



REGIONAL PLANNING COMMITTEE
MAY 4, 2018

ACTION REQUESTED: RECOMMEND

REGIONAL GROWTH FORECAST ASSUMPTIONS

File Number 3102000

Introduction

SANDAG produces a Regional Growth Forecast every four years to inform the Regional Plan. The 2018 Preliminary Regional Growth Forecast will serve as the foundation for San Diego Forward: The 2019-2050 Regional Plan (2019 Regional Plan), as well as to inform other planning efforts and projects across the region.

Recommendation

The Regional Planning Committee is asked to recommend that the Board of Directors approve the regional assumptions and housing capacity assumptions (Attachment 2) by jurisdiction for use in the 2018 Regional Growth Forecast.

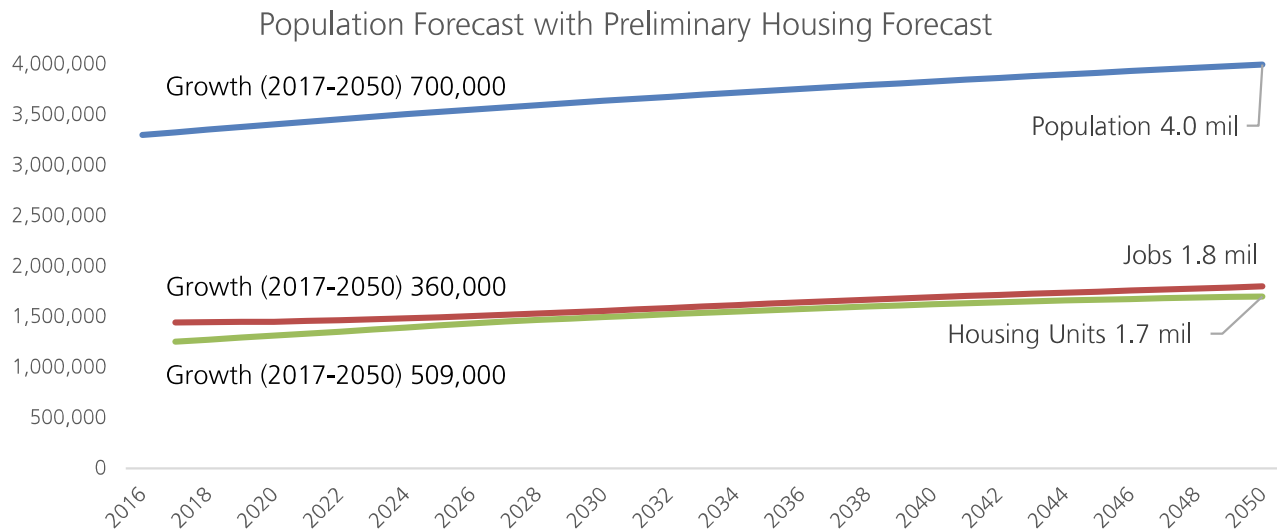
On April 6, 2018, SANDAG staff shared the preliminary Regional Growth Forecast with the Regional Planning Committee, discussed assumptions used to develop the forecast, and presented options for addressing projected housing need.

Discussion

Preliminary Regional Growth Forecast

SANDAG used the California Department of Finance Population Forecast as the basis for the San Diego Regional Growth Forecast and assembled expert review panels (Attachment 1) to advise in developing the jobs and housing projections. The Preliminary Regional Growth Forecast is shown in Figure 1 below, and projects the population to grow by 700,000 people, 360,000 jobs, and the need for 509,000 housing units.

Figure 1



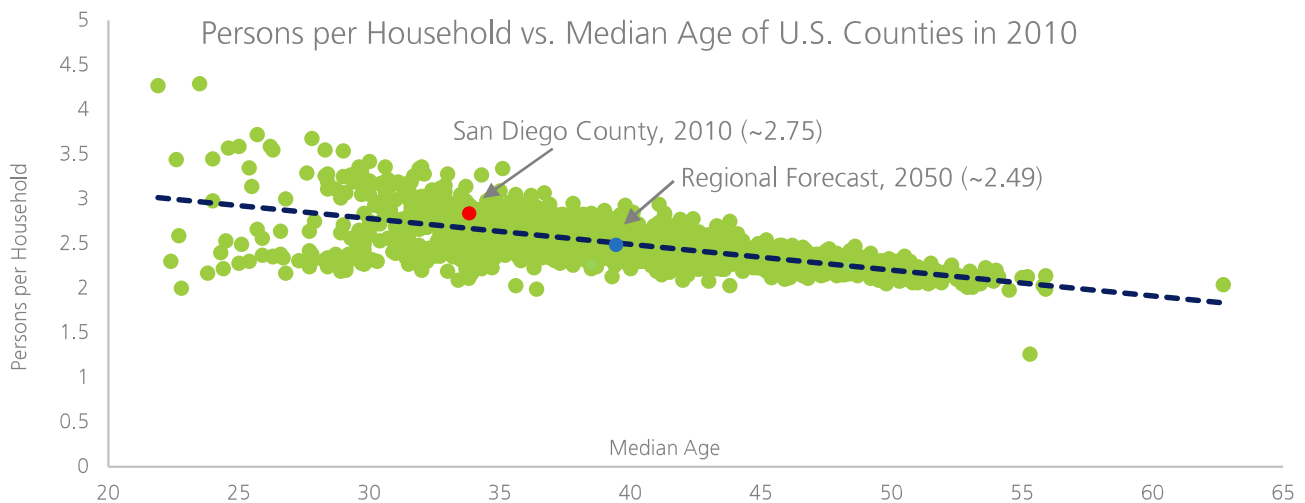
The projected population and job growth is similar to previous Regional Growth Forecasts; however, there are more housing units projected to be needed than in previous Regional Growth Forecasts.¹ The primary reason for this increase is due to changes in three assumptions used to develop the projected housing need: (1) the impact of an aging population on average household size; (2) the need for a healthy housing market; and (3) the acknowledgement of non-occupiable units (e.g., vacation rentals and second homes).

Regional Growth Forecast Presumptions

Based upon national trends and input from the expert review panels, three key interrelated presumptions have been used to develop the projected housing need:

1. **Average Household Size** – The median age of the population will rise as the population in the region ages from approximately 34 years in 2016 to approximately 40 years in 2050. An aging population and a healthy housing market results in the average household size decreasing as population ages from an average of 2.75 persons per household to 2.49 persons per household. Figure 2 below shows the correlation between Persons Per Households, and the Median age of the residents of every county in the United States in 2010 (each dot represents one U.S. county). As can be seen in the figure, that average household size tends to be smaller the older the population of a county is. The factors influencing the Regional Growth Forecast follow this trend and result in a gradual reduction in persons per household in 2050.

Figure 2



Source: Census 2010, Summary File 1

2. **Vacancy Rate** – Both the California Department of Housing and Community Development and the expert review panels recommend a 5 percent housing vacancy rate to establish and maintain a healthy housing market. The Regional Growth Forecast assumes that the vacancy rate will increase to 5 percent by 2029 and maintain a 5 percent vacancy rate through 2050.
3. **Second Homes and Vacation Rentals (Unoccupiable Units)** – Second homes and vacation rentals are units that are not generally available for sale or long-term rent are considered to be “unoccupiable units.” The acknowledgment of the nature of these units effectively reduces the housing stock available to the San Diego region’s population. While there is limited data available, SANDAG estimates that there are currently at least 57,000 homes in the San Diego region that are not available for housing the region’s residents. This estimate is based upon American Community Survey and SANDAG data. The Regional Growth Forecast does not assume future growth in unoccupiable units because there is limited data

¹ The most recent Regional Growth Forecast (Series 13) projected approximately 330,000 additional housing units between 2012 and 2050.

available to support forecasting growth in second homes and vacation rentals 30 years into the future. In as much, the Preliminary Regional Growth Forecast assumes 57,000 second homes and vacation rentals will remain unavailable (unoccupiable) through 2050.

Projected Housing Need

Based upon projected population growth and the key assumptions discussed above, the Preliminary Regional Growth Forecast identifies a need for 509,000 units between now and 2050 to serve projected population growth. Housing capacity assumptions for the Regional Growth Forecast have been developed in collaboration with each of the local jurisdictions over the last several months (Attachment 2). The 2016-2035 column represents initial input from local jurisdictions regarding local general plan capacities. On March 26 and April 12, 2018, the Regional Planning Technical Working Group (the region's 19 planning directors) provided additional input on the approach to developing the housing capacities in light of the projected increased need for housing. The additional input included a combination of current general plan assumptions, emphasis on Smart Growth Opportunity Areas (excluding Rural Villages), and accessory dwelling units (second units on single-family parcels). This additional general plan capacity by jurisdiction is shown in the 2036-2050 column.

Next Steps

Based upon recommendation from the Regional Planning Committee and pending action by the Board of Directors, the Regional Growth Forecast assumptions will be used to prepare the Subregional Forecast. It is anticipated that the Subregional Forecast will be brought to the Board of Directors in September, along with the preferred transportation network for the 2019 Regional Plan.

RAY MAJOR
Chief Economist

Attachments: 1. List of Expert Review Panelists
2. Preliminary Housing Capacity Assumptions by Jurisdiction

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List of Expert Review Panelists

March 9, 2017 Meeting

1. Erik Bruvold, President, National University System Institute for Policy Research
2. Ira Hirshman, Ph.D., Principal Economist, WSP Parsons Brinkerhoff
3. John Husing, Ph.D., Founder, Economics & Politics, Inc.
4. Elizabeth Laderman, Ph.D., Research Economist, San Francisco Federal Reserve Bank
5. Stephen Levy, Director and Senior Economist, Center for Continuing Study of the California Economy (CCSCE)
6. Dudley Poston, Ph.D., Professor of Sociology, Texas A&M University
7. Ryan Ratcliff, Ph.D., Associate Professor of Economics, University of San Diego
8. Lynn Reaser, Ph.D., Chief Economist, Fermanian Business & Economic Institute
9. Ethan Sharygin, Ph.D., Demographer, California Department of Finance
10. Stanley Smith, Ph.D., Emeritus Professor of Economics and Research Demographer, University of Florida
11. Jeff Tayman, Ph.D., Guest Lecturer, UC San Diego, Department of Economics
12. John Weeks, Ph.D., Emeritus Professor of Geography, San Diego State University

February 14, 2018 Meeting

1. Gary London, Senior Principal, London Moeder Advisors
2. Nathan Moeder, Principal, London Moeder Advisors
3. Frank Wen, Ph.D., Planning Manager, Research and Analysis Division, Southern California Association of Governments
4. Ryan Ratcliff, Ph.D., Associate Professor of Economics, University of San Diego
5. Ethan Sharygin, Ph.D., Demographer, California Department of Finance

Preliminary Housing Capacity Assumptions by Jurisdiction

The following preliminary capacities were developed in collaboration with each of the local jurisdictions over the last several months. The general plan capacity assumptions 2016-2035 include initial input from local jurisdictions. On March 26 and April 12, 2018, the Regional Planning Technical Working Group, which includes the region's 19 planning directors, provided additional input on the approach to developing the preliminary housing capacities in order to meet the projected need for 509,000 housing units by 2050. The additional input included a combination of current general plan assumptions, emphasis on Smart Growth Opportunities Areas (excluding Rural Villages), and accessory dwelling units (second units on certain single-family parcels). This additional capacity is shown in the general plan capacity assumptions 2036-2050.

These capacities are planning assumptions that will serve as the land use base for San Diego Forward: The 2019-2050 Regional Plan and used to develop the 2018 Subregional Growth Forecast.

Table 1: General Plan Capacity Assumptions by Jurisdiction.

Jurisdiction	General Plan Capacity Assumptions 2016-2035	General Plan Capacity Assumptions 2036-2050
Carlsbad	6,600	2,100
Chula Vista	27,700	14,200
Coronado	200	200
Del Mar	100	200
El Cajon	3,200	7,400
Encinitas	2,500	1,100
Escondido	11,800	8,800
Imperial Beach	3,600	300
La Mesa	9,300	1,900
Lemon Grove	1,100	1,500
National City	5,800	6,400
Oceanside	6,900	5,200
Poway	1,500	2,000
San Diego	202,600	65,600
San Marcos	11,500	4,300
Santee	3,300	3,400
Solana Beach	400	200
Unincorporated	67,800	7,800
Vista	7,100	3,400
Region total	373,000	136,000