

Plan BayArea

TO: MTC Planning Committee/ABAG Administrative Committee

DATE: April 3, 2015

FR: ABAG Executive Director

RE: Regional Forecast Approach for Plan Bay Area 2040

What is the Regional Forecast?

The regional forecast provides estimates from 2010 to 2040, at 5 year intervals, of how the region's population, jobs, households and income will grow and where population, households and jobs will locate. The regional totals are a realistic outlook based on projected national and international trends and competitiveness of the Bay Area. The geographic distribution of the forecast within the region reflects local policy choices as well as the influence of existing circumstances on future levels of activity.

Why a Regional Forecast?

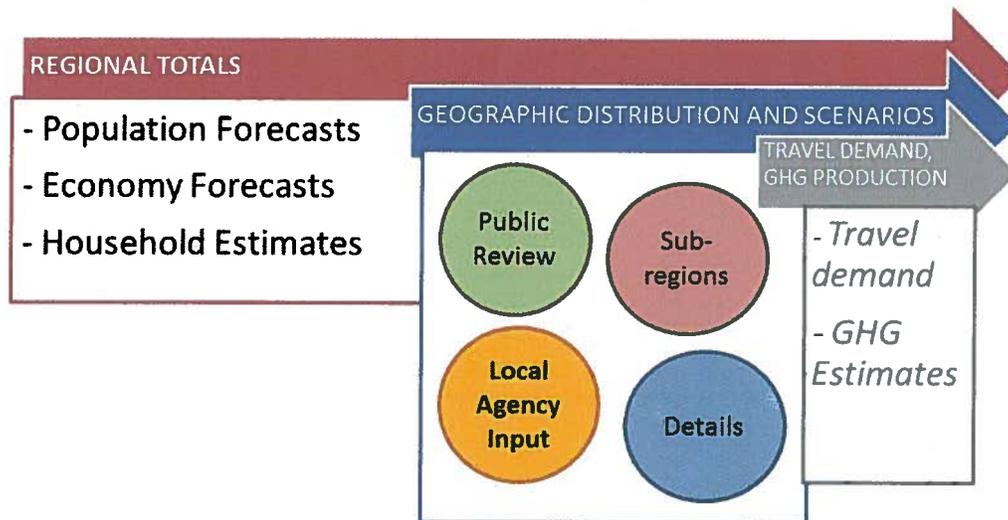
The forecast serves multiple purposes.

- The regional forecast provides a consistent, long-term estimate of the change in employment, population, households, and income to use as a basis for planning public and private services. Many other forecasts focus specifically on only one or two factors and are inconsistent when combined.
- The forecast provides the context for local general planning efforts. It provides projections of change at the jurisdiction level, for smaller geographic areas within a jurisdiction, and for the surrounding places among which the jurisdiction will grow.
- The regional forecast provides the regional control totals for population, employment and households used in Plan Bay Area.

How is the Regional Forecast determined?

The regional forecast is a cooperative effort between the ABAG research program, the MTC modeling team, and local jurisdiction planning resources. ABAG develops regional totals for population, households, employment, output, and income. Geographic distribution of the forecast within the region is accomplished through efforts of ABAG and MTC modeling and planning staff with input at several stages from local jurisdictions. MTC then uses the information from the geographic distribution of the forecast for detailed travel demand analysis and estimates of greenhouse gas production. See Figure 1.

Figure 1
Regional Forecasting Process



What tools and assumptions go into the forecast?

Our forecast of regional totals includes three components, a population component (*BayPop*), an economy component (*BayEcon*), and a household and income module (*BayHome*). A technical advisory committee (list attached) is providing peer oversight of the forecasting tools and process.

BayPop projects population growth based on births, deaths, and moves into and out of the region. Demographic relationships estimated by John Pitkin and Dowell Myers take into account the unique characteristics of the Bay Area's population in terms of ethnicity, age distribution, and place of origin, likely moves by people based on age and place of origin.

BayEcon forecasts output (gross regional product), employment and total income. We estimate growth in regional economic factors based on overall national and international economic trends and the economic structure of the region (industry mix, for example). We use the REMI model, customized for the region by ABAG staff, as one tool to estimate these relationships. The long range economic forecast does not include economic cycles. ABAG reconciles results of *BayPop* and *BayEcon* to ensure that economic aspects of migration are considered in the population projection.

BayHome, designed by ABAG research staff, builds on population estimates from *BayPop* and *BayEcon*, historic household formation rates by ethnicity and age cohort, research indicating how these rates may change over time, and economic input from *BayEcon* on relative housing costs and building activity. Household income will be calculated using income forecasts from *BayEcon* and ABAG analysis of the relationship between overall personal income levels and household income.

An iterative process between local government, ABAG staff, and MTC modeling services will work with *UrbanSim* and other tools to distribute the regional totals for population, employment, and households by income level. Underlying data on existing buildings, zoning, and community characteristics will be

augmented, model results "ground truthed," and new information added through work of MTC and consultant modeling staff and local government and ABAG planners. The results reflect the choices of local jurisdictions in their long-term planning efforts. Periodic workshops will provide the opportunity for broader public participation in this effort.

Plan Bay Area 2040 Scenarios

Alternative assumptions will be drafted for three alternative scenarios for distribution of households, employment and population, for which impacts can be evaluated. The three scenarios will consider a single set of regional forecast totals and will be integrated with transportation and investment approaches aligned with the growth pattern for each scenario.

Schedule

The forecast methodology will be released in Summer 2015. The preliminary regional forecast will be released by Fall 2015 and the final regional forecast will be adopted by January 2016. The forecast methodology, its key assumptions, and preliminary numbers will be shared with local planning staff and stakeholders and will be presented at various regional meetings, public meetings and workshops.

The scenario approach will be released in Fall 2015. The preliminary growth allocation numbers will be released by the end of 2015 or early 2016 and the preferred scenario will be adopted by Spring 2016. Similarly, the scenarios will be discussed with local planning staff and stakeholders. They will also be presented at public meetings and public workshops.

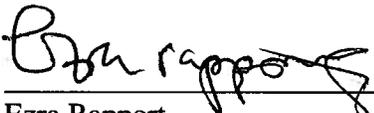
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