

To: Equity Working Group
From: Paul Fassinger and Marisa Raya, ABAG
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Subject: **Income Forecasting for the SCS Scenarios**

This memo describes the income forecast that accompanies the Alternative Scenarios released on August 26th for modeling purposes. Future income levels influence transportation choices and are a key input into the Equity Analysis.

The Overall Income Forecast

The income forecast for the Sustainable Communities Strategy (SCS) Initial Vision Scenario was based on county level estimates derived from census data and Moody's Economics forecasts. The forecast shows real increases in household income over time, consistent with national historic trends over the last 50 years.¹

As the SCS process has continued into the Alternative Scenarios, forecasts of job growth have changed, so that there are notably fewer jobs at the end of the forecast period than in the earlier phase of the process. At the same time, the forecast calls for fewer households at the end of the forecast period.

This is expected to have two effects. First, the scenarios should have a lower rate of household income growth. Second, the industries where growth is anticipated are expected to affect the distribution of income, with more growth in the number of households in the highest and lowest income categories than in the middle income categories.

Varying Incomes by Scenario

The income forecast for Bay Area forecasts has typically been made separately from employment forecasts. Because employment is by place of work, and households by location, commuting patterns and household structures complicate the calculation.

The interrelated scenarios in the SCS process oblige us to try and make a better link between employment and household income to evaluate the overall economic and equity implications of the scenarios.

Wages from employment are a major component of most household incomes, but there are various other sources that combine to provide the overall household income. These include income from business ventures, investments and benefits from government and private sources.

¹ US Census, Table 689. Money Income of Households -- Percent Distribution by Income Level, Race, and Hispanic Origin, in Constant (2008) Dollars.

Household income within the region should be affected by the distribution of both housing and employment. For an individual location like a city, each should affect the mix of wage income that employed residents in that city receive.

Developing Methods for Equity Measures

We are currently compiling Census Transportation Planning Package data based on the 2006-2008 American Community Survey. That tabulation provides a variety of productions including Wages by place of employment. The data is divided by the amount of wages and by the industry of employment. We will be taking that data and calculating wage distributions by broad industry categories that can be used to help evaluation scenarios. Since there is variation in wages by industry and by location of employment, changes to employment location provide part of the answer for jobs housing fit. The percent of workers in each income category can then be compared the percent of housing units available within their affordability range, using 30% of their income as a maximum.

Changes in commuting patterns, at least at a broad level, would also be part of the analysis, along with identifying how household incomes by place of residence may be changed in the scenarios. These two categories of information are the basis for an analysis of how scenarios would impact jobs-housing fit.