



Planning Directors Forum

Monday, September 25, 2023

10:00 – 11:30 a.m.

Zoom

<https://us06web.zoom.us/j/83888126754?pwd=bkdhVHNiTFpDQWYxQ3dqUUFyUXZ4QT09>

AGENDA

1. Welcome/Roll Call (10 mins)

2. Discussion Items

a. 2026 Regional Growth Forecast: Preliminary Draft Regional Forecast (Heather Adamson, AMBAG and Beth Jarosz, Population Reference Bureau) (40 mins)

AMBAG will provide an update on the preliminary draft regional growth forecast (RGF). AMBAG will also provide a summary of feedback received from the forecast assumptions workgroup, share preliminary draft forecast results, and detail items that are still under development. Planning Directors are asked to provide additional feedback and input on the regional growth forecast.

b. 2050 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) (Heather Adamson, AMBAG) (20 mins)

AMBAG staff will provide an update on the development of the 2050 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS). Planning Directors are asked to provide feedback into the draft vision and goals.

3. Informational Items

a. Regional Early Action Planning (REAP) Update (Chris Duymich and Paul Hierling, AMBAG) (10 mins)

AMBAG staff will provide an update on REAP 1.0 and REAP 2.0 activities.

4. Other Items/Announcements (5 mins)

5. Next Steps/Adjourn (5 mins)

Staff Contact

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MEMORANDUM

TO: AMBAG Planning Directors Forum

FROM: Heather Adamson, Director of Planning

SUBJECT: 2026 Regional Growth Forecast: Preliminary Draft Regional Forecast

MEETING DATE: September 25, 2023

RECOMMENDATION:

AMBAG will provide an update on the preliminary draft regional growth forecast (RGF). AMBAG will also provide a summary of feedback received from the forecast assumptions workgroup, share preliminary draft forecast results, and detail items that are still under development. Planning Directors are asked to provide additional feedback and input on the regional growth forecast.

BACKGROUND/ DISCUSSION:

Every four years, AMBAG updates its regional forecast for population, housing, and employment to support the development of the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), Regional Travel Demand Model and other planning efforts.

The regional growth forecast projects the region's population, employment, and housing numbers for the tri-county area of Monterey, San Benito, and Santa Cruz counties. The purpose of the regional growth forecast is to show likely changes in employment, population, and housing in the region between 2020 and 2050, based on the most current information available. As growth patterns change over time, the forecast is updated on a regular basis to reflect the most current and accurate information available.

This forecast is used to inform regional and local planning projects such as the MTP/SCS, transportation projects, corridor studies, and economic activity analyses. Results from this forecast are used as inputs in the Regional Travel Demand Model to forecast travel patterns. AMBAG has hired Population Reference Bureau (PRB) to assist in the

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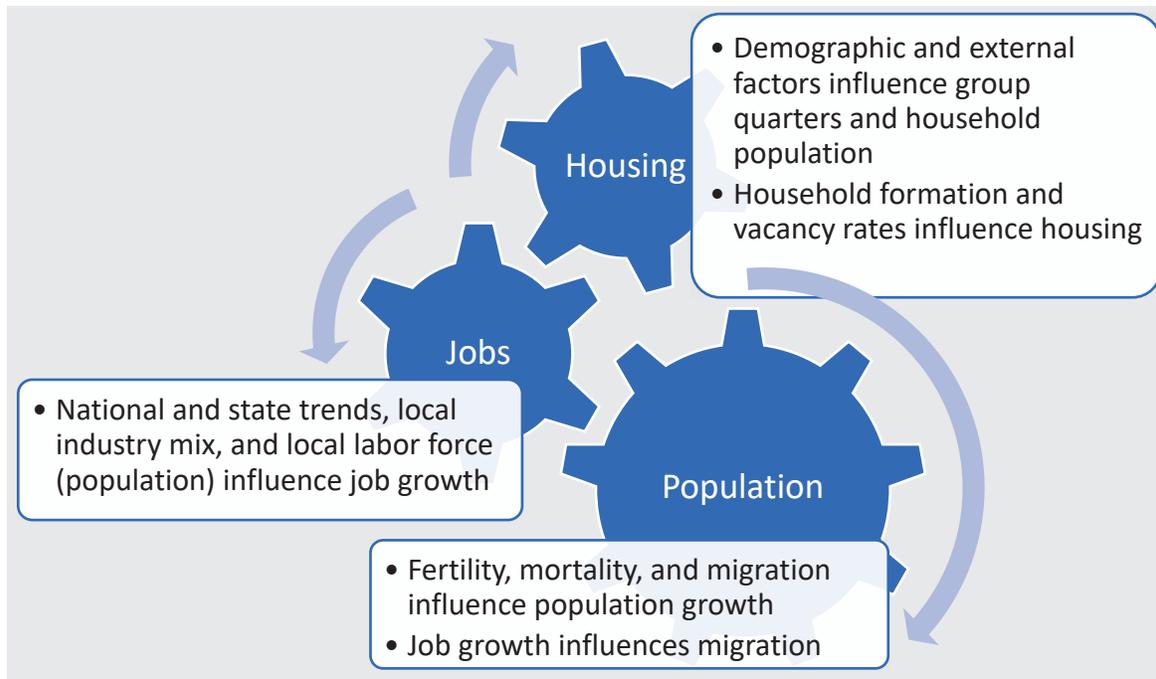
preparation of the Regional Growth Forecast.

The region has seen robust job and housing growth in recent years, despite population decline. However, rapid job growth and shrinking population trends are not expected to continue long-term. In the 2026 Draft Regional Growth Forecast, we expect slow growth for all three--population, jobs, and housing.

Forecast Methodology

Beginning in July 2023, PRB prepared three forecast methodologies for AMBAG's consideration. After receiving input from the Planning Directors Forum, on September 13, 2023 the AMBAG Board decided to move forward with Option 2: Cohort Component Population Growth for the 2026 Regional Growth Forecast.

The forecasting framework includes a cohort component model for the population forecast that uses birth, death, and migration information to predict future population. The modeling framework is illustrated in the figure below.



Employment: Employment growth by industry is driven by projected national and statewide trends for all industries in the region using a shift-share model with input from the population model through the working-age population forecast.

Population: Fertility, mortality, and migration trends influence population growth. Employment forecast influences migration levels.

Household Population and Households: Same as Option 1.

Housing Units: Same as Option 1.

Feedback from RGF Workgroup

AMBAG and PRB convened a workgroup to review forecast assumptions. The group met on September 8, 2023 and provided valuable input into assumptions for fertility, mortality, migration, housing, and job sectors.

Housing was at the forefront of the discussion. The consensus was that lack of affordable housing is the leading cause of out-migration in the region. In the long-term, attendees expect that state policies and an increase in housing supply will ease high prices, curbing the flow of domestic outmigration. The group also stressed the importance of using disaggregated vacancy rates by renter and owner-occupied status, especially among the coastal jurisdictions. Regarding the job sector, comments centered on the implications of the long-term development of ag tech and the work-from-home effect from the Bay Area. The group had no concerns on presented birth and death rate trends.

Preliminary Draft Forecast Assumptions

The preliminary draft forecast incorporates the following assumptions based on analysis of regional, state, and national trends:

- Birth rates continue to decline for teens and those in their 20s. Rates remain stable for those in their 30s. Rates rise slightly for those in their 40s.
- The infant mortality rate continues to decline, but rates remain stable for all other ages.
- International migration returns to historic average levels, and domestic migration outflows are reduced but not completely eliminated.
- Job growth follows a shift-share, with historical trends informing which industries grow somewhat faster (or slower) than the state. Selected population-serving industries (retail, self-employment, and some services) grow per capita, rather than based on state or national trends.
- Household growth is driven by household formation rates by age, sex, and race/ethnicity. Rates were held constant in the preliminary draft.
 - This is under review based on feedback received from the Workgroup and is the assumption is likely to be revised in the next draft.
- Housing growth will be driven by vacancy rates.
 - AMBAG received feedback from the RGF Workgroup that vacancy should be forecasted separately for owner, renter, and seasonal/vacation homes.

These requests will be reflected in the next draft.

AMBAG is working on the following changes to be incorporated into the next draft and requests feedback from the Planning Directors Forum on the following:

- Revising household formation rates upward to reflect recent trends and policy shifts aimed at reducing overcrowding.
- Forecasting housing based on owner, renter, and seasonal/vacation vacancy rates separately, as suggested by the RGF Workgroup.

Preliminary Results

The preliminary regional growth forecast numbers for population and employment are shown in Table 1. These projections are substantially lower than the 2022 Regional Growth Forecast, reflecting updated information from the 2020 Census, new estimates from the California Department of Finance (DOF) that show population loss in the region in recent years, steadily falling fertility rates, stagnant mortality rates, and an aging population.

Table 1: AMBAG Regional Projections 2010-2050

| Year | Population | Housing Units | Employment |
|----------------------|------------|---------------|------------|
| 2010 (Actual) | 732,708 | 260,256 | - |
| 2020 (Actual) | 774,985 | 270,341 | 374,530 |
| 2030 | 776,583 | ** | 417,477 |
| 2040 | 787,302 | ** | 425,834 |
| 2050 | 785,258 | ** | 432,563 |

Source: Preliminary Regional Growth Forecast Draft Results

The preliminary population projections are within 1.5% of the DOF forecast update that was released in July 2023.

**The housing forecast is still under development, pending Planning Directors Forum input. It is important to note that the region must accommodate the 6th Cycle RHNA by the plan horizon. Given AMBAG’s determination of 33,274 and San Benito COG’s determination of 5,005 units, the AMBAG region plan must include at least 38,279 additional housing units between 2020 and 2050 for a *minimum* of 308,620 units by 2050. Housing projections will be shared with the Planning Directors Forum at their October meeting.

Timeline

- Fall 2023 – Complete draft regional growth forecast
- Late Fall 2023/early 2024 – AMBAG Board approves tri-county regional growth forecast numbers
- Early 2024 – Begin subregional allocation

Next Steps

A revised draft of the regional forecast will be ready for review and discussion in October 2023. AMBAG will continue to work closely with local jurisdictions and gather information to ensure that the most current local data is incorporated into the forecast and to ensure consensus on the process.

meetings with all local jurisdictions, LAFCOs, and the two universities (UC Santa Cruz and CSU Monterey Bay) beginning in early 2024 to discuss and receive feedback on the subregional growth forecast. Draft subregional forecast numbers are scheduled to be available in spring 2024. The 2026 Regional Growth Forecast is scheduled to be accepted for planning purposes in October 2024.

2050 MTP/SCS Draft Vision and Goals

With each MTP/SCS update, AMBAG starts the planning process by establishing a framework of a vision and goals to guide the development of the Plan. This is a key first step, as it is the policy foundation for the MTP/SCS and identifies the “big picture” of what we aim to achieve. Ultimately, performance measures will be developed to measure how well the MTP/SCS meets the goals. The draft vision and goals for the 2050 MTP/SCS are shown below. The AMBAG Board of Directors will be asked to approve the vision and goals in late 2023.

Vision – An accessible and connected region for a safe, resilient, and equitable future.

Goals

Mobility – Build and maintain a safe and robust transportation network.

- Support investments that are well-maintained, coordinated, and resilient, while improving safety.
- Ensure safe, reliable, accessible, and affordable travel options while striving to enhance equitable mobility options in the region.

Environment – Create a healthy region for all.

- Develop communities that are resilient and sustainable.
- Integrate the region’s development pattern and transportation system to reduce greenhouse gas emissions.
- Develop a comprehensive climate resilient transportation network to mitigate vulnerabilities and enhance adaptation.
- Conserve and protect the region’s natural and agricultural resources.

Communities – Develop, engage, connect, and sustain communities that are livable and thriving.

- Reinforce vibrant, human-centered communities in urban, suburban, and rural settings to increase mobility options.
- Promote and preserve a diversity of housing types in supportive land uses to improve affordability, accessibility, and choices for all.

- Foster inclusive communities free from barriers that restrict access to opportunity, and actively seek to reduce racial and economic disparities.

Economic – Support a sustainable, efficient, and productive regional economic environment that provides opportunities for all.

- Advance a resilient and efficient goods movement system that supports the economic vitality of the region and quality of life for our communities.
- Improve regional multimodal transportation system infrastructure and efficiency to enhance the region’s economic competitiveness.
- Increase the accessibility and mobility of people and for freight.

Equitable – Plan for people of all ages, abilities, and backgrounds.

- Prioritize equitable and resilient solutions in the transportation system.
- Increase transportation opportunities for historically underrepresented and underserved communities.

Transportation Project Database and Project List

AMBAG is currently developing a new transportation project database to track all MTP/SCS projects. In 2024, AMBAG will soon begin work with the RTPAs, transit operators, Caltrans and local jurisdictions to update the transportation project list for the 2050 MTP/SCS. As part of this required “Call for Projects,” AMBAG will work closely with the RTPAs to make changes to the existing projects included in the 2045 MTP/SCS, such as changes to cost estimates and project phasing. Additionally, the RTPAs will be able to add new projects or delete those that have been completed. RTPA staff will work with local jurisdictions and other project sponsors to obtain updates to local projects to be entered into MTP/SCS database.

Next Steps

Staff will continue to develop the initial components of the 2050 MTP/SCS working with the Planning Directors Forum, Technical Advisory Committees, partner agencies and key stakeholders.