



Date: February 5, 2014  
To: Regional Planning Committee  
From: Cynthia Kroll, Chief Economist  
Subject: **Regional Economic Outlook**

**Summary**

The ABAG presentation to the RPC on February 5th will focus on the regional economic context in which Plan Bay Area is being implemented. The presentation will be an update on key economic trends that affect the region going forward.

- **Regional Economic Update:** Previous and ongoing consultant work by the Bay Area Council Economic Institute, the Center for the Continuing Study of the California Economy, SPUR, Strategic Economics, and UC Berkeley have provided a rich set of materials from which to understand the regional economy. ABAG has begun monitoring economic trends as part of the agency’s responsibility to contribute to a State of the Region analysis in 2015. The presentation at the meeting will focus on three main points:
  - ❖ The economy has had a volatile path over the past decade and a half. Saying the economy is “in recovery” or “expanding” depends very much on what segment of history is under consideration. The “recovery” experience varies widely across the region.
  - ❖ Trends in poverty are another sign of the unequal impacts of economic change across the region’s population. For the San Francisco Bay Area, poverty rates in 2011 were higher than in any previous year for which data is available, going back to 1989.
  - ❖ Housing affordability is sensitive to economic trends and trends in the housing market. The sharp decline in housing prices saw some improvements in the affordability of single family homes, but that improvement has begun to erode as the economy and housing markets recover. Rents held up much better than home prices during the recession, resulting in a continuing downward trend in affordability.
- **Regional Economic Development Initiatives:** The attached memo summarizes several economic development initiatives that have involved the Bay Area’s regional agencies. As the organization responsible for regional land use and housing planning and economic and demographic forecasting, ABAG is well positioned to play a role in contributing to and coordinating these efforts.

**Information only - no action required**