

Projections for the AMBAG Region 2010-2035

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Overview

- Developing consistent regional job, population and household projections
- Describing the AMBAG regional economy
- Regional job projections
- Translating jobs to population and households
- Issues and Policy Choices

The Growth Forecast is About the Future

- The target years are 2020 and 2035.
- The 2020 projections will help shape the discussion with HCD for the next RHNA
- The 2035 projections will shape long-term transportation and land use policies
- It is very hard to think about planning for the future in any time but especially in a time of economic distress

RHNA Issues

- This slide is in response to questions from the planning staff meeting last week.
- In recent HCD RHNA determinations, the HCD staff recognizes that many of the first added jobs will go to existing residents currently unemployed. They also recognize that jurisdictions have an above average supply of vacant housing.
- RHNA goals have been coming in lower than in previous cycles.

Best Practice Methodology

- Regional job projections depend on assumptions about U.S. job growth and the regional share of U.S. jobs. The region and nation are connected.
- Regional population projections depend on job growth and commuting patterns into and out of the region.
- Regional household projections depend on population growth, age and ethnic composition, behavioral factors and assumptions about housing supply.
- Variations of this methodology are used by ABAG, SACOG, SANDAG, SCAG, SBCAG and major national forecasting firms.

AMBAG Job Growth-1

- AMBAG job growth depends on the number (POOL) of jobs created in the U.S. and the SHARE of U.S jobs locating in the region.
- The POOL of U.S. jobs depends on population growth, the population age profile and labor force participation rate. Full employment is expected by 2020.
- The amount of U.S. population growth depends on assumptions about immigration and birth rates. Used conservative immigration projections.

AMBAG Job Growth-2

- The SHARE of U.S. jobs locating in the region depends on the composition of U.S. job growth and the competitive position of the region.
- CCSCE includes an additional projection step—projecting CA jobs first and the AMBAG region as a share of CA.
- The share of job growth is primarily determined by growth in the region's economic base—those sectors that sell a majority of goods and services to customers across the state, nation and world.

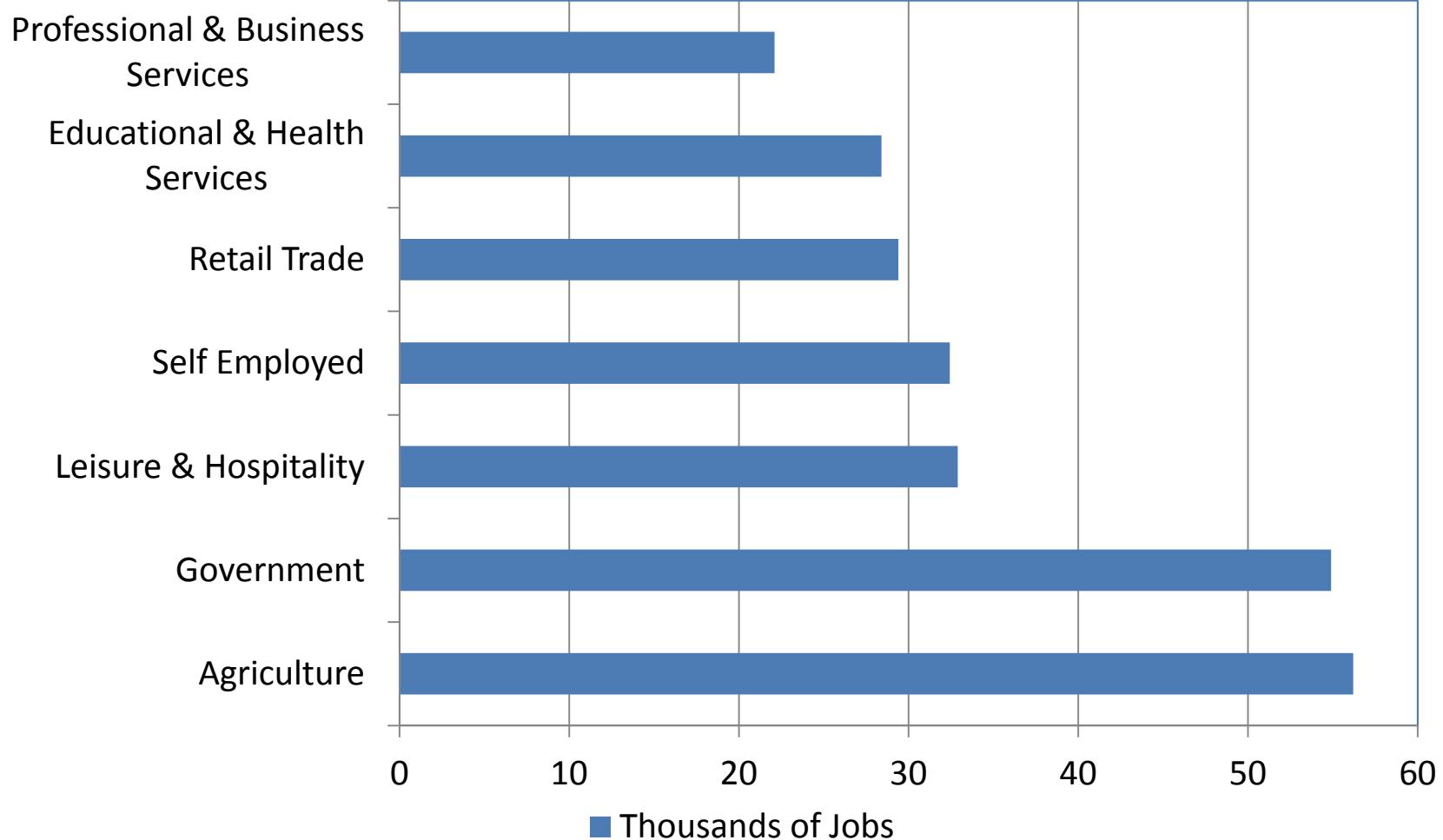
Adaptation of Methodology to AMBAG

- The starting point was a detailed set of U.S. and California industry job projections developed by CCSCE in the July 2012.
- Projections for AMBAG were developed at the major industry level as shown in a later slide.
- The AMBAG region shares of California job growth were developed based on historical patterns and CCSCE analysis.

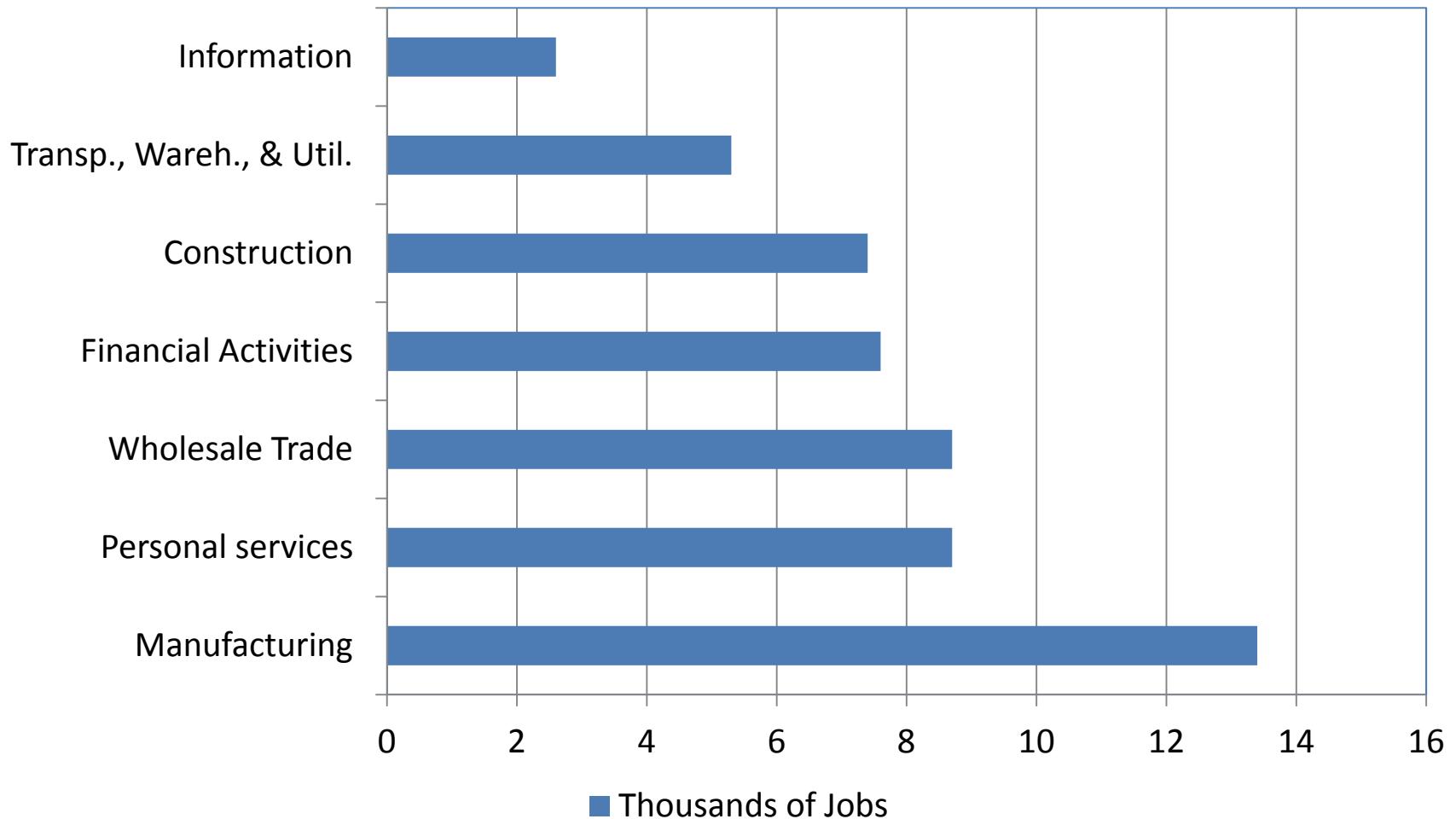
Overview of AMBAG Regional Economy

- Largest job sectors are Agriculture, Government, Leisure & Hospitality and Self Employed.
- The region is participating in the recovery led by growth in Santa Cruz County.
- The region provides commuters to the Bay Area, primarily Santa Clara County, associated with Bay Area job growth.

Jobs in Largest Sectors in 2011

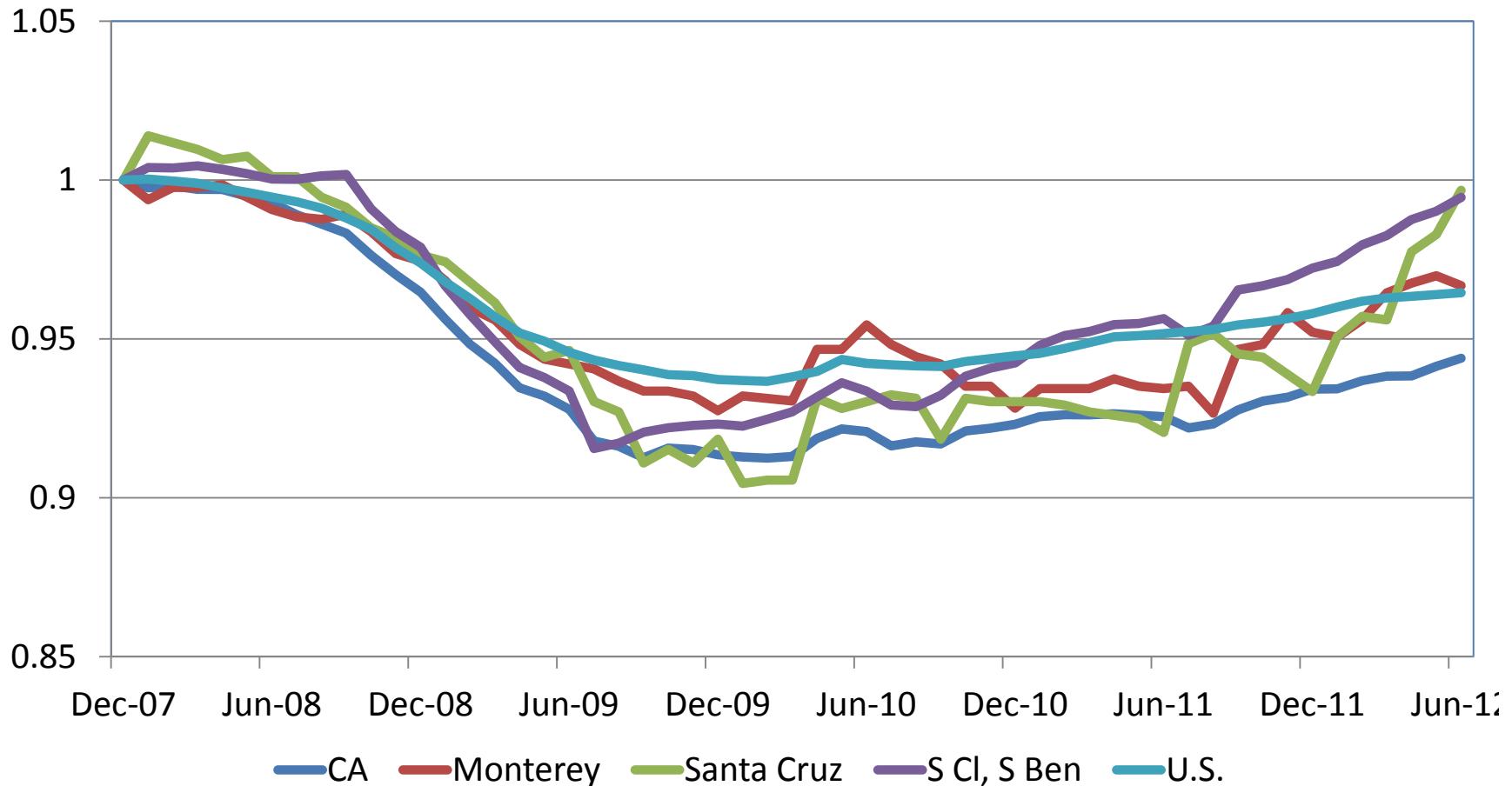


Jobs in Smaller Sectors in 2011

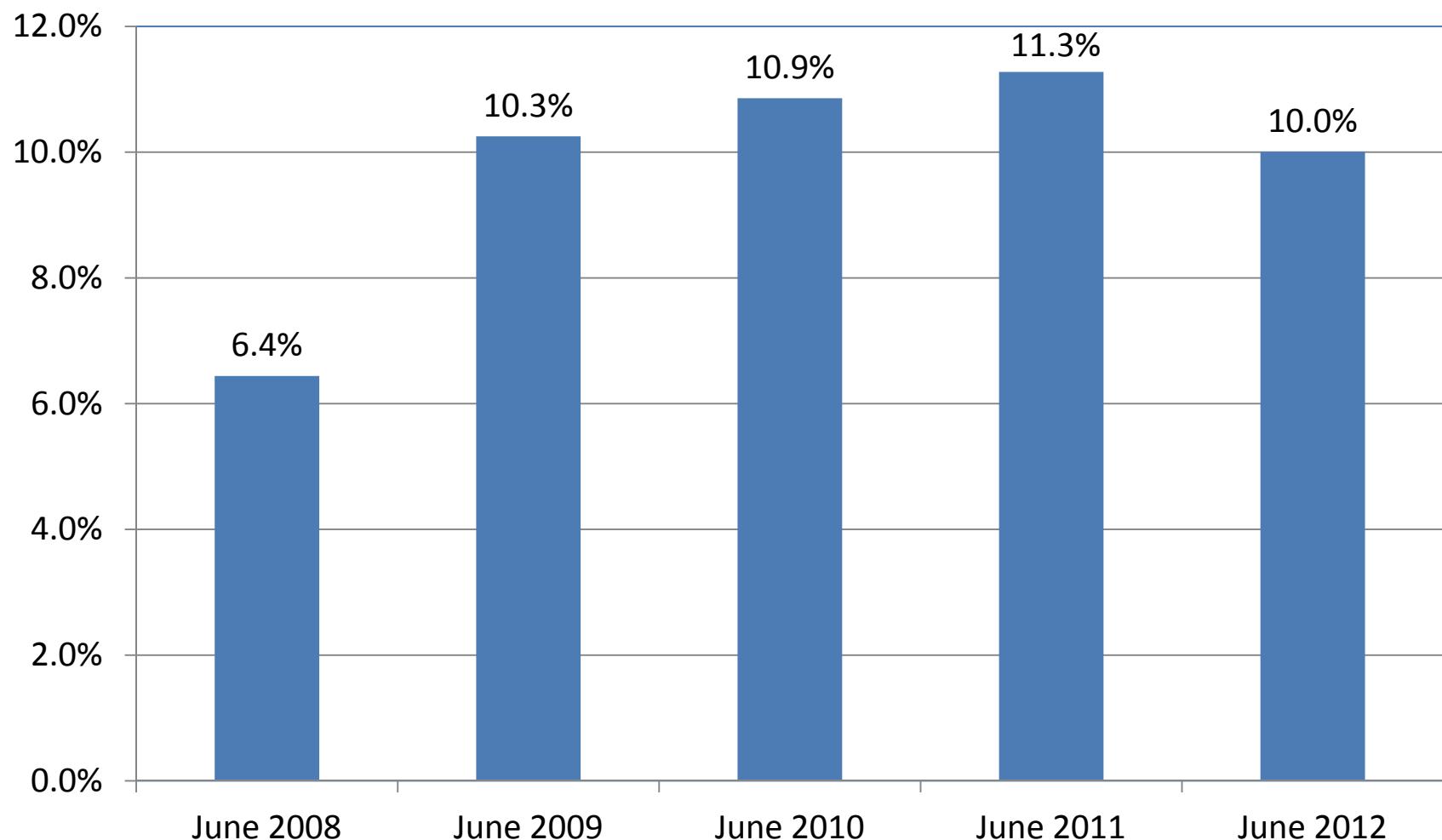


Job Recovery Trends

(Job Level Relative to December 2007)



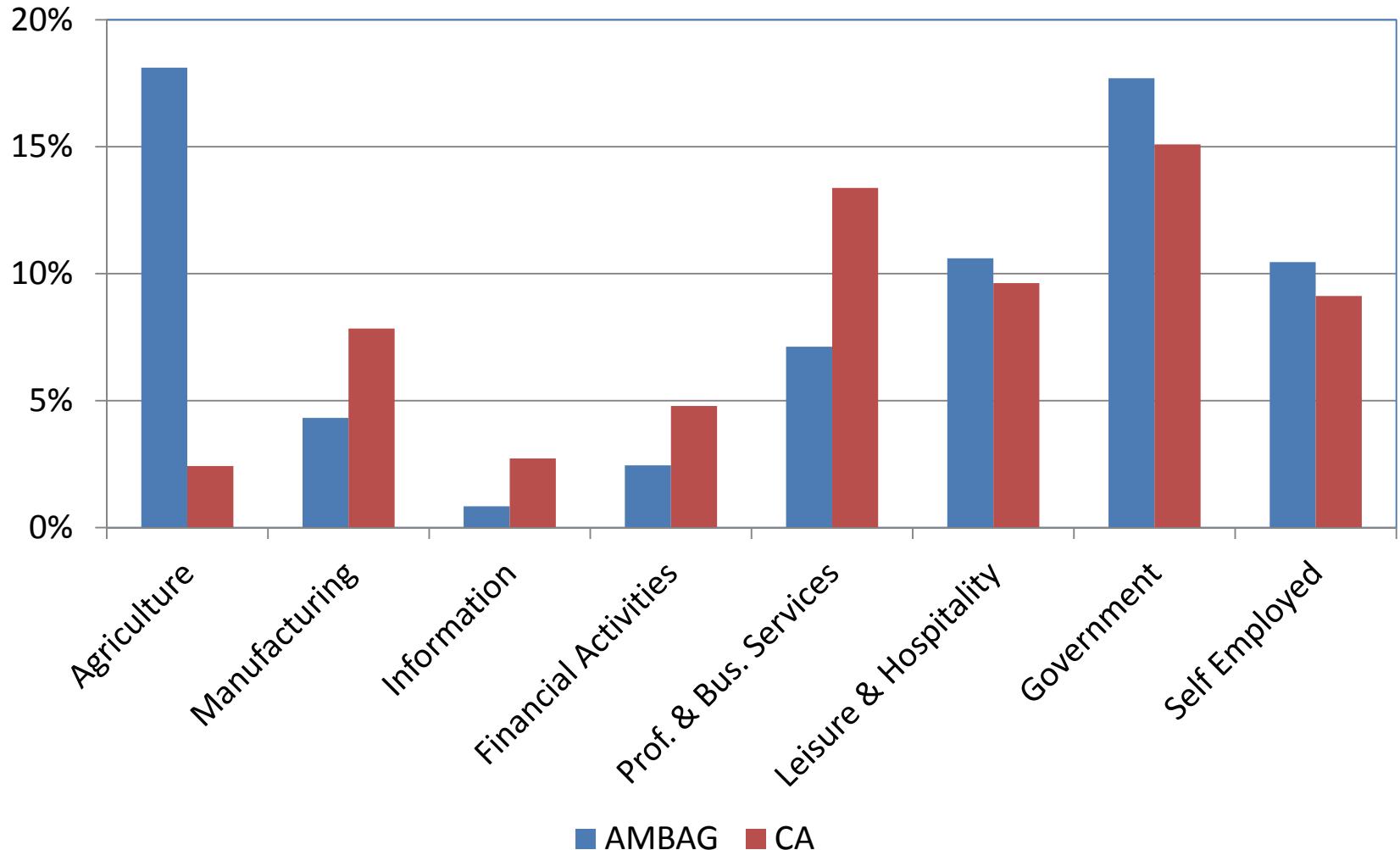
AMBAG Unemployment Rate



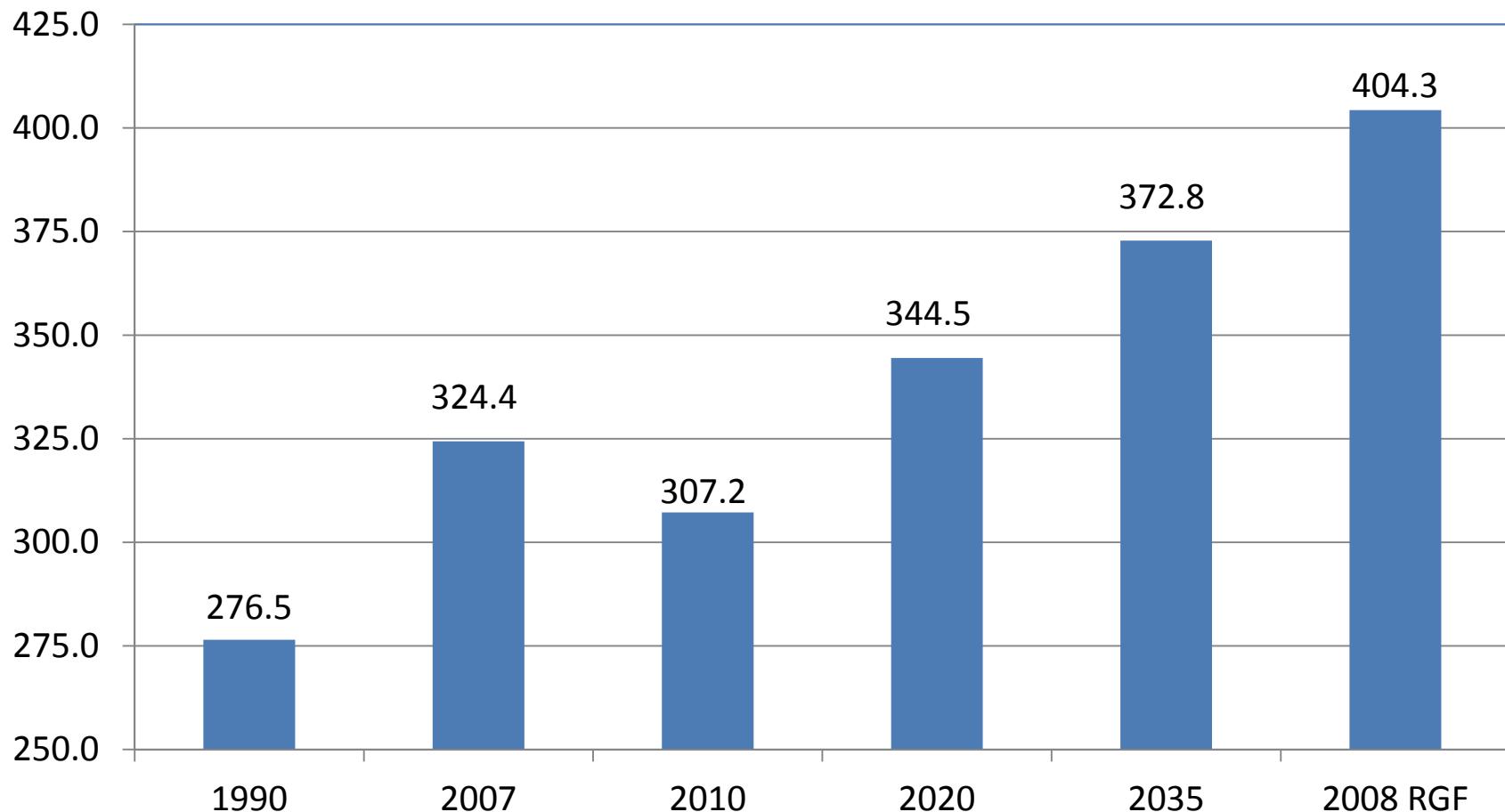
AMBAG Region Has a Below Average Share of High Growth and High Wage Sectors

- A below average share of the fastest growing high wage sectors - Information and Professional and Business Services.
- A below average share of high wage finance and manufacturing jobs.
- An above average share in agriculture, government, leisure and hospitality and self employment.
- The region's economic base suggests below average future job growth relative to California.

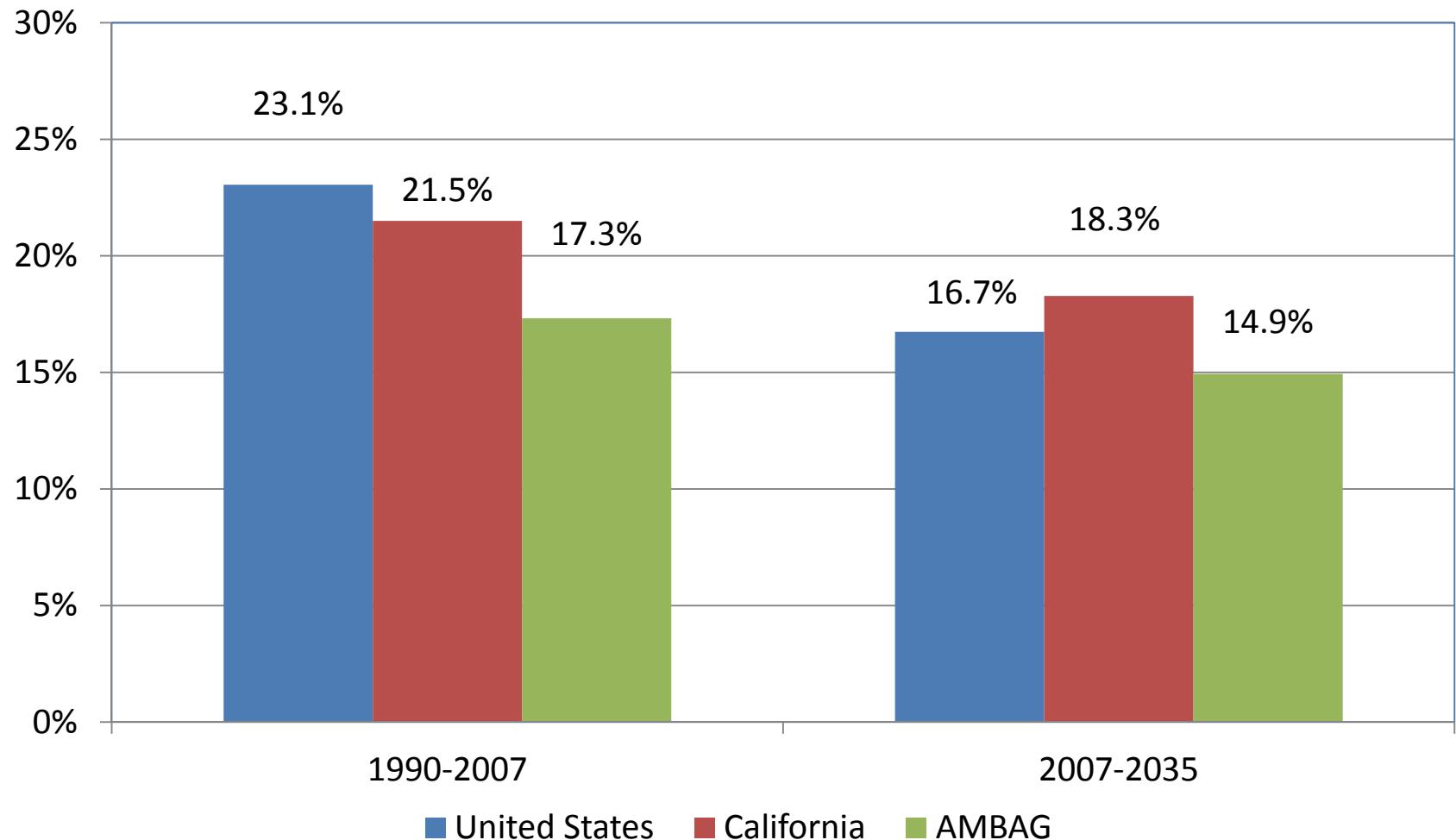
Share of Total Jobs in 2011



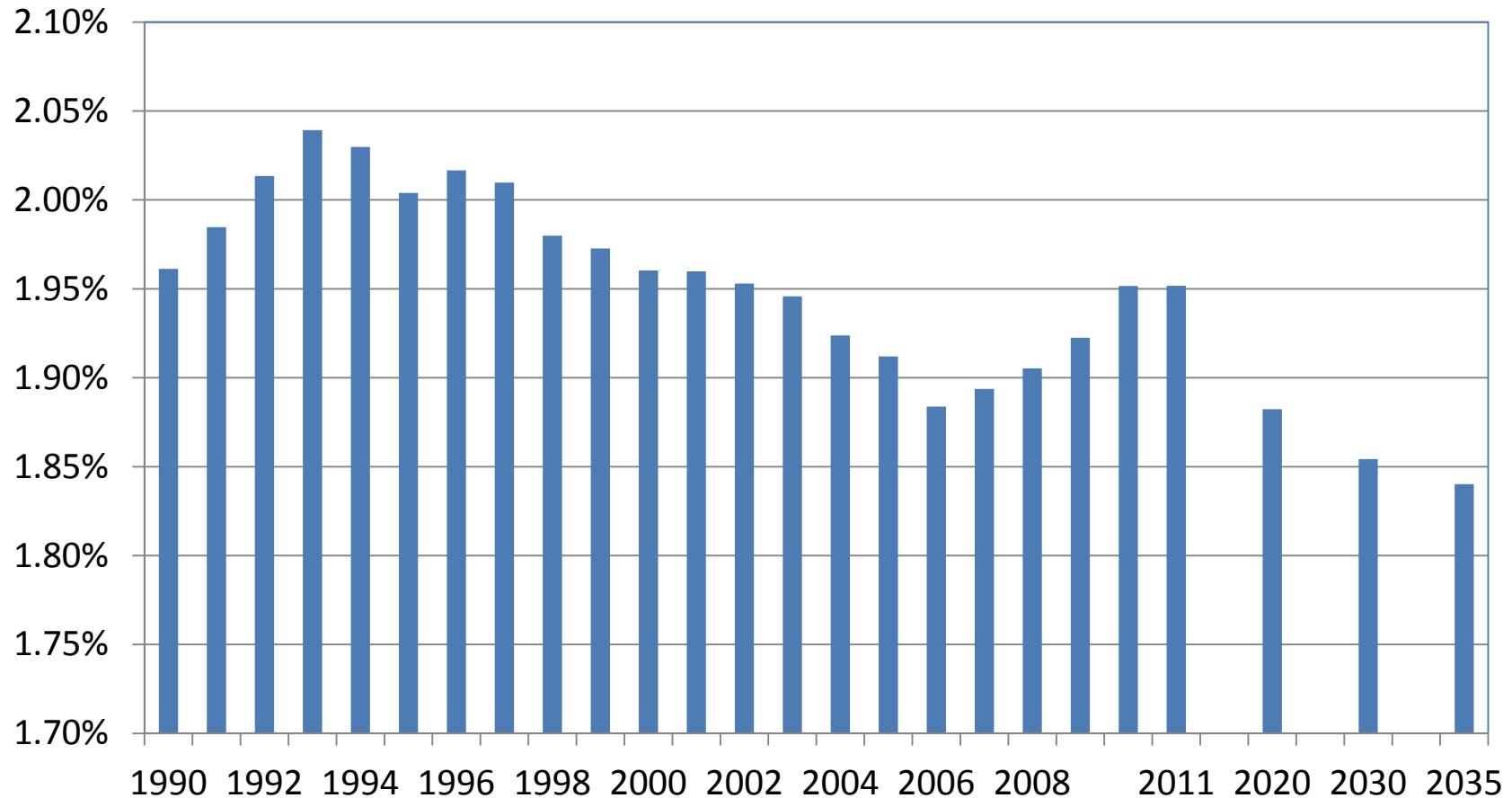
Total Jobs in AMBAG Region (Thousands)



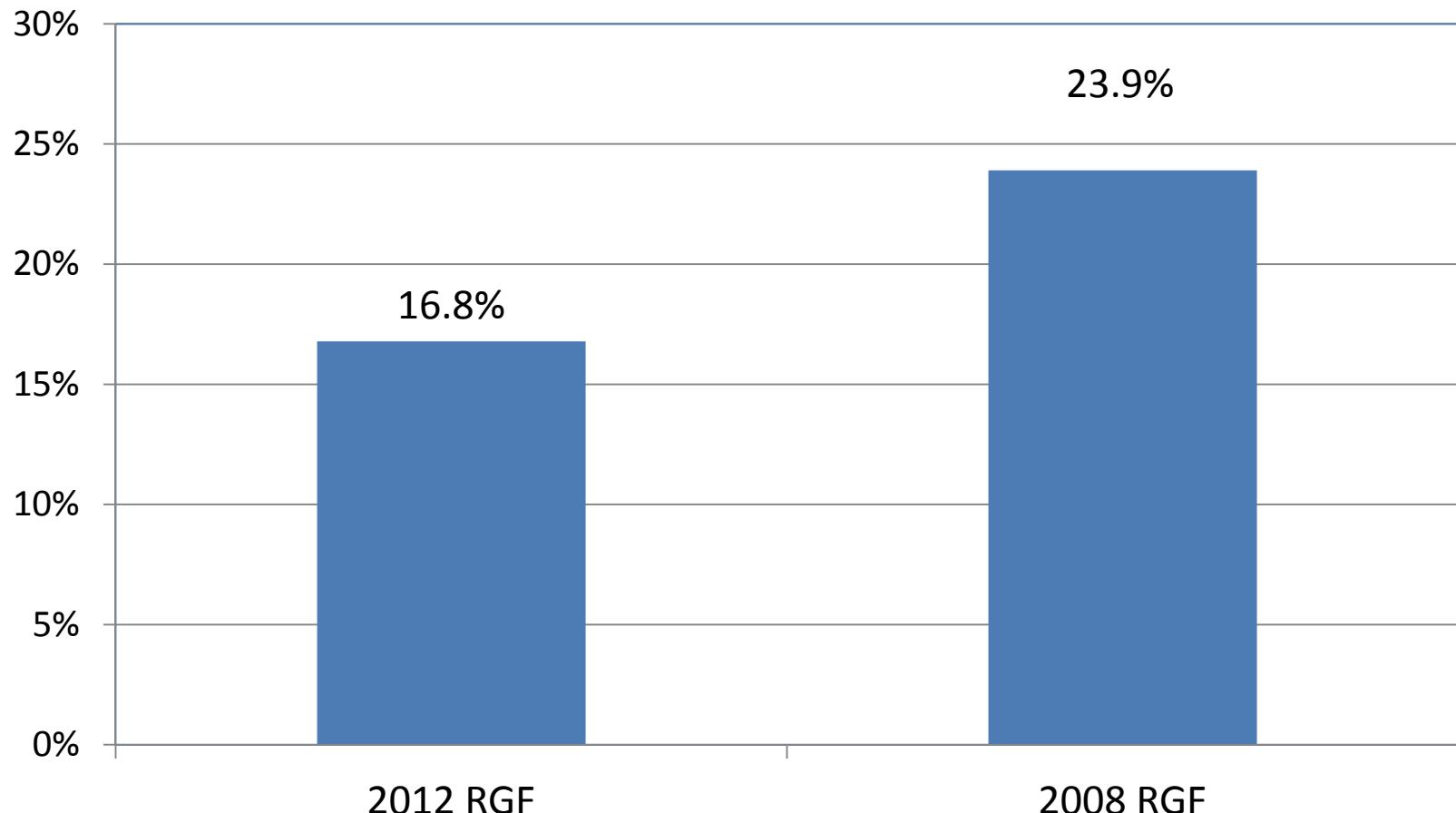
Job Growth



AMBAG Region Share of CA Jobs



Job Growth 2005-2035



Comparative Job Growth Rates

- ABAG, SACOG and SANDAG are projected to grow faster than the state in terms of jobs
- AMBAG, SBCAG and SCAG are projected to grow more slowly than the state in terms of jobs
- AMBAG is one of the slowest growing regions in the state measured by future job growth

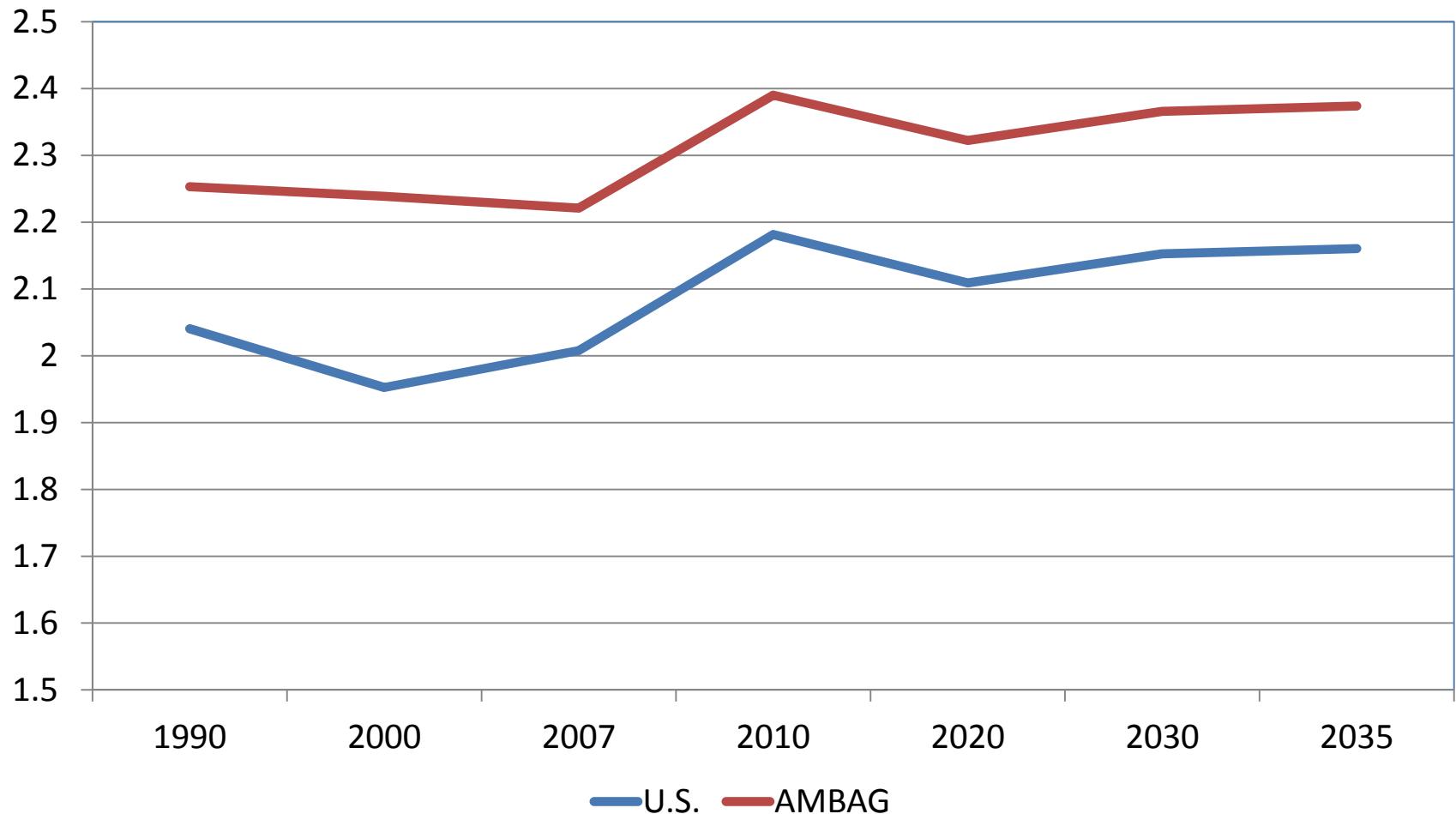
The Pattern of Regional Job Growth

- 65,600 jobs between 2010 and 2035
- 17,900 in Education and Health Services; 9,500 in Government; 9,300 in Leisure and Hospitality; 8,900 in Professional and Business Services
- 4,200 in Construction; 4,000 in Agriculture, 3,900 in Retail Trade and smaller gains in other sectors
- Only Manufacturing loses jobs following the state and national projections

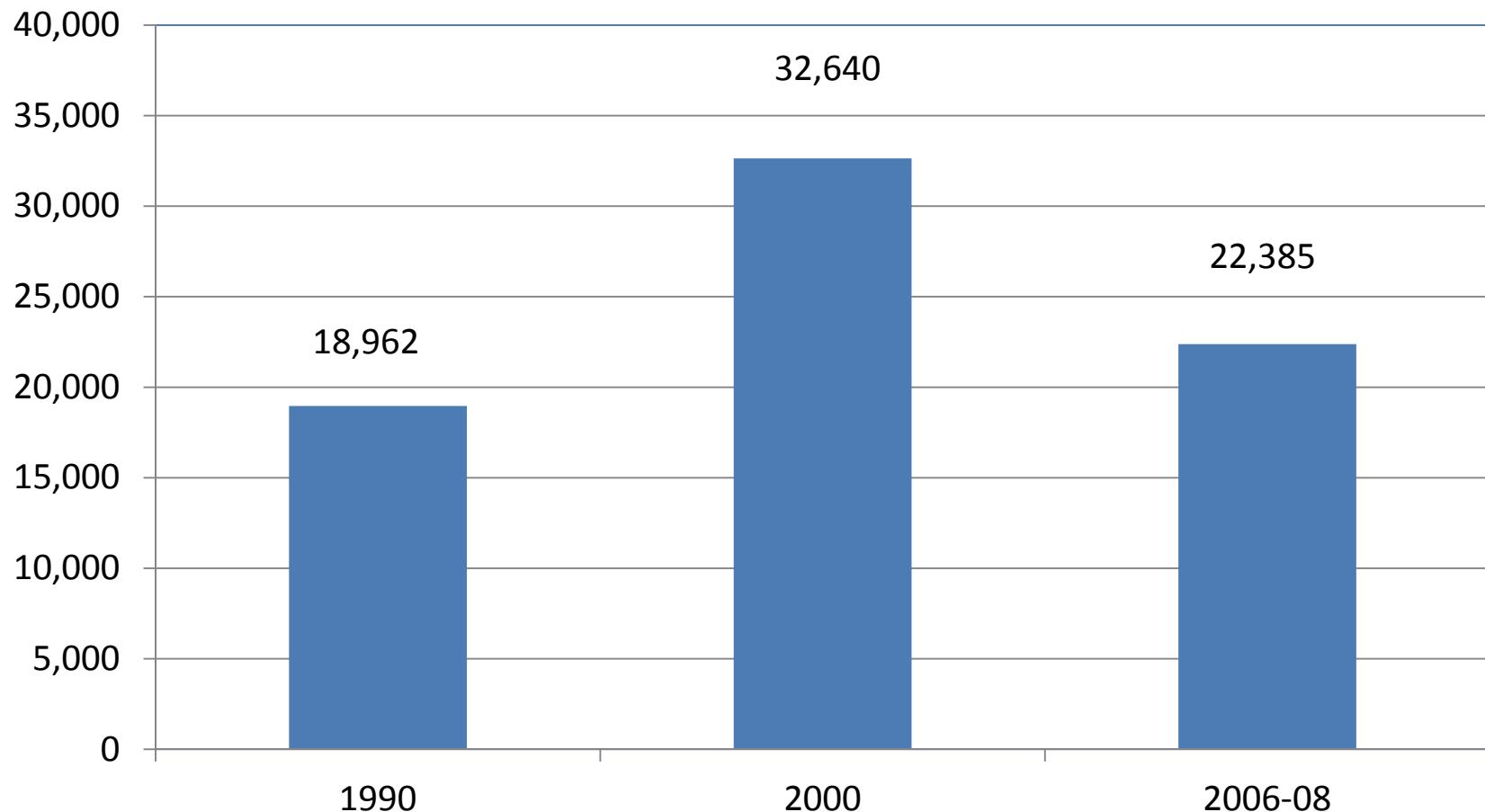
Translating Jobs to Population Growth

- The AMBAG region has more people per job compared to the state and nation.
- Major causes are 1) commuting from the region to the Bay Area and 2) a larger share of prison and college population. Smaller causes are 3) slightly more children per household and 4) a higher unemployment rate.
- But the AMBAG region closely tracks the national trend in the ratio of people to jobs.

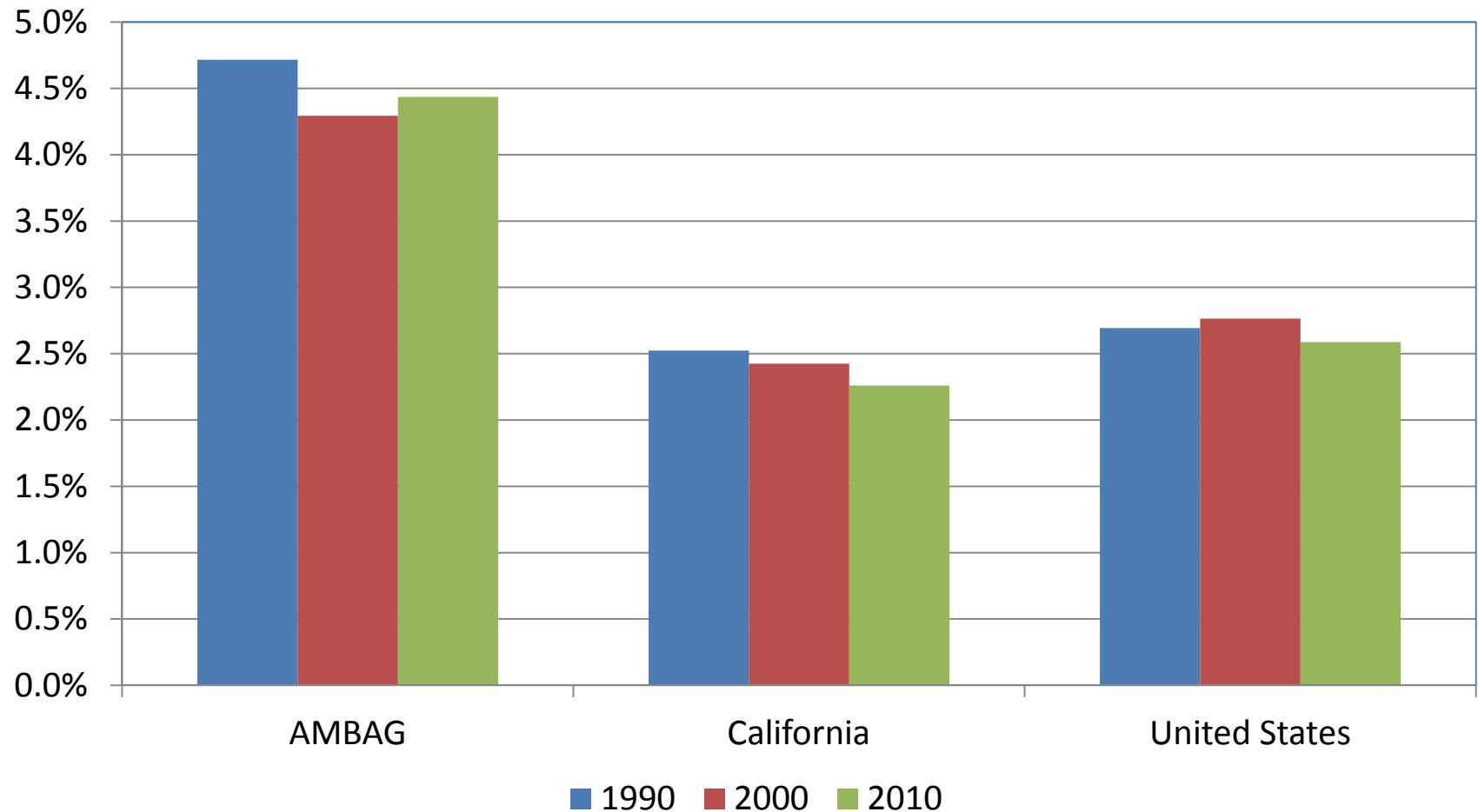
Population per Job



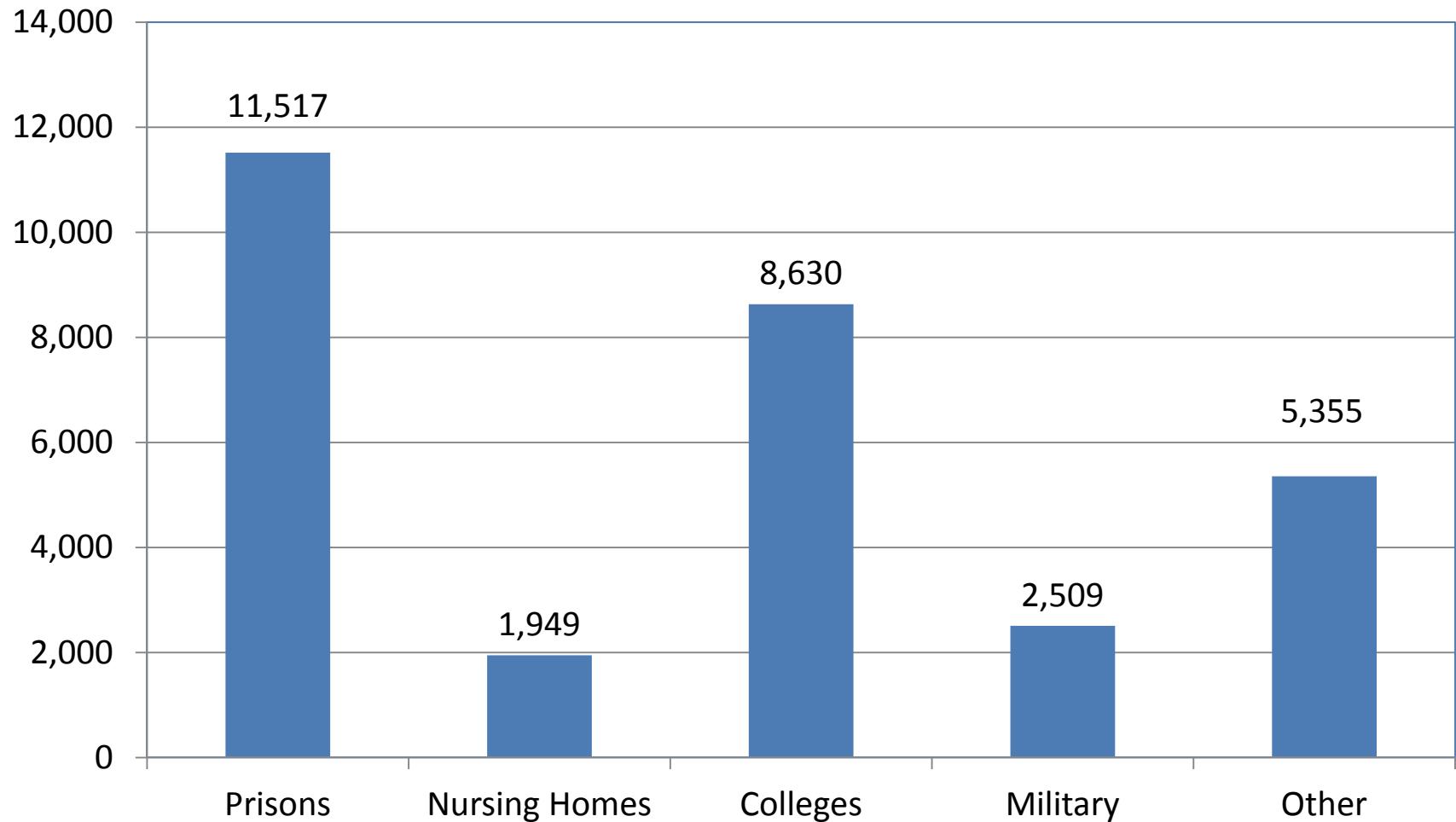
Net Out Commute From AMBAG Region



Group Quarters % of Population



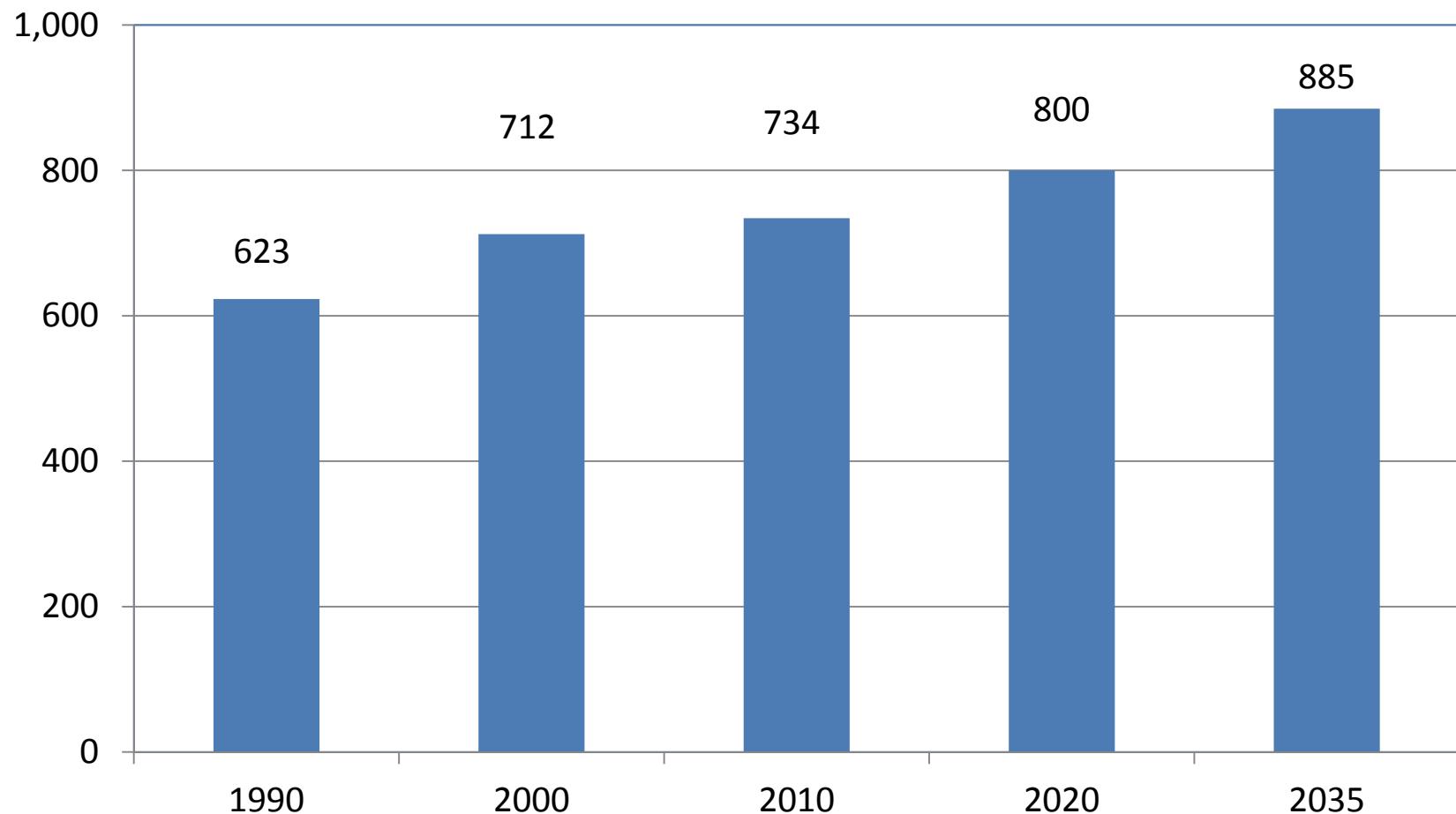
AMBAG Group Quarters Population in 2010



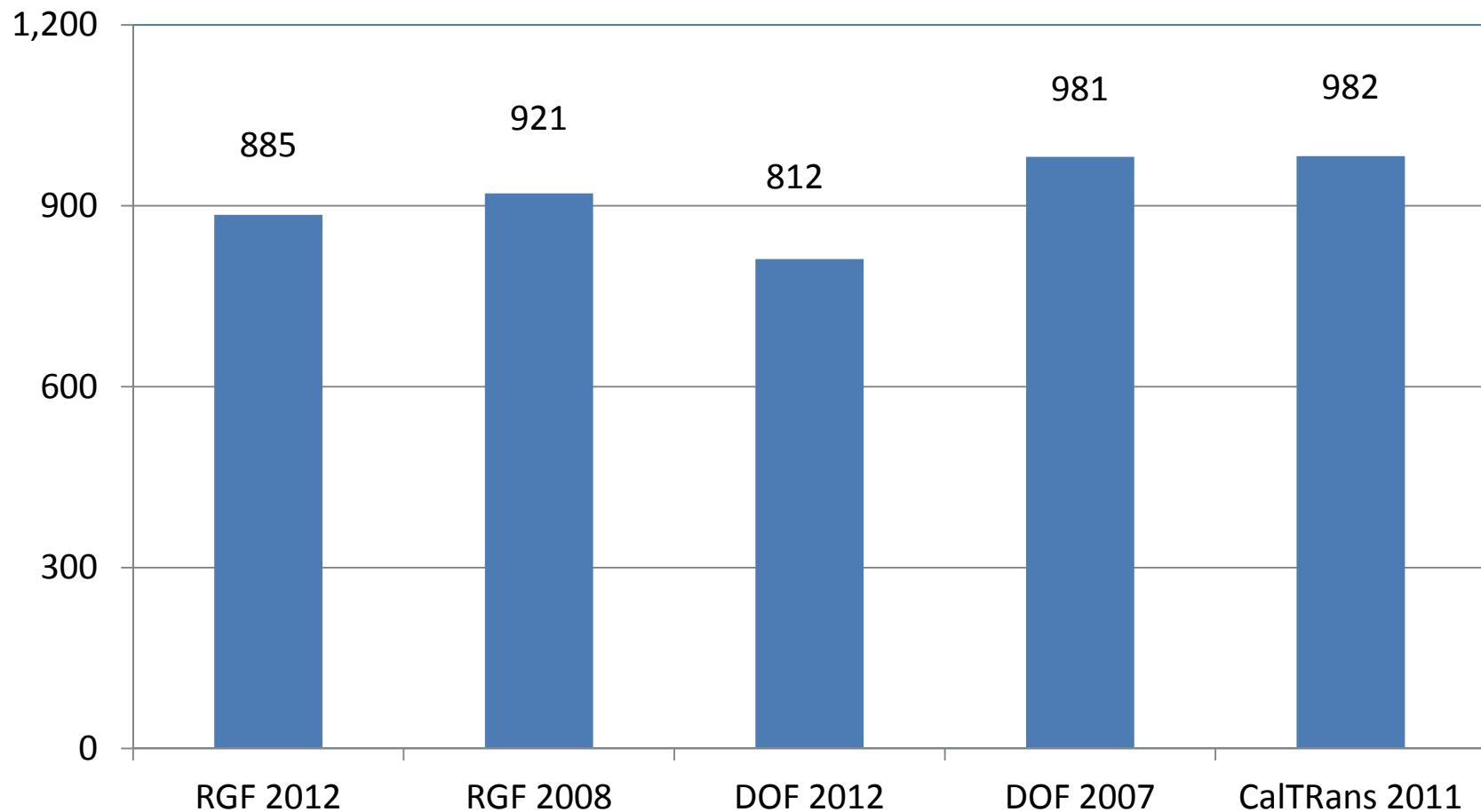
Population Projection Assumptions

- Based on job growth
- And a continuation of increasing commuting as job growth in Santa Clara is surging and projected to grow more by 2035
- No significant change in the ratio of group quarters population or children per household relative to national trends

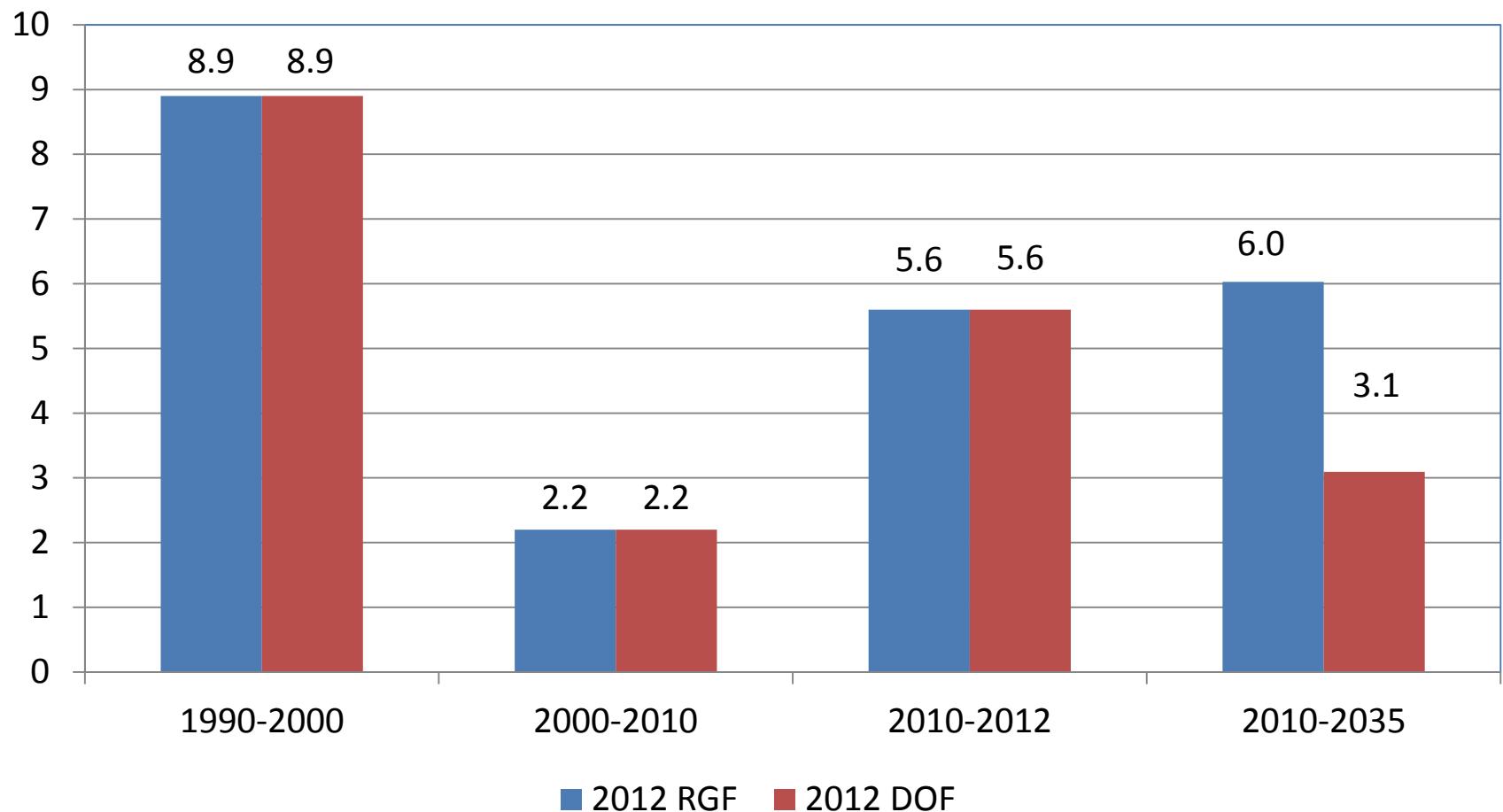
AMBAG Region Population (Thousands)



AMBAG Region Population in 2035 (Thousands)



Average Annual Population Growth (Thousands)



Issues and Policy Choices

- There is a small growing high tech complex in Santa Cruz County. These projections do not anticipate a big surge in tech activity in the AMBAG region.
- The region is assumed to be a growing home for commuters as Silicon Valley expands and housing costs there are much higher than in the AMBAG region. A lot will depend on housing trends and policies in San Benito County.

More Issues and Policy Choices

- It is possible that some high-speed rail activity may occur in the region by 2035. This would increase the attractiveness of commuting from the region and also related job growth. These possibilities were not included in the draft projections.
- Specialized knowledge about both the agriculture and tourism sector may be used to refine the projections.