

MEMO

To: ABAG Executive Board
From: Paul Fassinger, ABAG Research Director
Date: July 1, 2006
Re: Projections 2007: A Policy Based Forecast

Requested Action: Approval of Staff Recommended Forecasting Assumptions for Projections 2007

Summary

The staff is asking the Board to adopt some comprehensive forecast assumptions for Projections 2007 at an early stage in the modeling process. The assumptions serve as a general guide for the forecasting, particularly in regard to regional policies. Similar forecast assumptions were approved by the Board for our earlier *Projections 2003* and *Projections 2005*. Setting these general policy assumptions provides the necessary direction for the forecasting process.

We expect to bring refined information on our monitoring efforts to the Board at its September meeting. This refined information is being developed with technical advisory committees of the Focusing our Vision and Regional Housing Needs Allocation efforts and verified through work we are currently undertaking with local jurisdictions.

Forecast Parameters:

(1) **Some changes to the basic forecast are needed.** Updated information on employment suggests that the rate of job production since 2000 has been slower than expected. As a result the forecast of employment in 2005 is lower, and the overall growth in employment is less than in the previous forecast.

(2) **Smart Growth policies assumptions should be consistent with information obtained from ABAG's monitoring efforts.** In previous forecasts the Board has approved the assumption that smart growth changes to land use patterns that would begin to gradually occur after 2010. Some support for this concept came from a survey of local jurisdictions performed by ABAG staff in spring 2004, where local jurisdictions provided information about smart growth policies.

While that survey was a useful tool, more specific information was needed in order to compare the Projections forecasts to existing land use and land use policies. That information is being developed through ABAG's monitoring program.

In response to the policy based forecasts that ABAG began producing with Projections 2003, the Federal Highway Administration and EPA entered into a staff agreement with ABAG and MTC. Their concern was to insure that the policy assumptions for the Projections forecast were reasonable, and compared to trends and policies at the local level. As that agreement has evolved, ABAG is providing general comparative information at a regional level, and specific comparisons of forecasts with local plans and policies for 21 transit corridors across the region.

In order to undertake this effort, ABAG is constructing a GIS database that includes general and specific plans for all of the local jurisdictions in the region. The database currently includes the detailed general and specific plan information. The linkage to GIS shape files will be completed this summer.

Even after the data is complete, some additional tasks remain. In particular we must work with local jurisdictions to verify local plan information and compare it to land use assumptions and results from the Projections 2005 forecast.

While additional consultation and analysis need to take place, our preliminary results indicate that it is appropriate to assume more development near transit and in existing urban areas beginning in 2010 and gradually concentrating a higher percentage of development in those areas over the forecast period. In specific areas it is appropriate to assume higher levels of concentration, and in some, lower levels of concentration.

ABAG is also working with local jurisdictions to identifying changes to existing land use, significant policy changes, and significant errors in the previous data. Information is now available to existing land use in 2005. Policy changes like new general plans, or the designation of redevelopment areas should be considered. Significant errors related to

(3) Current levels of housing production (20,000 to 25,000 units annually) are assumed to continue throughout the forecast period and an increasing percentage of production will be in multifamily housing, although this level of growth will not achieve regional jobs housing balance during the forecast period. This is consistent with previous forecasts assumptions of additional production over “base case” levels. It was assumed that policies to promote housing production would counteract changes in the demographics underlying housing demand (aging population). The development pattern is expected to generally reflect the “network of neighborhoods” concept. Like other assumptions, the rate of housing production will be compared to planning information from local jurisdictions.

(4) Staff should work with the Housing Methodology Committee and the Focusing Our Vision’s Technical Advisory Committee to develop information and consider that information in our modeling for Projections 2007. ABAG staff is working with these committees to develop specific information that will affect regional assumptions about growth patterns, and the potential for growth in specific jurisdictions. This information should be part of our forecasting process, even if it is not eventually used in these other efforts, or if it is not completely developed for these processes.