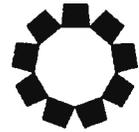


ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



ABAG

Date: May 18, 2013
To: Executive Board
From: Miriam Chion
Planning and Research and Research Director
Subject: **Comments on Plan Bay Area**

Summary

For information, this item includes two documents. (1) A summary the public comments received at the open house/public hearings held in each county in the region and (2) an overview of the difference between the recently released Department of Finance population forecast and ABAG economic and demographic projections.

Concerns expressed at the public hearings focused on the desire to retain local control of the entitlement process and concerns regarding the density of new growth planned for PDAs. The projections overview discusses the differences between the Department of Finance population projections which are based on the period between 2000 and 2010, ABAG's employment based forecast which the Department of Finance acknowledges as reasonable, and the Regional Housing need Determination.

Attachments

Summary of Public Hearing Comments
Overview of RHND, DOF, and Plan Bay Area Projections

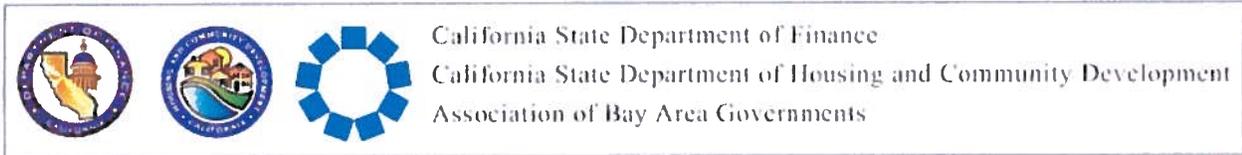
Executive Board, Item 7.b., Attachment 1

Summary of Public Hearing Comments

Public hearings and elected official briefings in each of the nine counties have been conducted throughout April and May to elicit public comment on the Draft Plan Bay Area, which was released on March 22nd with close of comments on May 16th at 4 p.m. At the same time, community members were encouraged to comment on the Draft Environmental Impact Report (EIR) which examines the proposed Plan and four alternatives, and the range of potential environmental impacts that could result from implementation of Plan Bay Area. The Draft EIR was released for public review on March 29th, with close of comment also on May 16th.

Multiple ways to comment were provided in addition to oral comments at public hearings and through polls. Comments could be mailed, e-mailed to info@OneBayArea.org, and individuals could participate in the online forum—Plan Bay Area Town Hall—commenting online on each chapter of the Plan. **A final report and compilation of comments will be compiled for ABAG-MTC review. To date, oral comments encompass some of the following issues:**

- Local land use control: many speakers expressed concern over whether future land use and housing decisions would remain under local control
- Appropriate Levels of affordable housing: opponents of the Plan argued too much housing is projected, while proponents said not enough affordable housing
- Population and job growth forecasts: uncertainty regarding population and job growth forecasts, which included lack of understanding of long term forecast methodology and distrust of population and job forecast numbers
- Job location and transportation access: Plan supporters seeing a need for even better job siting and alternative transportation proposals.
- Priority Development Areas: how they have been identified and approved by local cities/counties for future growth
- Greenhouse Gas Emissions and Sea Level Rise: general concern regarding level of attention provided to GHG emissions, and the siting of development on areas threatened by Sea Level Rise
- Environment, Equity and Jobs (EEJ) EIR Alternative comments included the following:
 - Plan for sufficient housing affordable to low-wage workers in all infill locations with access to jobs or transit
 - Strengthen OneBayArea Grant program to better incentivize local anti-displacement and affordable housing policies, e.g. Fund mitigations such as land banking and housing rehab



Overview of the Regional Housing Need Determination, DOF Population Projections and Plan Bay Area Forecast

This document was prepared by the **California Housing and Community Development Department (HCD)**, the **California Department of Finance (DOF)**, and the **Association of Bay Area Governments (ABAG)**. It provides key points regarding the differences across the Regional Housing Need Determination (RHND), the DOF Population Projections, and the Plan Bay Area Forecast as described by each of the responsible agencies. The chart below summarizes how the three efforts vary in purpose, methodology and timing.

	RHND (Housing Need Projections)	DOF Population Projections	Plan Bay Area Population Forecast
Period Covered	2014-2022 (8 years)	2010-2060 (50 years)	2010-2040 (30 years)
Purpose	Establish housing need for local housing elements	Project population by future fertility, mortality, and migration trends	Inform long term comprehensive regional strategies
Release Date	February 2012	January 2013	May 2012
Growth	187,990 housing units between 2014 and 2022	1.3 million people between 2010 and 2040	2.1 million people between 2010 and 2040

Key Points

- HCD, DOF and ABAG agree that economic trends need to be addressed in Plan Bay Area. ABAG’s 2.1 million population growth projection is directly tied to employment growth.
- DOF’s 2013 projections do not take into account the high job, migration, and population growth from 2010 to 2012.
- The RHND was finalized in February 2012. It was based on the most current information available at the time. By statute, the RHND cannot be changed.
- DOF and the regional planning agencies are working toward better ways to incorporate job growth forecasts into the DOF migration assumptions. DOF acknowledges that ABAG employment methodology and its impact on migration is reasonable.
- The ABAG growth forecast for population relies on DOF assumptions about births and deaths, and the ethnic composition of the population. ABAG will share the job growth forecast and land use trends analysis with DOF for its next projections.

California Housing and Community Development Department (HCD): Regional Housing Need Determination (RHND) based on Population Projections

In consultation with ABAG, HCD developed the RHND based on the partial availability of 2010 Census data, DOF 2011 interim population projections, and ABAG's draft forecast. It took into account the abnormally high vacancies and unique market conditions due to prolonged and atypical recessionary conditions and an unprecedented national foreclosure crisis.

The purpose of the RHND is to ensure the appropriate local planning for the supply and affordability of housing to meet the region's needs for its population and workers by income level. HCD finalized ABAG's regional housing need determination for the 2014-2022 projection period on February 24, 2012. There is no statutory provision authorizing HCD to amend a final RHND and/or change the RHND projection period.

California Department of Finance (DOF): 2013 Population Projections

DOF uses a baseline cohort-component method to project population by age, gender, and race/ethnicity. The baseline projection recognizes people have the right to migrate where they choose and no major natural catastrophes or war will befall the state or the nation. The migration projections for the Bay Area were based primarily on the 2000-2010 period.

A cohort-component method is a demographic model that traces people born in a given year through their lives. As each year passes, cohorts change due to mortality and migration assumptions. Applying fertility assumptions to the women of childbearing age forms new cohorts.

The DOF population projections depict only one possible course of future population change, i.e., the one reflecting assumed trends in fertility, mortality, and migration. The model does not consider employment, which is a major driver of migration. Thus, it is not a forecast of the most likely outcome. These projections do not necessarily show what is most desirable but rather what can be reasonably expected if recent historical trends continue until the year 2060.

Association of Bay Area Governments (ABAG): Plan Bay Area Forecast

Job growth is the main determinant of population growth in the ABAG regional growth forecast as in all major regional forecast modeling in California and around the nation.¹ ABAG job growth to 2040 is estimated as a share of U.S. projected job growth, based on an assessment of regional competitiveness by major industry sectors.

ABAG projections use DOF fertility and mortality assumptions to determine the amount of natural increase in the population. Migration, rather than being tied to recent trends, is a function of job growth. The theory of deriving migration forecasts linked to job growth is that most migration is the result of people moving to regions where job growth exceeds the number of workers supplied by the local economy and vice versa. For the Bay Area, the best example is the large number of people who migrated to the region from other parts of the state, nation and world during the high-tech and dot.com boom of the late 1990s and the exodus out of the region in the years when job losses occurred after 2000 when the boom ended.

¹ Population growth is tied to job growth in the regional projections produced by other regions (SCAG, SANDAG, SACOG, AMBAG, and SBCAG). In addition, job growth is the primary determinant of regional population growth in the models used by the three major national forecasting firms – IHS Global Insight, Regional Economic Models, Inc., and Moody's.