarizes the Draft Regional Growth Forecast which was informed by their input.

Staff continues to seek further input through spring 2020, at which point the Regional Growth Forecast will be finalized. This memo describes a draft range for the Regional Growth Forecast, as well as the underlying assumptions. At this point, the forecast is still a work in progress, and MTC/ABAG staff expects some changes will occur. For example, the methodology for the income distribution forecast is still being refined, and those results will be shared in future meetings.

Setting the Stage: The Context for Plan Bay Area 2050

Developing a Regional Growth Forecast has long been a key element of drafting the long-range plan for the Bay Area. However, in recent years, it has become apparent that critical issues need to be better understood in the context of developing such a forecast.

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[1] The technical advisory committee includes: 6 Bay Area economists, 3 California Department of Finance experts, 3 megaregion representatives (Sacramento Area Council of Governments, San Joaquin Council of Governments, University of the Pacific), and 3 experienced REMI users (from the Atlanta Regional Commission, a Michigan think tank, and a Colorado nonprofit).

The first is related to **regional affordability**. In Plan Bay Area 2040, it was estimated that the average share of lower-income household income spent on housing would rise by approximately 13 percentage points; this was due in part to the fact that regional housing strategies were limited in nature and affects the geographic distribution of forecasted growth rather than the Regional Forecast itself. Policymakers specifically asked "what it would take" to move the needle on affordability, but these affordability gaps were not identified until after the Regional Growth Forecast was finalized. Plan Bay Area 2050 presents an opportunity to integrate new housing strategies specifically designed at increasing supply for all income levels, which in turn may contribute to a more affordable region and a slightly higher Regional Growth Forecast.

The second is related to **uncertainty**. While required by statute, the creation of a single Regional Growth Forecast in prior cycles did not provide the opportunity to explore how different trajectories for regional growth would affect critical environmental, economic, and other goals. To address this gap, MTC/ABAG staff undertook the Horizon initiative in 2018-19, which explored not only how different growth trajectories would affect the region but also how the region could respond to those different trajectories through new strategies. Ultimately, the efficacy of those strategies was explored in summer 2019 and will soon be published in the forthcoming Futures Final Report.

Entering the Plan Bay Area 2050 cycle, staff worked with technical stakeholders to make methodological refinements to incorporate lessons learned from both efforts. The methodology adopted enables the Regional Growth Forecast to incorporate changes in strategies that would affect the level of growth in the region, while also affecting affordability, equity, economic mobility, and other critical outcomes. For this memo, staff will focus on integrating housing strategies that would change the relative price of housing, primarily because it is expected that housing strategies will yield the most significant change to the forecast at the regional level. With the final set of strategies for Plan Bay Area 2050 still under discussion through the Blueprint process, staff has provided both a Base Case Forecast and an Upper Range Forecast. This range compares a "business as usual" policy approach – based on today's strategies – with a more ambitious policy approach – in which bold strategies yield a significant drop in the relative price of housing between the Bay Area and the nation.

Methodology and Assumptions: Base Case Forecast

The Regional Growth Forecast is primarily developed using the REMI (Regional Economic Modeling Inc.) model version 2.3. The REMI model integrates into one package a dynamic accounting of the core components of the economy: industry structure and competitiveness relative to other regions, propensity to export, and population and labor market structure. The population is explicitly connected to industry growth and demand for labor, with migration increasing in times of strong employment growth. This is an updated version of the REMI model used to calculate the growth forecast for Plan Bay Area 2040, which used REMI version 1.7.8.

The model of demographic and economic growth coordinates with the land use models and transportation models to identify the amounts and locations of growth, and how those changes will impact the transportation system. Once regional growth totals are identified, the Bay Area UrbanSim 2.0 model incorporates infrastructure and development costs and constraints to identify where that growth will take place. The results of Bay Area UrbanSim 2.0 are then

further analyzed using Travel Model 1.5 to understand mobility impacts associated with such growth. Working with the TAC, staff has reviewed REMI data, assumptions and its default results, and made some changes to both national demographic data and regional economic data to get a better baseline picture of the region's future.

Demographic Adjustments

Staff adjusted Hispanic international migration based on numbers from the most recent U.S. Census Bureau projections. Compared to Census projections, REMI 2.3 Default projects 42,000 more Hispanic international migrants in 2020. The difference decreases for the next 30 years, and by 2050, the REMI Default projection is just 1,000 higher than the Census (See Table 1).

Table 1: Hispanic International Migration Census vs REMI 2.3 Default

	2020	2030	2040	2050
Census Hispanic	414,000	412,000	410,000	391,000
REMI Unadjusted Hispanic	456,000	431,000	415,000	392,000
Census Total	1,010,000	1,064,000	1,098,000	1,110,000
REMI Unadjusted Total	1,111,000	1,112,000	1,113,000	1,113,000
Source: REMI 2.3; Census 2017 National Population Projections				

As noted above, staff updated REMI's Hispanic international migration assumptions using Census 2020, 2030, and 2040 numbers and interpolated for the in-between years, as the Census trends more closely align with observed data in recent years. The gender and age distributions from REMI were used to produce detailed Hispanic international migration for all years between 2020 and 2050. Additionally, in conversation with DOF about REMI birth rates, DOF noted that REMI fertility rates are projected to be slightly higher, notably for Hispanic (which could overstate births). REMI 2.3 birth rates are higher than DOF estimates, although somewhat lower than rates found in earlier REMI version. Staff also changed Hispanic birth rates at the national level by 20 percent, consistent with observations from a variety of sources that slowing Hispanic birth rates are being observed throughout the country as well as in Mexico. This adjustment lowers the total national population in 2050 by less than 0.3 percent.

Economic Adjustments

At the national level, staff adjusted the employment growth downward for the data processing sector. Data processing (which includes data processing, hosting, and related services) is projected to grow by 136 percent between 2018 and 2050 in REMI 2.3 for the nation. REMI projects the average annual growth rate for this sector for 2018-2028 to be 2.2 percent, slightly above the BLS 2018-2028 forecast (2.1 percent). However, after 2030, REMI projects an average annual growth rate of roughly three percent for the data processing sector. Staff adjusted data processing employment using the 2020-2030 annual average growth rate from REMI and assuming a constant growth rate after 2030, which lowers the national total employment slightly.

The REMI 2.3 default forecast estimates that the region's share of the US will continue to grow, for both employment and population. The share of US data processing jobs was estimated to

grow from 18.5 percent to 22.5 percent in 2050. However, this contrasts sharply with historic experience. Based on Bureau of Economic Analysis (BEA) data, the Bay Area's share of total U.S. employment, even at peak periods, has never been above 2.9 percent and has not reached that level since the early 1990s. Staff identified sector shares to adjust and their period of adjustment, and created new regional controls that keep the share of some sectors constant after 2025 and after 2040, as shown in Table 2.

Table 2: Sector Share Adjustments Made in REMI 2.3 for a Base Case Regional Growth Forecast

(1) Sectors with share constant after 2025 (basic sectors):
- Oil and gas extraction
- Mining (except oil and gas)
- Support activities for mining
- Beverage and tobacco product manufacturing
- Wholesale trade
- Data processing, hosting, and related services; Other information services
- Broadcasting, except Internet
- Telecommunications
- Professional, scientific, and technical services
- Management of companies and enterprises
- Administrative and support services

(2) Sectors with share constant after 2040 (local serving):
- Construction
- Retail trade
- Transit and ground passenger transportation
- Monetary authorities - central bank; Credit intermediation and related activities
- Securities, commodity contracts, other investments; Funds, trusts, other financial vehicles

Source: ABAG/MTC and Center for Continuing Study of the California Economy

Base Case Relative Housing Price Adjustment

In REMI, relative housing price influences overall population levels by way of factoring into the relative wage levels of the region, net of housing costs. Higher relative prices will make the region less attractive to new workers and labor costs more expensive, all other things equal. REMI does not account for absolute levels for current and future prices but instead provides a measure of relative prices for regions compared to national levels. Staff looked at ACS median prices and Zillow reported prices to determine if the REMI relative housing price index had accurately reflected the relative strength of the Bay Area housing market. Based on a review of ACS and Zillow data, staff determined that the price difference was not fully captured in the REMI index. REMI 2.3 shows Bay Area prices ranging from 1.3 times the national level in Solano to 3.6 times the national level in San Francisco in 2018 – with a weighted average of 2.8. While using Zillow homeowner and the renter indices, the weighted average of this aggregated series is 3.1, 11 percent above the REMI price index. Staff used this higher ratio for 2018 for each county and maintained this proportional higher price through 2050. This relative housing price was utilized for the Base Case Forecast.

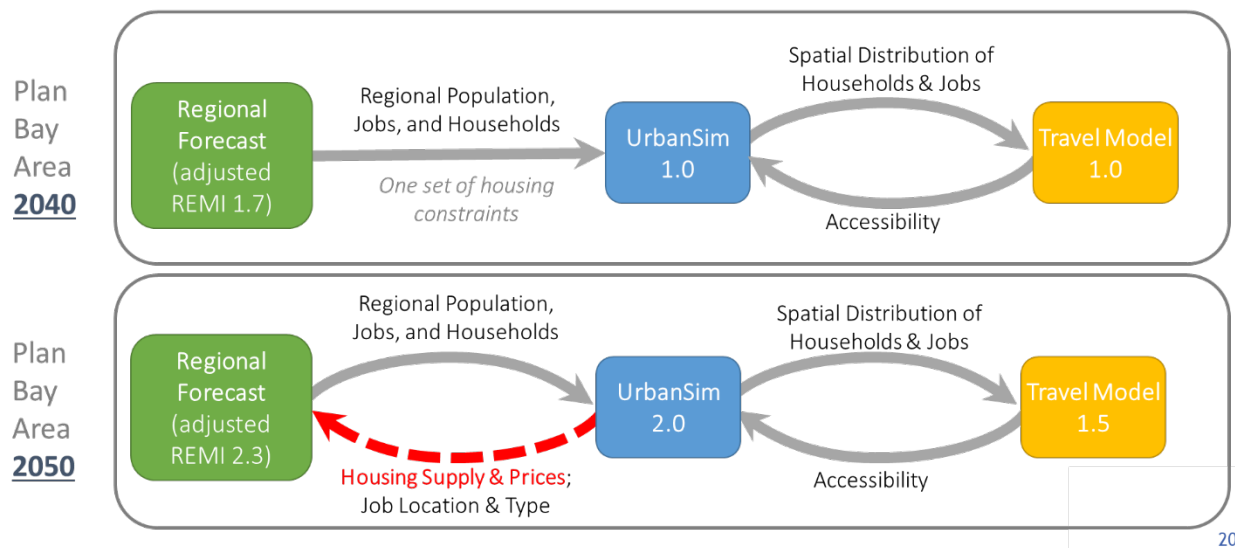*Table 3: Relative Housing Price Comparisons, REMI, ACS and Zillow**

	ACS Relative Home Value	Zillow All Home Index	Zillow Rental Index	Zillow Average All Home and Rental	REMI	Zillow Relative to REMI
Alameda	4.4	3.6	1.9	**2.7**	2.5	1.1
Contra Costa	3.5	2.5	1.7	**2.1**	2.1	1.0
Marin	5.5	4.4	2.4	**3.4**	3.3	1.0
Napa	3.4	3.3	1.8	**2.6**	2.0	1.3
San Francisco	6.2	7.0	2.7	**4.9**	3.6	1.4
San Mateo	6.2	5.9	2.3	**4.1**	3.5	1.2
Santa Clara	5.7	4.7	2.1	**3.4**	3.1	1.1
Solano	2.3	1.8	1.3	**1.5**	1.3	1.2
Sonoma	3.4	2.9	1.7	**2.3**	2.0	1.2
Weighted Average	4.8	4.0	2.2	**3.1**	2.8	1.1

Source: ABAG/MTC from REMI 2.3, calculations from data from the American Community Survey, and Zillow Home Value Index (2018, Bay Area Counties and US), Zillow Rental Index (2018, Bay Area Counties and US). Weighted average calculated using California Department of Finance housing unit numbers.

*Note: Staff used Zillow index only because it includes detailed rental information. ACS data was shown for reference in this table.

Methodology and Assumptions: Upper Range Forecast

Building upon the methodology for the Base Case Forecast, a consistent Upper Range Forecast was also developed. As described in the adopted Regional Growth Forecast Methodology, when preparing a Regional Growth Forecast for Plan Bay Area 2050, staff intends to consider how UrbanSim 2.0 results could be factored into the modified REMI model. These models appropriately reflect the effects of housing, economic, and other critical strategies in the Draft and Final Blueprint.

Due to the directionality of these data flows, this element of the methodology is referred to as the "backward arrow" as shown in Figure 2. For example, where and how much housing is built could change the cost of housing, as well as the cost and demand for labor. Similarly, a change in housing prices and location overall could further change the number and types of jobs that can be generated in the region as well as the labor force that can live in the region.

Figure 2: Integrating Strategies into the Regional Growth Forecast for Plan Bay Area 2050

In producing this range for the Draft Regional Growth Forecast, staff focused the effects of housing strategies on the region's employment and demographics. The "backward arrow" indicates that the Regional Growth Forecast would ultimately use UrbanSim results as an input. Staff kicked off implementation of this conceptual approach, following a literature review process, by first looking at a potential affordability target – bringing home prices relative to the U.S. as a whole back to 2001 levels (approximately a 35 percent decrease from 2018 levels).

Based on Horizon Futures Round 2 analyses of development capacity associated with potential housing strategies, this would be an ambitious but still feasible target for the Bay Area to work towards over time. Future UrbanSim 2.0 modeling of the full suite of revised housing strategies going forward would help to determine if the final set of strategies for Plan Bay Area 2050 would be sufficient to enable this level of supply; this work will proceed once the Draft Blueprint strategies are advanced into the modeling phase this winter.

To produce the Upper Range Forecast while integrating greater housing supply and improved affordability outcomes, staff made several modifications to the Base Forecast. These modifications assume that strategies to increase housing supply at all income levels would be integrated into the Blueprint:

- First, staff modified the relative housing price variable in REMI such that by 2050 the ratio between the housing price of the Bay Area and that of the nation is 35 percent below 2018 levels. As a result of potential strategies to increase housing supply, Bay Area housing prices would then grow at a slower rate than the nation in the next three decades.
- Second, staff added the investment associated with construction of new housing units as an input in REMI to capture additional economic benefits of increasing housing supply in the region. Increases to construction employment and associated economic activity are meaningful co-benefits of additional housing construction.

Future iterations will enable further back-and-forth between UrbanSim 2.0 and REMI, based on the ultimate strategies integrated into the Draft Blueprint.

Draft Range for the Regional Growth Forecast

Table 4 shows the Plan Bay Area 2050 Draft Regional Growth Forecast range. The Base Case forecast shows that between 2015 and 2050, the region's employment is projected to grow by 1.1 million to just over 5.1 million total jobs. Population is forecasted to grow by 2.0 million people to 9.7 million. This population will comprise over 3.6 million households, for an increase of nearly 950,000 households from 2015. The Upper Range forecast, which assumes successful housing policies and strategies would effectively lower the region's relative housing price, shows the region would grow to 5.2 million jobs, and 10.2 million people comprising 4.0 million households. In each case, the number of housing units[2] plans for no net growth in the in-commute into the region, consistent with state law and MTC/ABAG legal agreements.

Table 4: Plan Bay Area 2050 - Draft Regional Growth Forecast Range

Base Case	2015	2025	2030	2035	2040	2045	2050
Employment	4,007,000	4,453,000	4,522,000	4,654,000	4,825,000	4,952,000	5,087,000
Population	7,630,000	8,294,000	8,512,000	8,750,000	9,059,000	9,372,000	9,692,000
Households	2,701,000	3,035,000	3,155,000	3,274,000	3,404,000	3,529,000	3,648,000
Housing Units	2,862,000	3,211,000	3,341,000	3,471,000	3,614,000	3,749,000	3,880,000
Upper Range							
Employment	4,007,000	4,518,000	4,588,000	4,727,000	4,909,000	5,050,000	5,200,000
Population	7,630,000	8,440,000	8,708,000	9,008,000	9,396,000	9,805,000	10,236,000
Households	2,701,000	3,228,000	3,377,000	3,528,000	3,693,000	3,857,000	4,021,000
Housing Units	2,862,000	3,526,000	3,690,000	3,858,000	4,043,000	4,223,000	4,404,000

Changes Compared to Plan Bay Area 2040

The following table shows the Base Case 2050 forecast in blue, the Plan Bay Area 2040 forecast in black, and the difference between the two through 2040. The Base Case forecast projects approximately 100,000 more jobs, 600,000 fewer people, 23,000 fewer households and 9,000 more housing units in 2040 compared to the Plan Bay Area 2040 forecast.

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[2] Consistent with the legal settlement with the Building Industry Association, this housing unit projection includes housing for all projected households plus the number of units that would be needed to house the increased number of workers estimated to commute into the region. The in-commute change is estimated using REMI output for employment, and "residence adjusted employment". After adjusting for workers per household, an in-commuter household number is added to the base for estimating the regional housing control total. The regional housing control total is the sum of the households estimated for the projected population plus households equivalent to the maximum estimated in-commute number, plus a vacancy factor.

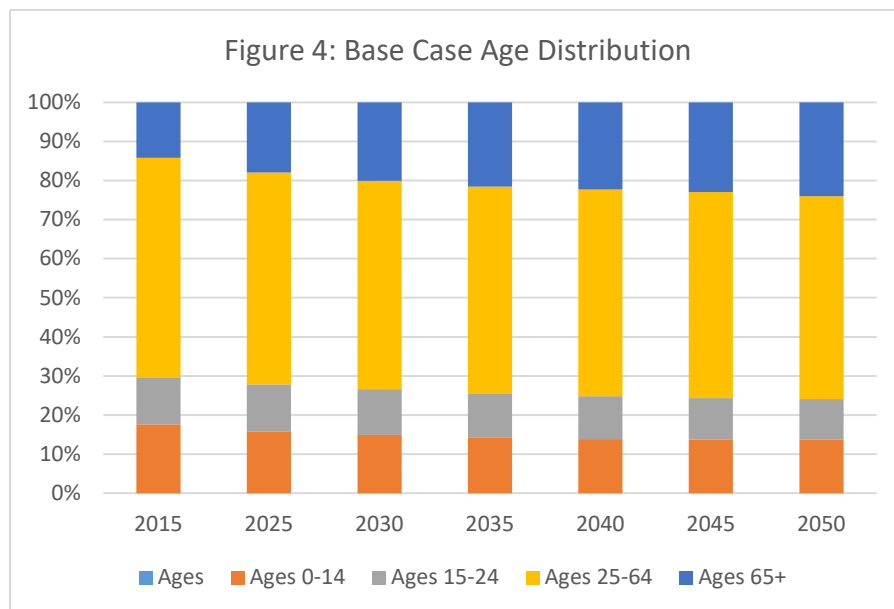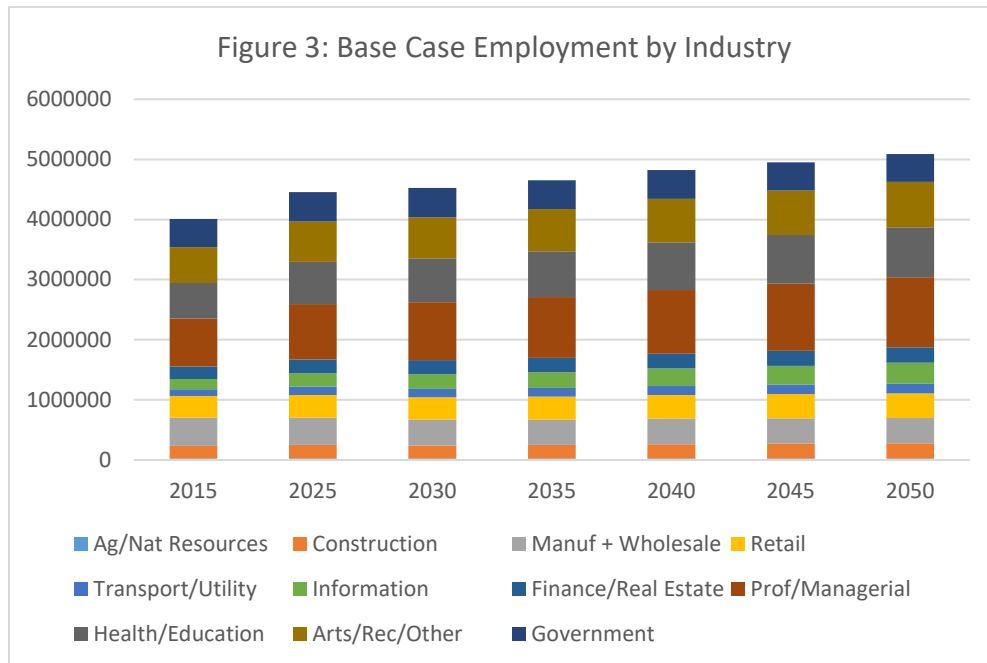*Table 5: Plan Bay Area 2050 Base Case versus Plan Bay Area 2040*

Base Case	2015	2025	2030	2035	2040	2045	2050
Employment	4,007,000	4,453,000	4,522,000	4,654,000	4,825,000	4,952,000	5,087,000
Population	7,630,000	8,294,000	8,512,000	8,750,000	9,059,000	9,372,000	9,692,000
Households	2,701,000	3,035,000	3,155,000	3,274,000	3,404,000	3,529,000	3,648,000
Housing Units	2,862,000	3,211,000	3,341,000	3,471,000	3,614,000	3,749,000	3,880,000
PBA40							
Employment	4,026,000	4,268,000	4,405,000	4,549,000	4,698,000		
Population	7,574,000	8,284,000	8,689,000	9,143,000	9,653,000		
Households	2,679,000	3,009,000	3,142,000	3,281,000	3,427,000		
Housing Units	2,840,000	3,080,000	3,245,000	3,421,000	3,605,000		
Difference between Base Case & PBA40							
Employment	-19,000	185,000	117,000	105,000	127,000		
Population	56,000	10,000	-177,000	-393,000	-594,000		
Households	22,000	26,000	13,000	-7,000	-23,000		
Housing Units	22,000	131,000	96,000	50,000	9,000		

There are several reasons for the difference in the forecasts between Plan Bay Area 2040 and the Base Case for 2050. Differences in population are largely due to the assumption that the recent observed decline in Hispanic international migration and birth rates would continue into the future. Recent strong employment growth has caused us to adjust the early years of the forecast, and as a result the endpoint of the trend is also higher. Finally, comparing the age composition of the population in these two forecasts, the Base Case has higher number older adults, who usually have relatively high headship rates, i.e. forming more households.

Additional Demographic Data from Base Case Forecast

As expected, professional & management and health & education industries are forecasted to continue dominating future employment, as the absolute number of jobs in manufacturing & wholesale as well as transportation & utilities continue to decline. Such trends may be able to be affected slightly with new economic strategies under consideration for the Plan Blueprint. Results are generally consistent with the Upper Range Forecast as well.

Also as expected, the increasing share of the 65+ age group and the declining share of young children are anticipated to continue in the decades ahead. Results are generally consistent with the Upper Range Forecast as well.

PLAN BAY AREA 2050

Figure 3: Base Case Employment by Industry

Legend: Ag/Nat Resources, Construction, Manuf + Wholesale, Retail, Transport/Utility, Information, Finance/Real Estate, Prof/Managerial, Health/Education, Arts/Rec/Other, Government

Figure 4: Base Case Age Distribution

Legend: Ages, Ages 0-14, Ages 15-24, Ages 25-64, Ages 65+

Next Steps

This presentation of the Draft Regional Growth Forecast gives staff time to incorporate feedback and address concerns from stakeholders. Upcoming refinements will work to align the Regional Growth Forecast with the specific strategies integrated into the Draft Blueprint for Plan Bay Area 2050. Staff will refine the assumptions and work on improving the methodology with the consultant and the TAC, with a Final Regional Growth Forecast adopted anticipated in spring 2020.

PLAN BAY AREA 2050

Draft Regional Growth Forecast

Paul Fassinger, Economist

Regional Planning Program

ABAG Regional Planning Committee - March 4, 2020

Setting the Stage:
Context for Plan Bay Area 2050

Regional affordability remained a critical issue in **Plan Bay Area 2040**

Horizon Initiative studied how the region could respond to uncertainties with a suite of new strategies
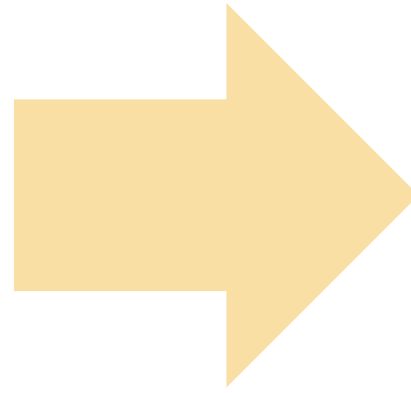
Plan Bay Area 2050 Regional Growth Forecast to integrate strategies that affect both the level of growth and critical regional outcomes

PLAN BAY AREA 2050

Setting the Stage: How Will We Forecast the Growth Pattern

- **Plan Bay Area 2050 Regional Growth Forecast** estimates employment and population, households by income category, and in-commuting change at the regional level between 2015 and 2050.

- The next step is to forecast the total amount of growth in **local areas** based on strategies integrated into the Plan.

Employment

Income

In-Commute

Households

Population

PLAN BAY AREA 2050
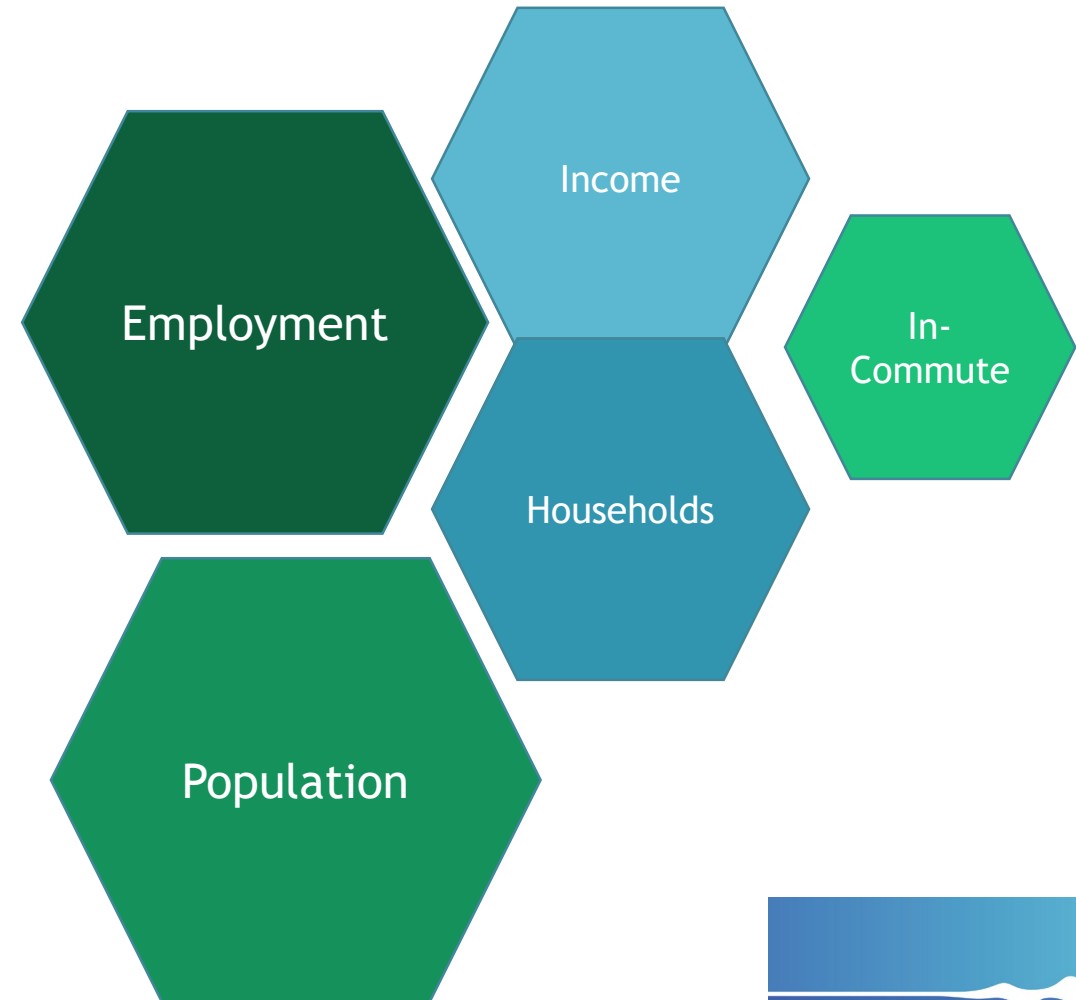
Forecast Range: Business as Usual vs. Strategy Infused

- **Base Case**: business as usual, assuming few changes from existing policies.

- **Upper Range**: strategy infused forecast, reflecting the impacts of potential policies and strategies on regional economy and demographics.
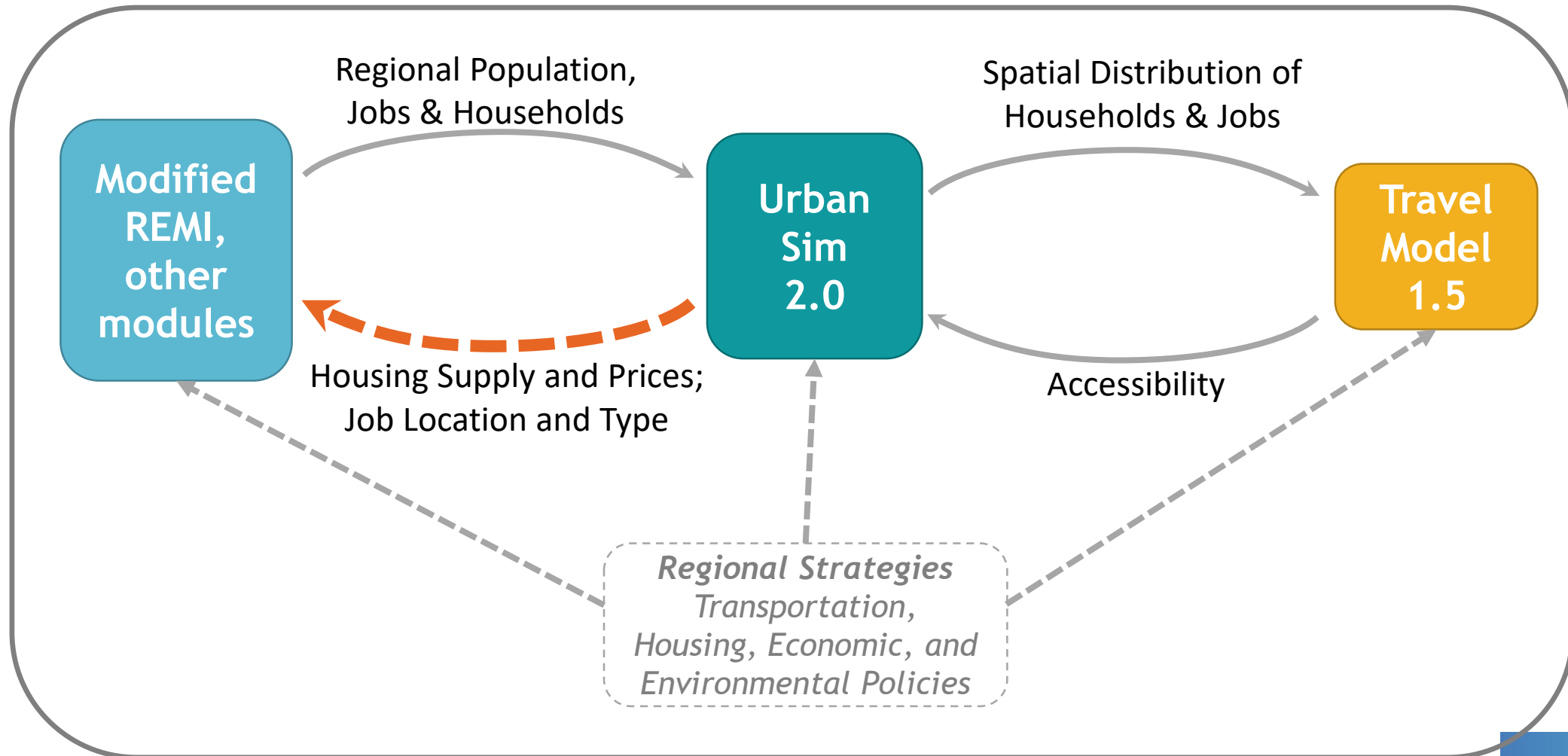
PLAN BAY AREA 2050

PLAN BAY AREA 2050

Forecasting Tools and Assumptions

Base Case Assumptions

- Bay Area employment is driven by national trends in population growth and employment.

- Overall U.S. population growth will likely slow over next three decades, particularly given observed decline in Hispanic international migration and birth rates.

- Competitiveness of Bay Area sectors relative to the equivalent sectors in the U.S. will grow slowly then stabilize.

- Bay Area relative housing price to the nation remains high.

PLAN BAY AREA 2050

Upper Range Assumptions

- We use REMI model to explore what happens to the region's economy and demographics if a suite of housing strategies bring prices relative to the nation as a whole back to levels from 2001.

  - This represents a 35 percent decrease from the price differential in year 2018 – an ambitious but feasible target for improving regional affordability.

- Where and how much housing is built could change the cost of housing, as well as the cost and demand for labor.

- A change in housing prices and location could further change the number and types of jobs as well as the labor force that can live in the region.

PLAN BAY AREA 2050
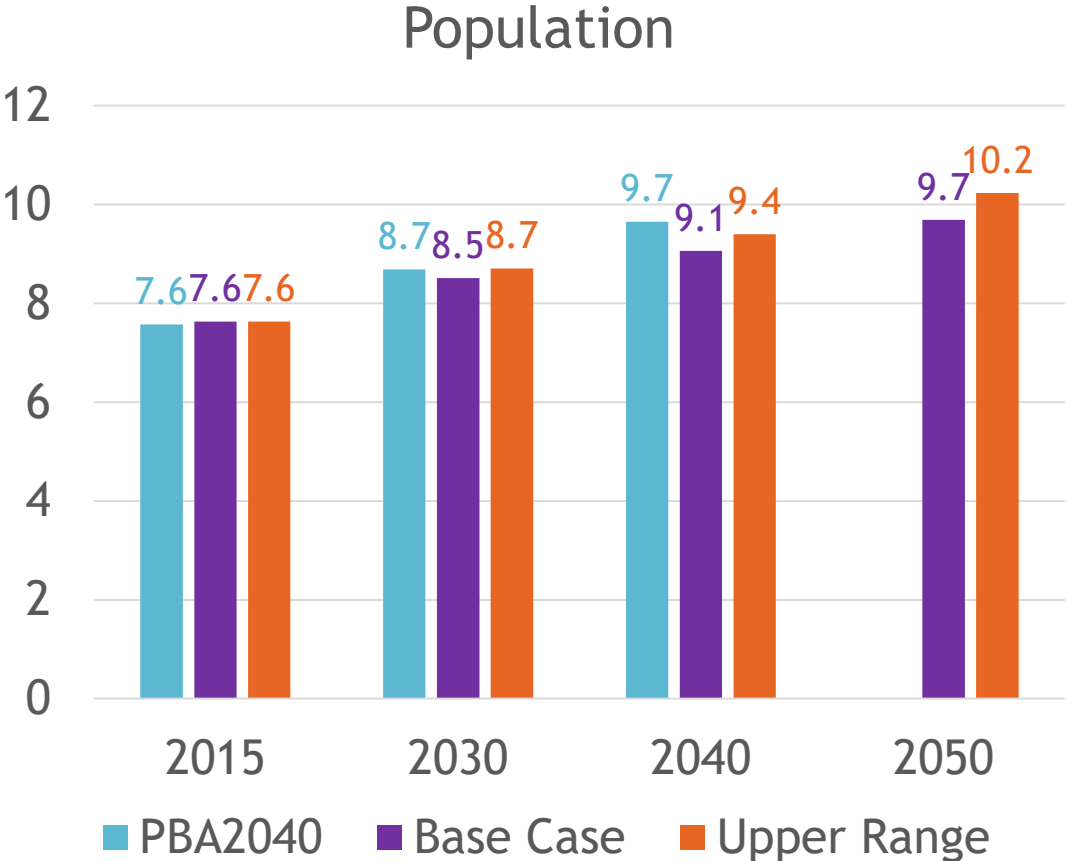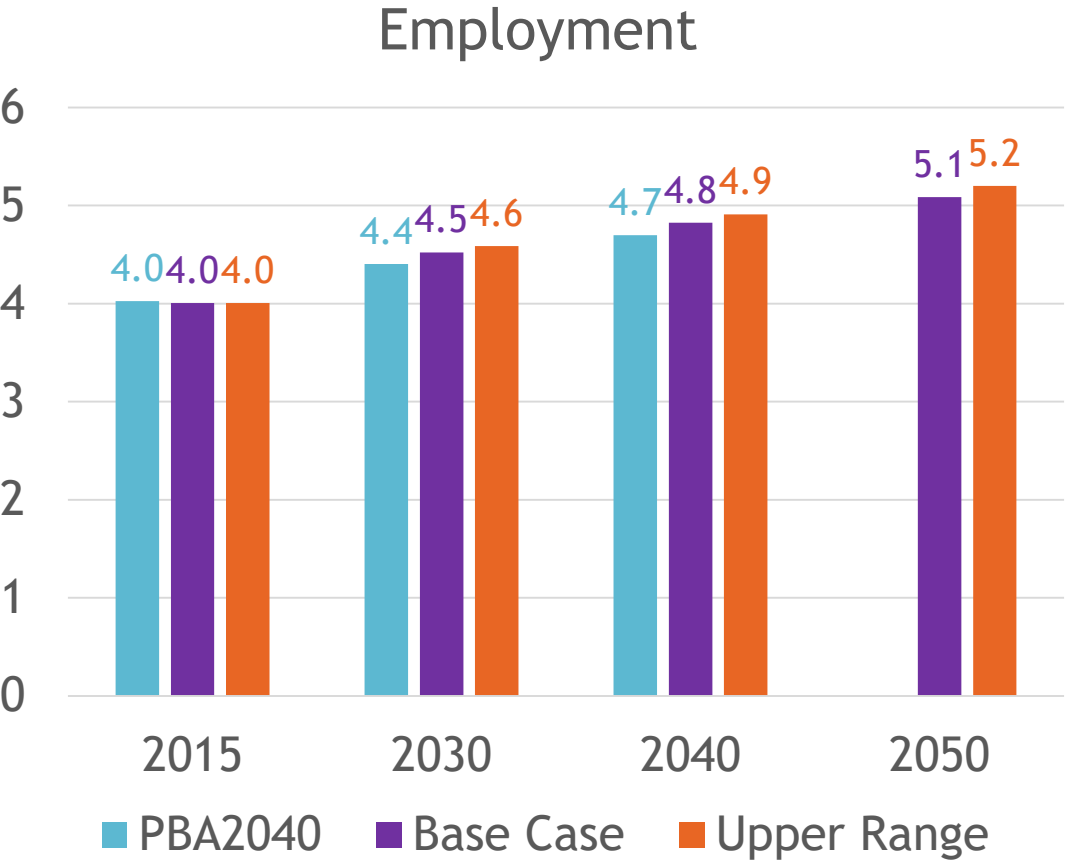
The Backward Arrow

PLAN BAY AREA 2050

Draft Regional Growth Forecast

Draft Regional Growth Forecast Range: Employment and Population

Employment

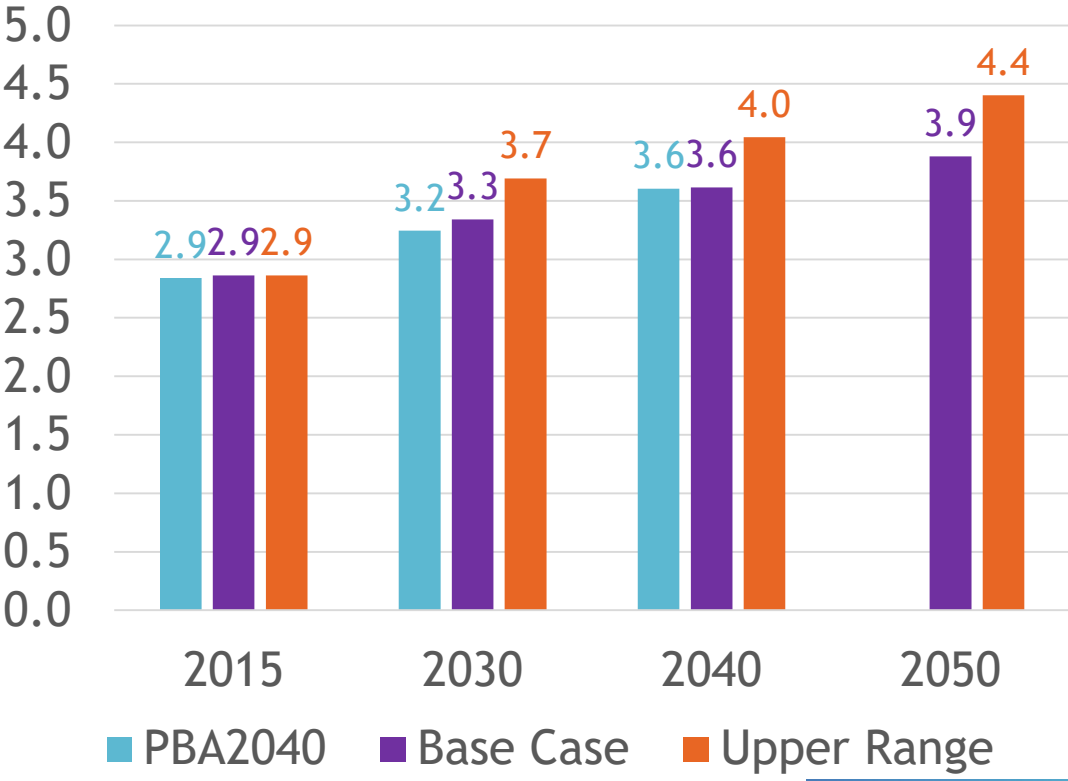|	2015	2030	2040	2050
PBA2040	4.0	4.4	4.7	
Base Case	4.0	4.5	4.8	5.1
Upper Range	4.0	4.6	4.9	5.2

Population

	2015	2030	2040	2050
PBA2040	7.6	8.7	9.7	
Base Case	7.6	8.5	9.1	9.7
Upper Range	7.6	8.7	9.4	10.2

PLAN BAY AREA 2050

Draft Regional Growth Forecast Range: Households and Housing Units
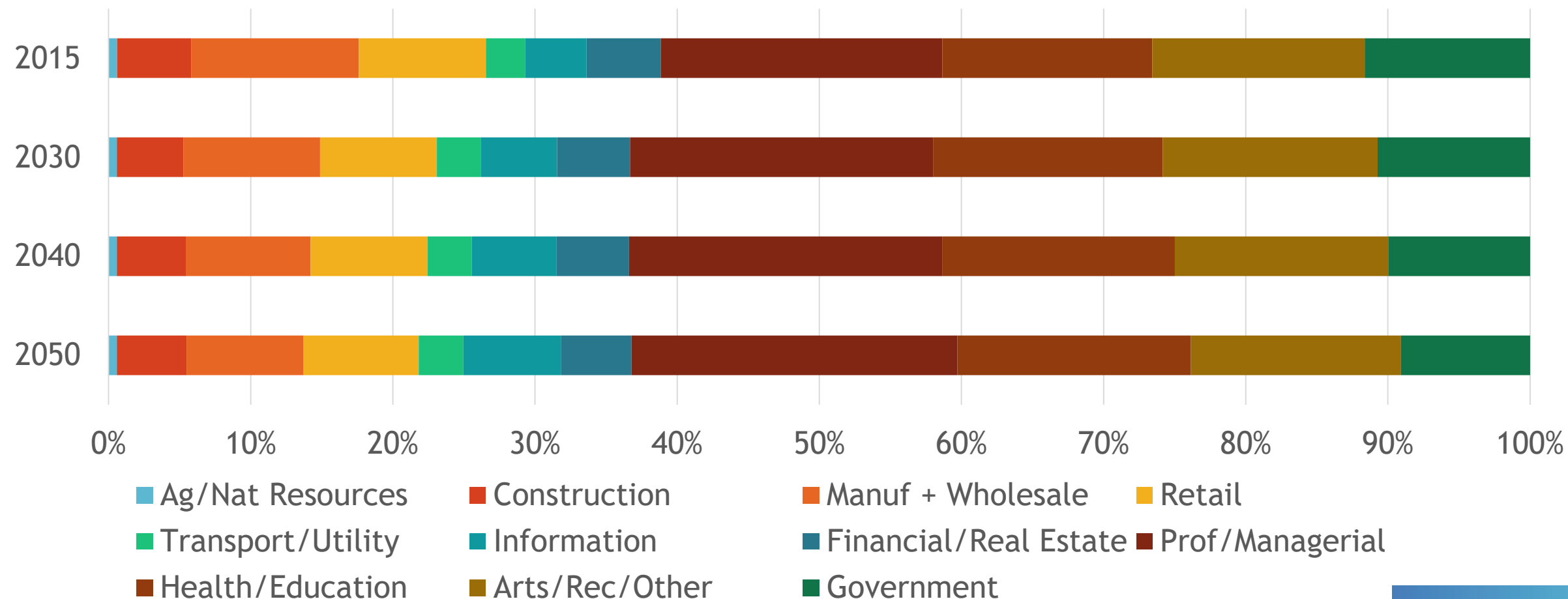

Households
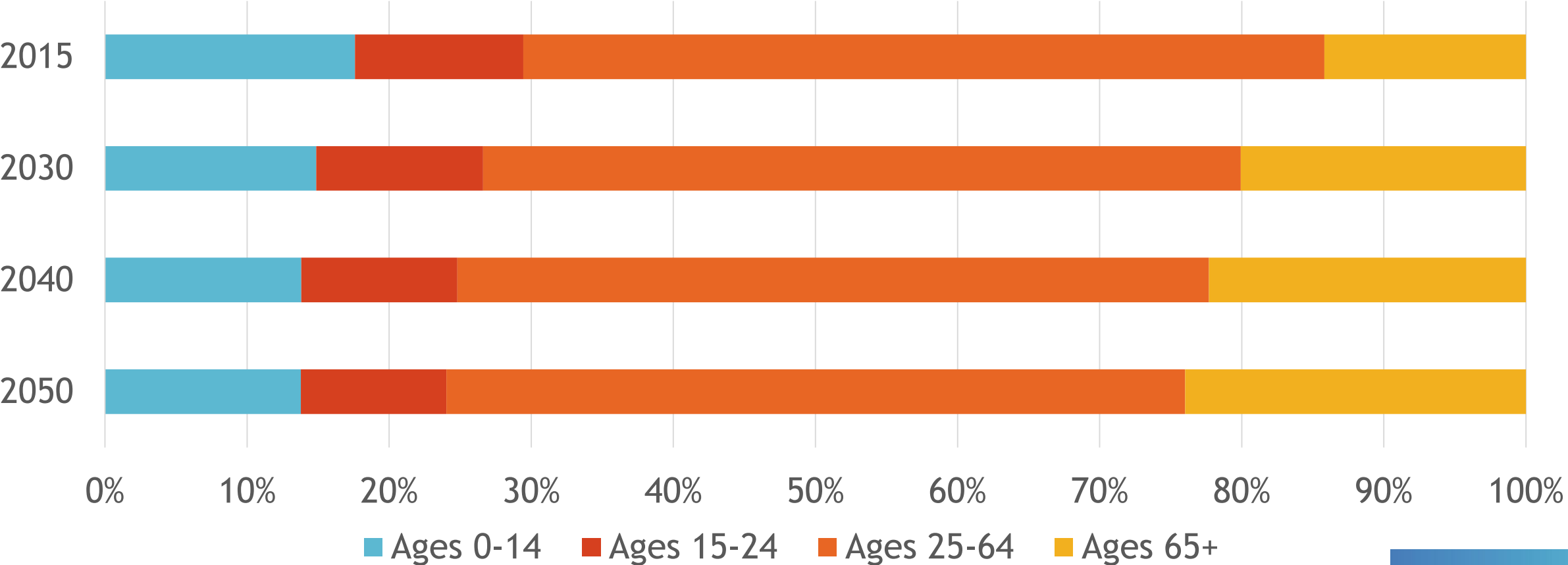
Housing Units

PLAN BAY AREA 2050
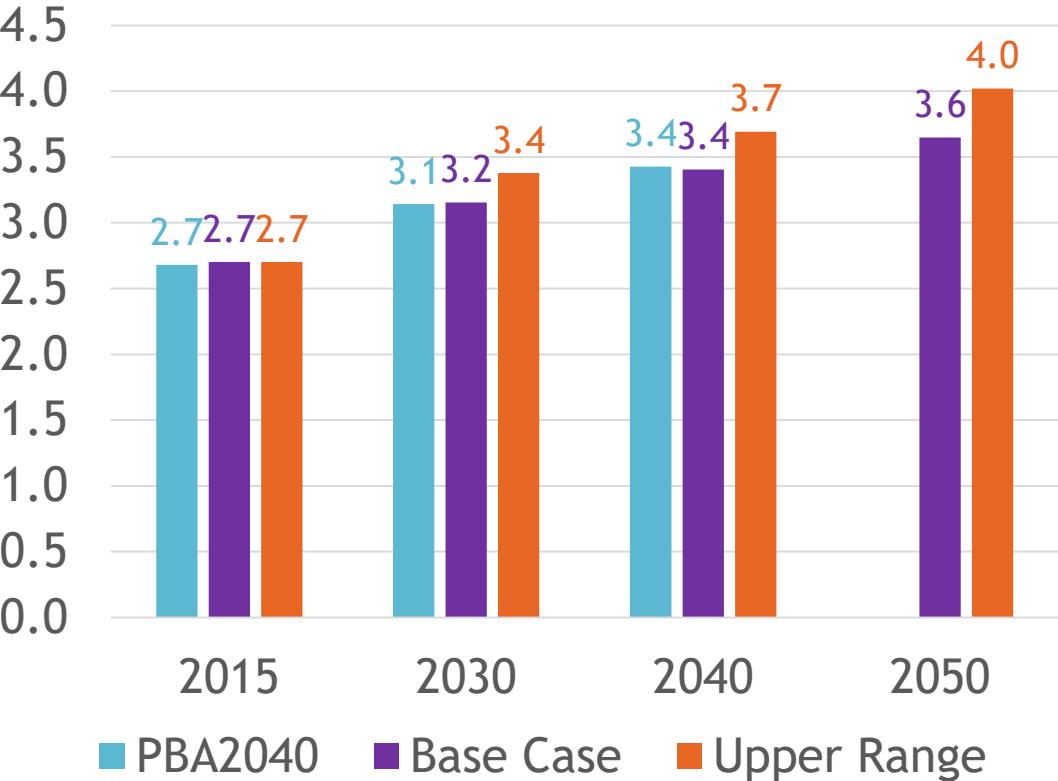
Draft Regional Growth Forecast: Base Case Employment by Industry

PLAN BAY AREA 2050

Draft Regional Growth Forecast:
Base Case Population Age Distribution

What's Next For the Regional Growth Forecast?

- Ongoing Regional Growth Forecast Refinement – Winter 2020

- Final Regional Growth Forecast – Spring 2020