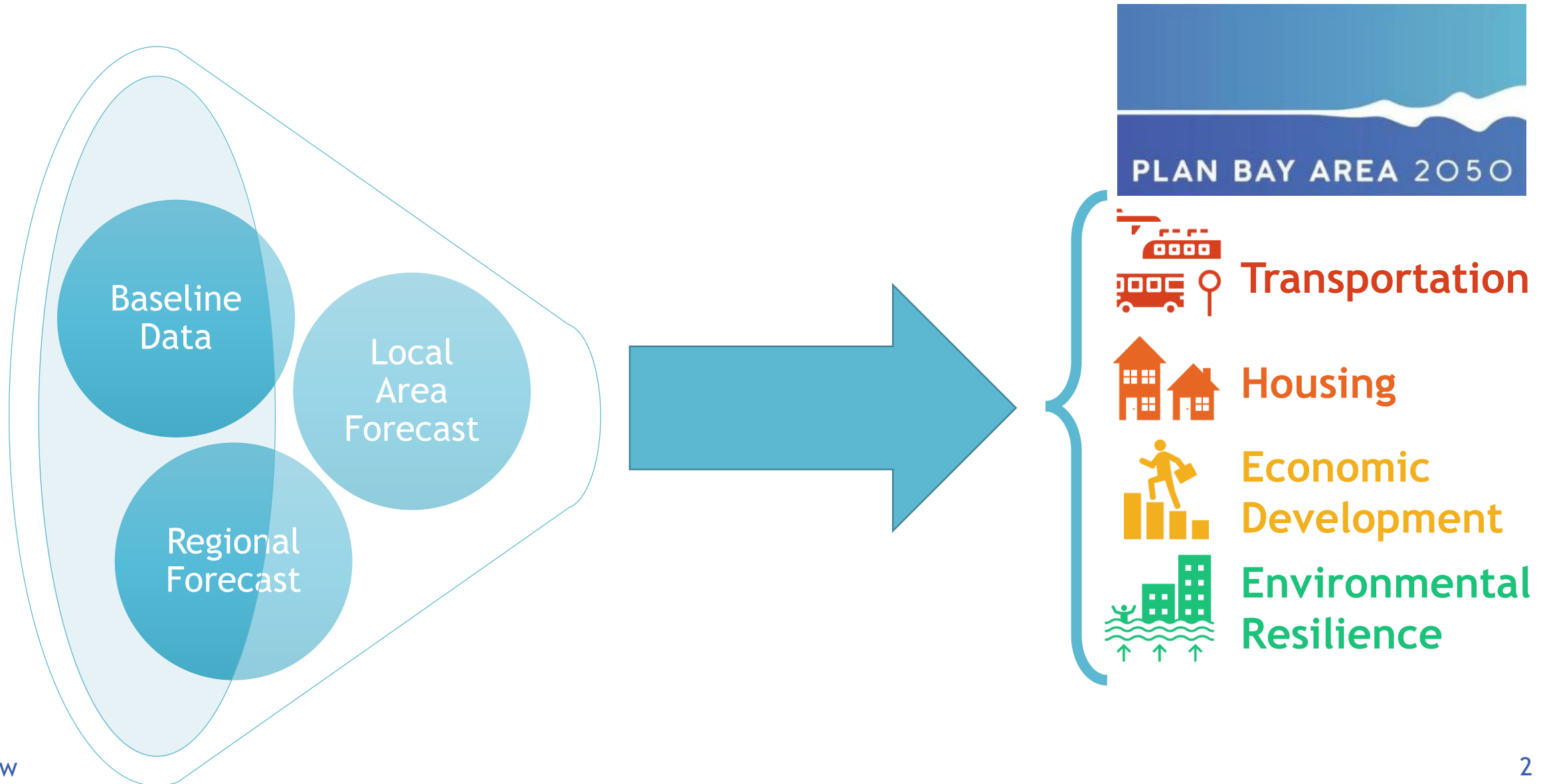PLAN BAY AREA 2050

Regional Growth Forecast Methodology

Setting the Stage for Crafting Plan Bay Area 2050's Growth Pattern

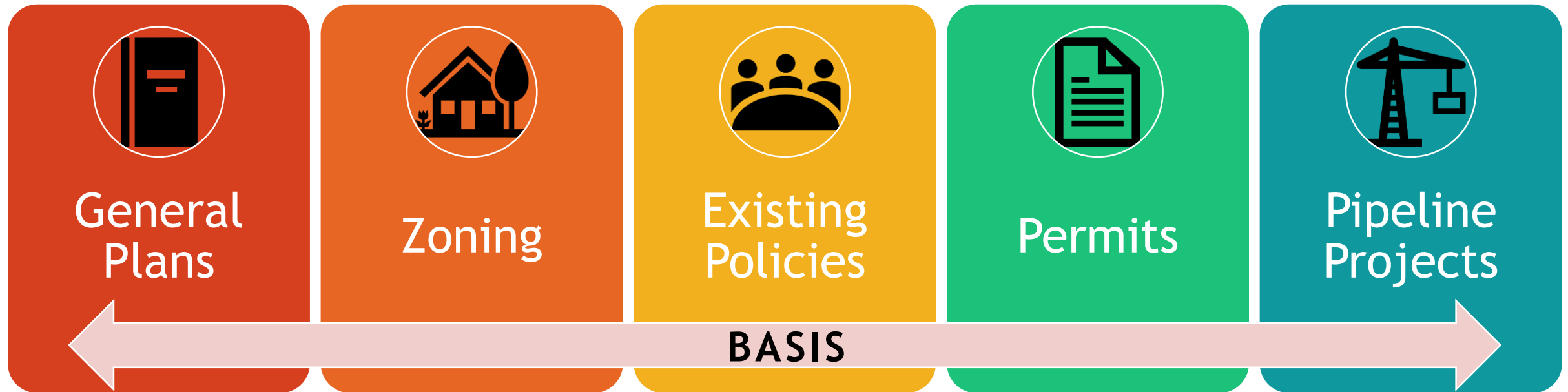Cynthia Kroll, Kearey Smith, David Vautin – ABAG/MTC
July 2019

How Will We Forecast the Growth Pattern?
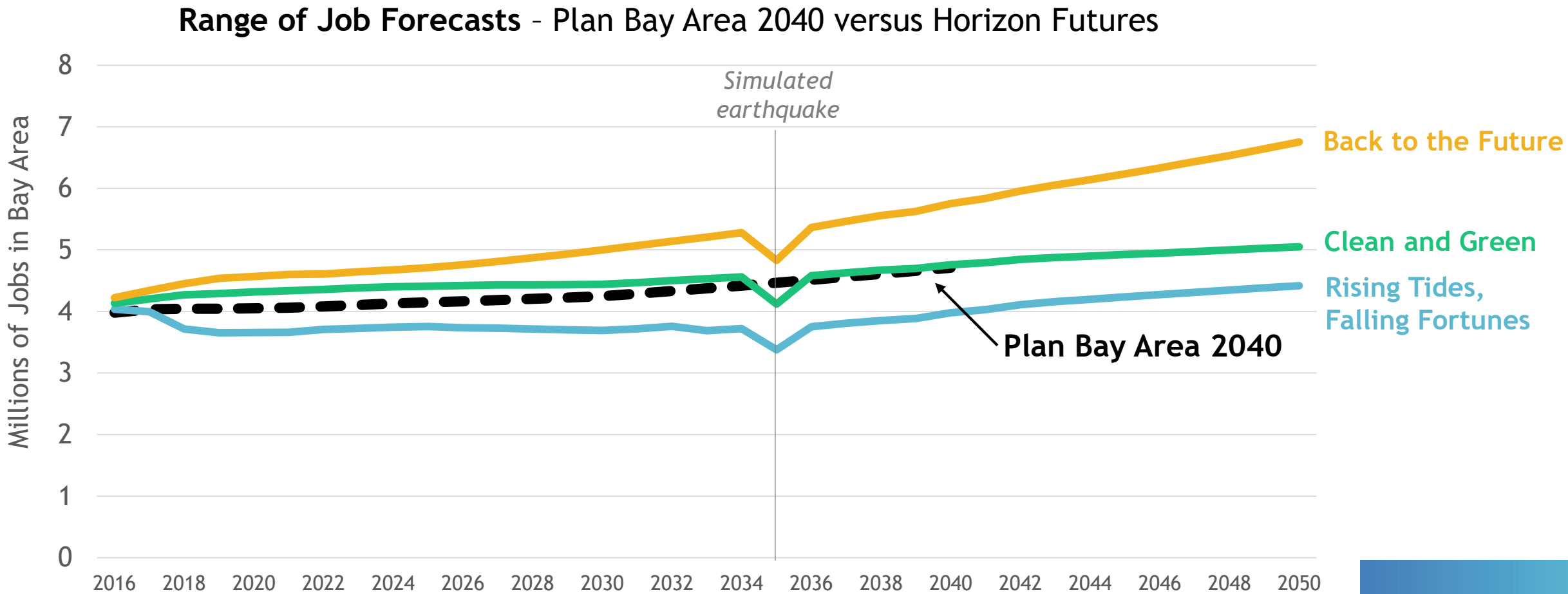
BASIS:
Working to Improve Baseline Data

Baseline Data

What datasets are specifically being updated at this time?

| General Plans | Zoning | Existing Policies | Permits | Pipeline Projects |

BASIS

PLAN BAY AREA 2050

Exploring Uncertain Futures:
What Have We Learned from Horizon?

Range of Job Forecasts – Plan Bay Area 2040 versus Horizon Futures

Simulated earthquake

Back to the Future

Clean and Green

Rising Tides, Falling Fortunes

Plan Bay Area 2040

Millions of Jobs in Bay Area

8 · 7 · 6 · 5 · 4 · 3 · 2 · 1 · 0

2016 · 2018 · 2020 · 2022 · 2024 · 2026 · 2028 · 2030 · 2032 · 2034 · 2036 · 2038 · 2040 · 2042 · 2044 · 2046 · 2048 · 2050
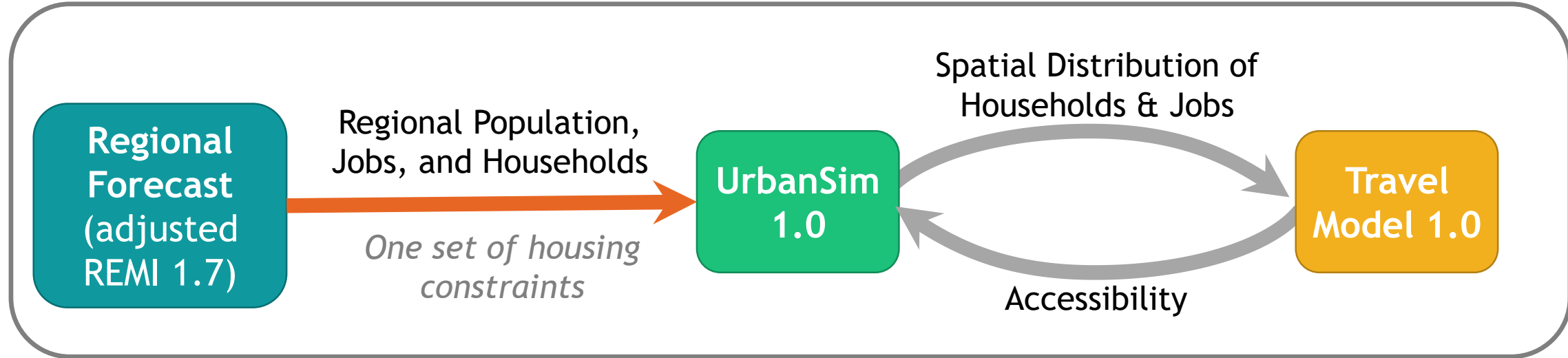
PLAN BAY AREA 2050

Pivoting to Plan Bay Area 2050: Developing the Regional Forecast
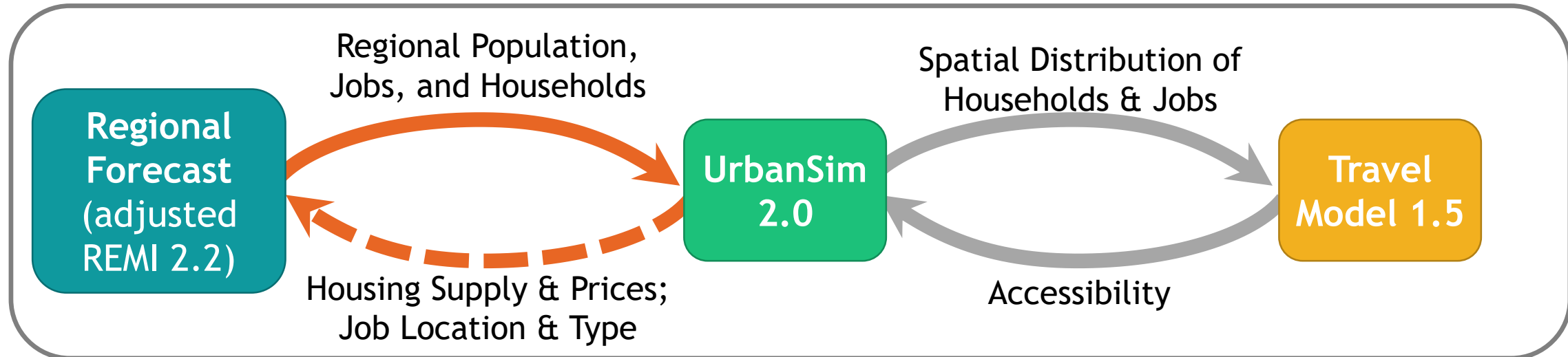
Regional Forecast

- **Consulting with Center for Continuing Study of the California Economy (CCSCE) and a Technical Advisory Committee**

- **Tools to craft the Regional Growth Forecast**

  - Regional Economic Models, Inc. (REMI) version 2.2 – for the San Francisco Bay Area

  - Household + Income Model *(developed in-house)*

  - In-Commute Assessment *(developed in-house)*

- In general, our approach **builds upon the REMI model**, making adjustments when supported by further data analysis by ABAG/MTC or CCCSE.

- **Attachment A** provides additional technical information on the draft methodology under development.

PLAN BAY AREA 2050

Model Flow Chart: Interactive Approach

Plan Bay Area **2040**

Regional Forecast (adjusted REMI 1.7) → Regional Population, Jobs, and Households / One set of housing constraints → UrbanSim 1.0 ⇄ Spatial Distribution of Households & Jobs / Accessibility ⇄ Travel Model 1.0

Plan Bay Area **2050** *(draft)*

Regional Forecast (adjusted REMI 2.2) → Regional Population, Jobs, and Households → UrbanSim 2.0 ⇄ Housing Supply & Prices; Job Location & Type / Spatial Distribution of Households & Jobs / Accessibility ⇄ Travel Model 1.5
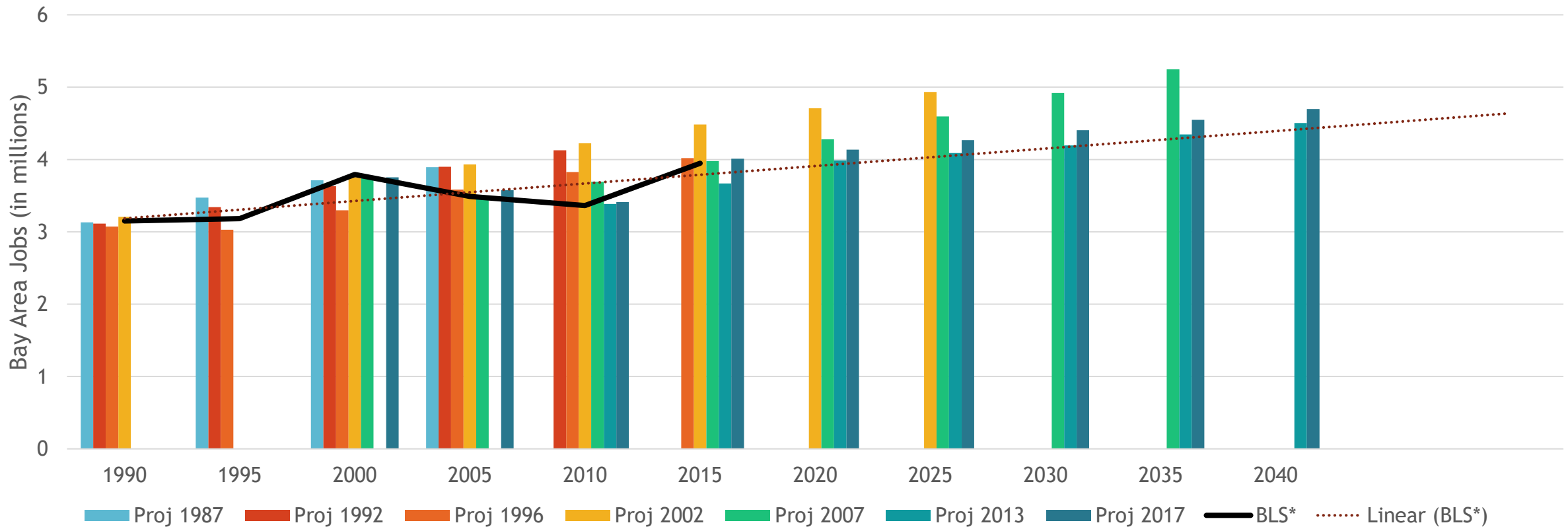
Elements of the Regional Forecast

- **The Regional Growth Forecast** estimates employment and population, households by income category, and how much in-commuting may change.

- **Key underlying factors:**

  - Bay Area employment drivers: national growth, competitiveness and strength of key industries.

  - Population drivers: who is here today, economic conditions, immigration trends.

  - Household drivers: job growth, population growth, housing prices.

Employment

Income

In-Commute

Households

Population

PLAN BAY AREA 2050
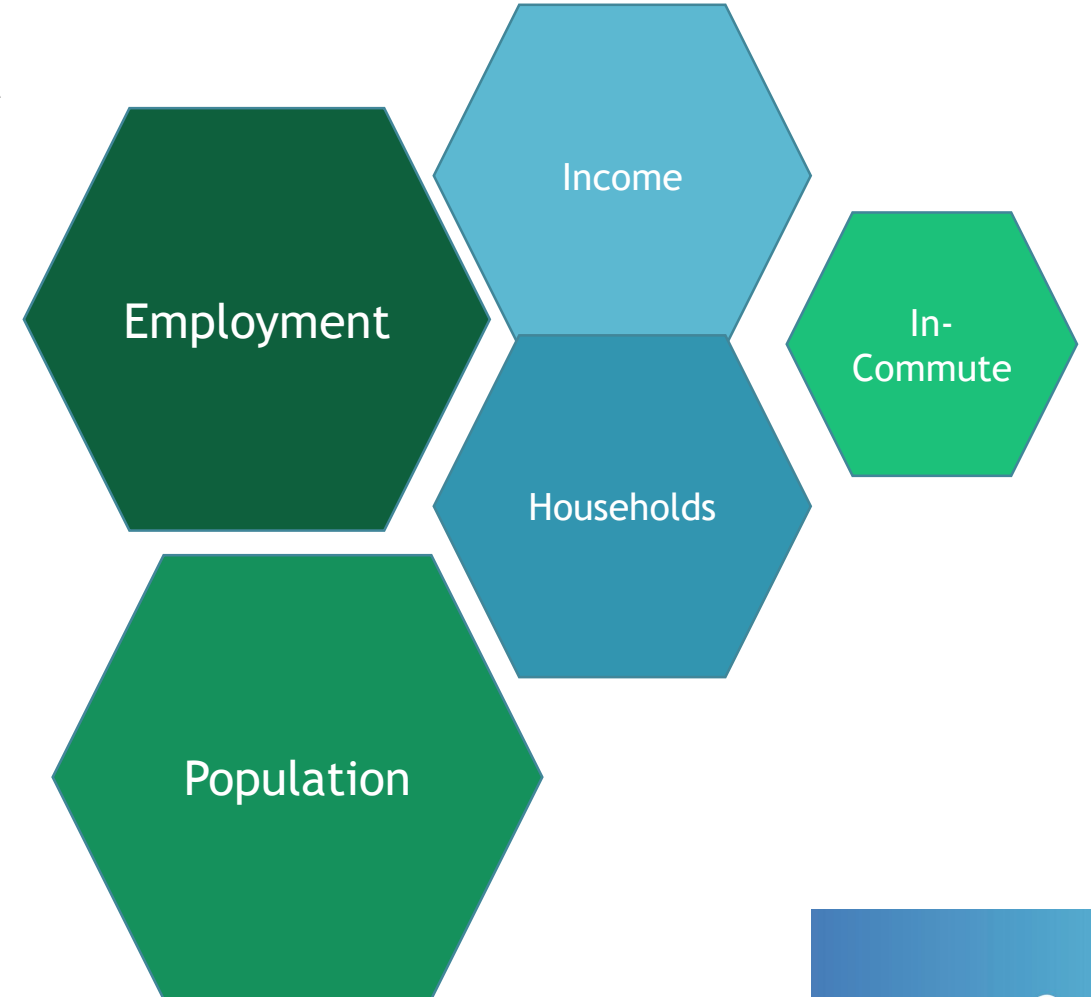
Understanding Job Predictions:
Jobs are volatile

Regional Forecast

Vintages of Projections Compared to Trend Line Forecast Since 1990

Legend: Proj 1987, Proj 1992, Proj 1996, Proj 2002, Proj 2007, Proj 2013, Proj 2017, BLS*, Linear (BLS*)

Y-axis: Bay Area Jobs (in millions)

PLAN BAY AREA 2050

Population Less Volatile, More Predictable But small changes affect housing demand

Vintages of Projections and Trend

Bay Area Population (in millions)

Legend: 1987, 1992, 1996, 2002, 2007, 2013, 2017, Census, Linear (Census)
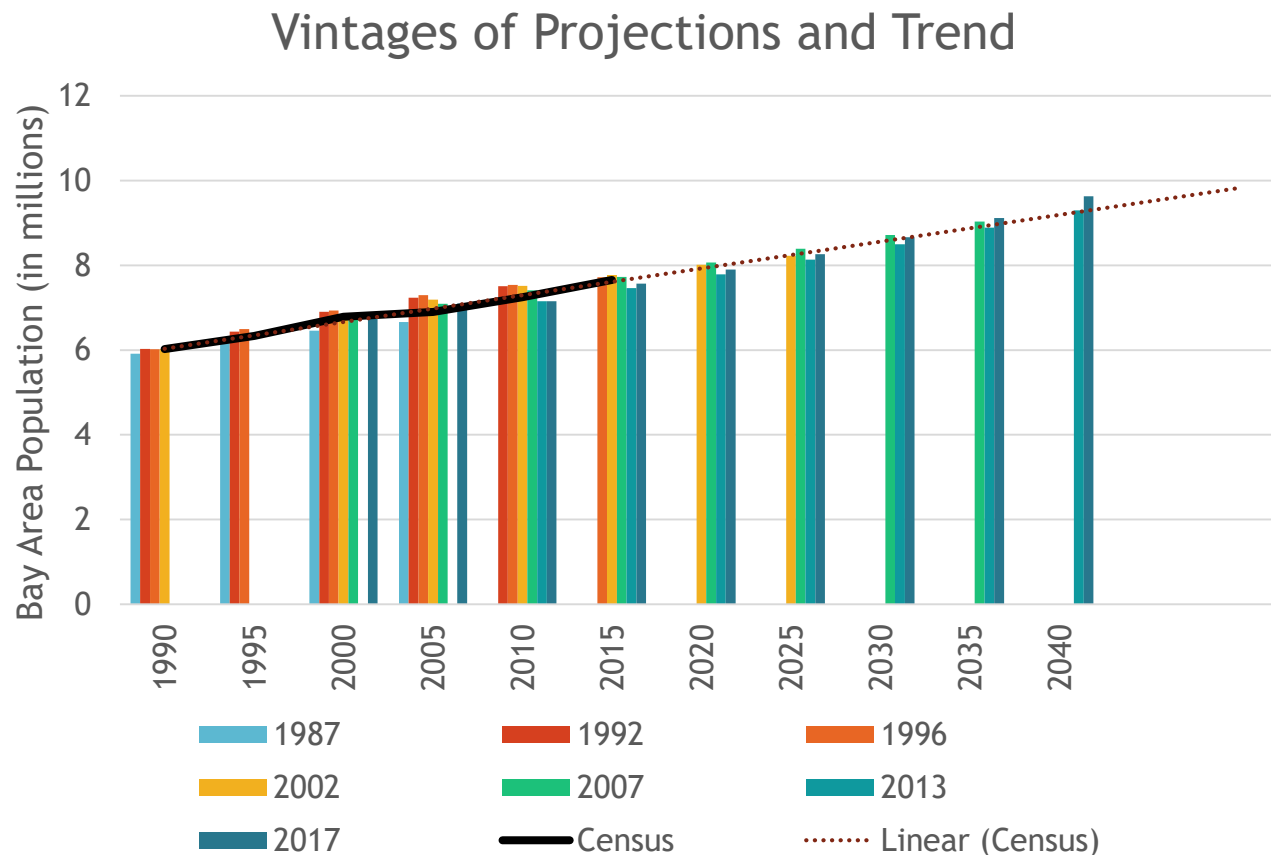
- Population age, ethnicity affect household numbers and size

- Immigration, income levels, and housing prices all affect how people choose to form households

- Both housing supply and economic prosperity affect household income.

PLAN BAY AREA 2050

PLAN BAY AREA 2050

What's Next for the Regional Growth Forecast?

- Public Comment Period – **through August 19, 2019**

- Seek Methodology Adoption – **September 19, 2019**

- Draft Regional Growth Forecast – **Fall 2019**

- Final Regional Growth Forecast – **Spring 2020**