



Government Relations & Public Affairs Committee

March 31, 2010

Draft Regional Growth Projections

Issue: SACOG's consultant has delivered draft growth projections for the Metropolitan Transportation Plan (MTP) update.

Recommendation: None, this item is for information only. This item is an action item for the Transportation Committee.

Discussion: Stephen Levy of the Center for Continuing Study of the California Economy has produced a draft growth projection for the six-county SACOG region. These projections are based on the most recent national and state projections and on current information on the region's economy and housing.

While in this comment period, the consultants and SACOG staff will continue to develop data to refine these projections. The comments and ongoing analysis will be incorporated into a revised projection set and brought to the committee and board in May. At the May meeting, staff will recommend that the revised projections be used in the MTP planning process, but that the official adoption be delayed until December 2011 when the MTP is adopted.

During this time period, SACOG will work with the state Department of Housing and Community Development (HCD) and the Department of Finance (DOF) with the goal of making the regional and state projections consistent for use in this MTP process and in the Regional Housing Needs Assessment process. The draft population projections for 2020 are 3.9 percent lower than DOF and for 2035 they are 4.7 percent lower. State law allows for a 3 percent difference. The DOF population projection will have an interim update early in 2011, which provides the opportunity to have consistent projections. The housing projections process at HCD also has opportunities to coordinate growth assumptions. We will work carefully with HCD and DOF to try to make more consistent growth assumptions prior to final Board action next year.

These projections are summarized in Tables 1 through 3 attached. Detailed documentation of the analysis which underlies the projections will be prepared and distributed soon. The basic process is as follows:

- The SACOG region job projections were based on projections of U.S. and California job growth and the competitive position of the SACOG region to capture a share of the state and national job growth.
- The SACOG population projections by age, sex, and ethnic group were developed based on the projected job growth starting with the actual regional population in 2008.
- The household projections are preliminary and are based on projecting forward the household formation trends of the current population by age and ethnic group. The preliminary household projections are demographic projections and do not yet reflect considerations of housing supply, income, and affordability.

- State and national trends account for the major differences between the new projections and the ones adopted in the current MTP. U.S. immigration and total population growth is lower than previously expected. In addition, California is now expected to get a smaller share of U.S. job and population growth than previously projected.
- The SACOG region economy is expected to recover slowly with state budget deficits and gridlock restraining job growth in this major sector over the next decade. However, the SACOG region is still expected to outpace the state and nation in job growth to 2020 and 2035, although the region is expected to have a smaller job growth advantage than was anticipated in the current MTP.
- These projections depend on a resolution of the current budget and governance gridlock in California so that the state can make the investments needed to provide a world-class workforce and infrastructure and local communities can develop great places to live and work. The projected growth also depends on the success of local and regional planning efforts in the SACOG region to provide an attractive environment, quality of life, mobility, and transportation mobility.
- The number of housing units in these projections is estimated by SACOG staff based on limited available information of the effects of the recession and mortgage crisis. Traditionally, we expect a 5 percent vacancy rate, but it is much higher currently. Households have responded by “doubling up” (more than one household per housing unit). These projections assume that this effect will disappear over the forecast period. In 2008, the vacancy rate was 9 percent, which declines to 7 percent by 2020 and to 5 percent by 2035,

The draft projections are compared to the projections done for the MTP 2035 in Table 4. Both future years, 2020 and 2035, are lower for all four growth indicators, population (Pop), households (HHs), employment (Jobs), and dwelling units (DUs). Also notice the prior projections for 2008 are higher than where we were in 2008, indicating the slower growth we have experienced.

Approved by:

Mike McKeever
Executive Director

MM:GRG:BG:gg
Attachment

Key Staff: Gordon Garry, Director of Research and Analysis, (916) 340-6230
Bruce Griesenbeck, Principal Transportation Analyst, (916) 340-6268
Kacey Lizon, Senior Planner, (916) 340-6265

Table 1. Projections of Employment by Sector, Six-County SACOG Region

Economic Sector	2008	2020	2035
Farm	12,800	12,965	13,998
Natural Resources and Mining	1,100	1,009	758
Construction	58,100	80,949	100,146
Manufacturing	41,300	37,694	18,695
Wholesale Trade	27,800	30,210	31,633
Retail Trade	101,300	110,659	117,699
Transportation, Warehousing and Utilities	26,300	28,100	30,768
Information	19,600	20,558	22,127
Financial Activities	58,900	68,659	77,922
Professional and Business Services	112,900	153,414	194,268
Educational and Health Services	105,700	131,258	173,005
Leisure and Hospitality	89,500	99,610	115,875
Other Services	30,300	34,123	43,160
Government	249,600	268,381	308,948
Self Employed	86,272	94,495	114,974
Total Jobs	1,021,472	1,172,053	1,364,000

Source: CCSCE, March 2010.

Table 2. Projections of Population by Age, Six-County SACOG Region

Age Cohort	2008	2020	2035
0-4	146,031	163,025	186,688
5-9	150,597	164,000	195,736
10-14	161,638	165,444	200,681
15-19	173,953	166,485	205,015
20-24	166,541	171,979	199,759
25-29	151,922	182,628	194,447
30-34	146,694	178,139	186,578
35-39	154,771	166,498	195,191
40-44	167,801	158,863	210,391
45-49	173,619	160,370	206,174
50-54	162,593	167,630	187,882
55-59	141,831	175,740	172,190
60-64	114,796	168,289	168,579
65-69	87,691	151,456	176,398
70-74	70,440	126,508	176,757
75-79	54,809	80,955	148,079
80-84	42,689	53,753	106,385
85+	41,551	58,365	101,770
Total	2,309,968	2,660,127	3,218,700

Source: CCSC, March 2010.

Table 3. Projections of Households by Age of Householder, Six-County SACOG Region

Age of Householder	2008	2020	2035
15-24	39,960	38,245	44,099
25-34	140,412	165,009	161,532
35-54	337,279	328,085	397,408
55-64	139,799	188,031	172,522
65+	174,064	269,632	346,331
Total	831,513	989,002	1,121,892

Source: CCSCE, March 2010.

Table 4. Comparison of Current Projections to Last Projections

	Draft Projections March 2010					MTP2035 Projections			
	Pop	HHs	Jobs	DUs	Vacancy Rate	Pop	HHs	Jobs	DUs (5%)
2005	2,245,700	805,400	1,024,500	847,789	5%	2,245,700	805,400	1,024,500	847,789
2008	2,309,968	831,513	1,021,472	913,750	9%	2,324,800	839,948	1,069,467	884,156
2020	2,660,127	989,002	1,172,053	1,063,443	7%	2,769,200	1,030,240	1,282,426	1,084,463
2035	3,218,700	1,121,892	1,364,000	1,180,939	5%	3,413,136	1,268,920	1,529,100	1,335,705

Differences in Projections				
	Pop	HHs	Jobs	DUs
2008	-14,832	-8,435	-47,995	29,594
2020	-109,073	-41,238	-110,373	-21,020
2035	-194,436	-147,028	-165,100	-154,766

Source: CCSCE and SACOG, March 2010.