

# COMMUNITY DEVELOPMENT AGENCY

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**SUBJECT:** Comments on Plan Bay Area 2040 Draft Preferred Land Use Scenario for Marin County

Dear Hing and Matt,

Thank you for taking the time on Tuesday, September 27<sup>th</sup> to answer questions and listen to our preliminary feedback regarding the Plan Bay Area Draft Preferred Land Use Scenario for Marin County. As was discussed on the phone, our comments are provided below as endorsed by the Marin County Board of Supervisors at their October 4, 2016 hearing.

## Issues

Staff has identified the following issues regarding the above Draft Preferred Scenario projections for consideration as County comments to MTC and ABAG.

*Household Projection for Unincorporated County.* The Preferred Scenario projects 3,150 new households for the unincorporated county between 2010 and 2040, or an average of 105 new households per year. In contrast, review of the County's annual Housing Element reports indicates that an average of 30 units of housing have actually been produced in the unincorporated county between 2010 and 2015. This annual average housing production number extrapolates to approximately 900 housing units over the 30 year (2010-2040) timeframe of Plan Bay Area. While expanding the supply of affordable housing is an important priority for the County, the recent post-recession trend of housing production suggests that the Draft Preferred Scenario projection for households in the Unincorporated County may outpace the actual number of new households developed in the Unincorporated

County by 2040. For that reason, staff recommends retaining the projected number of new households for the unincorporated county (1,390) included in the current Plan Bay Area as opposed to the over 3,000 households presented in the Preferred Scenario.

*Households Projection for Unincorporated County PDA.* The Draft Preferred Scenario projects 550 new households for the Unincorporated County PDA, up from the 520 new households projected in the current Plan Bay Area. Although marginal, this upward adjustment does not on the surface correlate with a reduction in households one would expect to see with the substantial contraction of the PDA that occurred *after* the current Plan Bay Area was approved. Based on current land use plans and zoning for the PDA, staff recommends a lower household projection of 300 units, half of which are reflected by the Housing Overlay Designation for the Marin City Gateway Shopping Center. This comment does not address, nor would it affect, future plans for revitalization of the Golden Gate Village neighborhood.

*Job Growth for Unincorporated County.* Employment growth in the current Plan Bay area expands by 2,980 jobs for the Unincorporated County, from 27,450 to 30,600 jobs between 2010 and 20140. The employment projection increases to 3,850 new payroll and self-employed jobs in the Preferred Scenario. Staff examined the Draft Preferred Scenario through the local lens of information and data published in the Marin Economic Forum Economic Bulletin (2015). The Bulletin shows that Marin as a whole is projected to add roughly 8,000 new payroll jobs between 2015 and 2018 (this number excludes projected self-employed jobs). According to MEF, actual employment growth increased by 2,900 new jobs in 2015. Staff recommends that MTC/AGAB staff consult with the Marin Economic Forum prior to finalizing the Preferred Scenario job growth projection. County staff is available to facilitate that consultation.

*Job Growth for Unincorporated County PDA.* With respect to employment projections in the PDA, the 2010 base year figure of 650 jobs in the Preferred Scenario may not accurately reflect existing conditions. For example, the 2012 Economic Census of the United States indicates 321 employees in the Marin City Census Designated Place (CDP). The Census Bureau's "OnTheMap" web-based mapping and reporting application, which shows where workers are employed and where they live, indicates there were a total of 218 jobs in the Marin City CDP in 2010 and 411 in 2014. Combining these two data sources helps to paint a more realistic picture of the PDA's actual employment as a basis for refining the Draft Preferred Scenario. While the PDA also includes California Park in unincorporated San Rafael, this particular area is primarily residential and does not have an employment base. Therefore, 650 base year jobs for the PDA appear to be excessive, which also calls into question the forecast for 750 jobs that are projected from the base year. However, the increment of 100 new jobs over the 30-year forecast period for Plan Bay Area appears more reasonable based on an optimistic assumption of economic growth in the Marin City community.

In addition to the above comments pertaining to household and job numbers, it would be helpful to provide a thorough explanation about the assumptions used to generate the UrbanSim model and the extent to which they take into account local conditions, such as seal level rise, and policies that may have a bearing on future development and economic growth potential.

We hope this feedback is useful towards refining the Draft Preferred Scenario.  
Please feel free to contact us for further clarification.

Sincerely,



Kristin Drumm  
Senior Planner



Brian C. Crawford  
Director

cc. Marin County Board of Supervisors







November 30, 2016

## Revised Forecasts ABAG/MTC 2016 Methods and Data

### The Basics

In 2013, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission of California (MTC) provided the nine, Bay Area counties with a forecast of employment and housing through 2040. In 2016, these forecasts were revised based on the Bay Area's economic growth since 2013. In a memo dated September 2, 2016 (the "ABAG/MTC memo" from here), the initial updated forecasts were shown for the nine Bay Area counties, their municipalities and subareas called "priority development areas" or PDAs. A final "preferred scenario" forecast was issued in October 2016 by ABAG/MTC.

The two main variables in these forecasts are households (occupied housing units) and employment (people working in the defined area, regardless of where they live otherwise). The data on jobs are a combination of those on payrolls, data regularly reported by official government sources such as California Employment Development Department, and non-payroll jobs representing self-employed workers (reported with a two-year lag by the Census Bureau for all US counties).

The households forecast is connected to forecasting employment for two reasons. First, based on the number of people per household, the households forecast is connected to a population forecast, including the working age population. It is from the regional population that employed workers are available in the Bay Area. Second, commute patterns account for flows of people over county borders to work. Transportation patterns and needs are implied in the ABAG/MTC forecasts.

The focus here is on the ABAG/MTC jobs forecasts through 2040. No other data source has a forecast through 2040 for **both** local households and employment. There are jobs forecasted by county to 2022 by California's Employment Development Department<sup>1</sup> and household projections from the California Department of Finance<sup>2</sup> by county through 2030. There are also official estimates by each agency for what actually happened in 2010, the base year of the ABAG/MTC projections, and what has happened through 2015. In the figures below, EDD, DOF and Census Bureau<sup>3</sup> estimates provide alternatives to the ABAG/MTC baseline data in 2010. Further, a discussion of recent jobs estimates from EDD show strong employment growth from 2010 to 2015. We see below that the current employment forecasts by ABAG/MTC, when considering recent history for Marin County, are likely low within a range of potential forecasts.

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<sup>1</sup> EDD: <http://www.labormarketinfo.edd.ca.gov/data/employment-projections.html>

<sup>2</sup> DOF: <http://www.dof.ca.gov/Forecasting/Demographics/Projections/>

<sup>3</sup> Census Bureau (LEHD): <http://onthemap.ces.census.gov>

## The Employment Forecasts

The employment benchmark data in 2010 for each Bay Area county and the forecast data from ABAG/MTC for 2040 are shown in Figure 1. The official employment estimates from EDD on actual jobs, as of December 2015 for each Bay Area county, are also shown in Figure 1. In the ABAG/MTC memo, there is mention of a model called UrbanSIM, which is basically a model to simulate a regional economy's expansion using certain parameters. ABAG/MTC use a base measure in 2010 to begin the process and then simulate change, giving way to household and employment forecasts. Two simple ways to think about the links are:

- Employment levels in specific areas are determined from the employment percentage of the population and commute patterns; and
- Households are determined from population forecasts by an assumed number of people per household.

### *The 2010 ABAG/MTC Data and Official Estimates: County Level*

The employment forecast data represent payroll employment<sup>4</sup> in each county as a baseline, including self-employment businesses which do not show up on payroll data (assumed to be one worker each), Figure 1's data in columns (1), (2) and (3) compare the baseline employment figures by county. Column (3) takes official estimates from EDD on payroll employment and adds Census data on self-employment jobs.

**Figure 1: Jobs Estimates by Bay Area County, 2010 and 2040  
ABAG/MTC, EDD Implications from estimates, MEF Calculations**

County	ABAG/MTC 2010 (1)	EDD BLS 2010 Payroll Employment (2)	(2) + Non- Payroll Census 2010* (3)	EDD Estimate through 2015 (4)	ABAG/MTC 2040 (5)	Annual % Change Compound Growth Rates	
						EDD 2010-15	ABAG/MTC 2010-40
Alameda	705,540	652,400	785,100	746,300	952,900	3.4%	1.0%
Contra Costa	360,230	317,400	404,700	350,000	489,100	2.5%	1.1%
Marin	121,790	100,700	138,600	113,300	135,000	3.0%	0.4%
Napa	70,680	60,800	72,300	76,000	83,400	5.7%	0.6%
San Francisco	576,850	543,300	638,900	668,900	872,500	5.3%	1.4%
San Mateo	343,330	316,700	384,200	384,100	472,000	4.9%	1.1%
Santa Clara	991,530	856,200	991,200	1,032,200	1,289,900	4.8%	1.2%
Solano	130,160	119,600	142,300	134,100	151,000	2.9%	0.5%
Sonoma	202,800	167,600	212,800	202,900	243,600	4.9%	0.6%
<b>Totals</b>	<b>3,423,000</b>	<b>3,134,700</b>	<b>3,770,100</b>	<b>3,707,800</b>	<b>4,698,000</b>	<b>4.3%</b>	<b>1.1%</b>

Sources: ABAG/MTC 2016, EDD 2016, Census Bureau (2010), MEF Calculations

\* Non-payroll data are self-employed, non-payroll workers that do not show up in official jobs data (see <http://www.census.gov/econ/nonemployer/> for more details)

<sup>4</sup> Non-Farm employment is a convention that most economists use in describing the local job environment because agriculture has seasonality and may be more volatile than other industries. By adding the farm jobs back into columns (2), (3), we still do not get a match to the ABAG/MTC numbers for 2010.

The baseline data for ABAG/MTC includes self-employed workers, workers that do not show up on reported, payroll data (such as reported by EDD), but the official, annual estimates are different than the ABAG/MTC 2010 figures in the ABAG/MTC memo. From just a direct comparison, Columns (3) and (1) are not easy to reconcile.

One could explain the difference between columns (3) and (1) by duplication: there are self-employed people who also have jobs for other businesses and are thus may be counted twice in the Census data of column (3) in Figure 1. For Marin County, there is an implied number of unduplicated, self-employed workers equal to 21,090 (the difference between columns (1) and (2) in Figure 1, as reported by ABAG/MTC. Census reports 37,900 self-employed businesses in Marin County for 2010 (column (3) – column (2)), which suggests there may be as many as 16,800 people that work for someone else and also for themselves if we assume duplication in self-employment. We start the analysis below assuming ABAG/MTC is correct for its 2010 employment numbers.

The compound annual growth rates for 2010 to 2015 from EDD and through 2040 from ABAG/MTC are shown in the final columns of Figure 1. Notice a stark contrast in what is expected through 2040 versus what has happened through 2015. Figure 1's data on employment growth from 2010 to 2015, as shown by comparing in columns (2) and (4), suggest that the first six years of the ABAG/MTC forecast has seen strong jobs growth for each Bay Area county versus the ABAG/MTC long-term predictions (2010 to 2040), shown by comparing columns (1) and (5). Notice Marin County has experienced 3.0 percent growth in jobs annually since 2010 according to EDD, and is predicted to grow at about 0.4 percent over the 30 years covered in the ABAG/MTC forecast.

In contrast, notice for Napa County, ABAG/MTC predict a 0.6 percent growth rate on average between 2010 and 2040, where EDD is showing a 5.7 percent growth rate from 2010 to 2015. These actual data from EDD suggest that the ABAG/MTC jobs numbers may be low.

As with the other counties, ABAG/MTC also spread the jobs across Marin County's municipalities. Figure 2 shows these data for 2010 from the ABAG/MTC memo (column (1)) and also shows data from the Census Bureau's Longitudinal Employment and Housing Database (LEHD, <http://onthemap.ces.census.gov>), which is in column (2). What is important about the LEHD data, is that they are the only data on the number of people employed locally, versus the number of residents employed, which is reported by EDD.

The forecast within Marin County is in Figure 2. As before, ABAG/MTC jobs data (Figure 2's column (1)) have both payroll and self-employment data within them. Marin County has an estimated 113,300 people working in payroll jobs as of 2015, according to EDD (see Figure 1, column (4)). To add the self-employed, we take the same percentage of overall jobs that are self-employed in the ABAG/MTC data and add that to the EDD figures to create column (4) in Figure 1. This total of 134,380 is shown column (3) for Marin County in Figure 2.

Figure 2, like Figure 1, shows that the ABAG/MTC baseline data for 2010 is not exactly the same as the official estimates from the Census Bureau and EDD combined. Notice the column (2) total for payroll jobs in Figure 2 is the same number for Marin County as the column (2) payroll jobs in Figure 1. Data shown in Figure 2's column (3) uses the EDD 2015 data on Marin County overall (see data in Figure 1, column (4)), and then uses the ABAG proportions across each municipality. Columns (4), (5) and (6) in Figure 2 provide three perspectives on forecasting to 2040. Figure 3 shows the forecasted trends graphically for Marin County overall that correspond to the data in Figure 2.

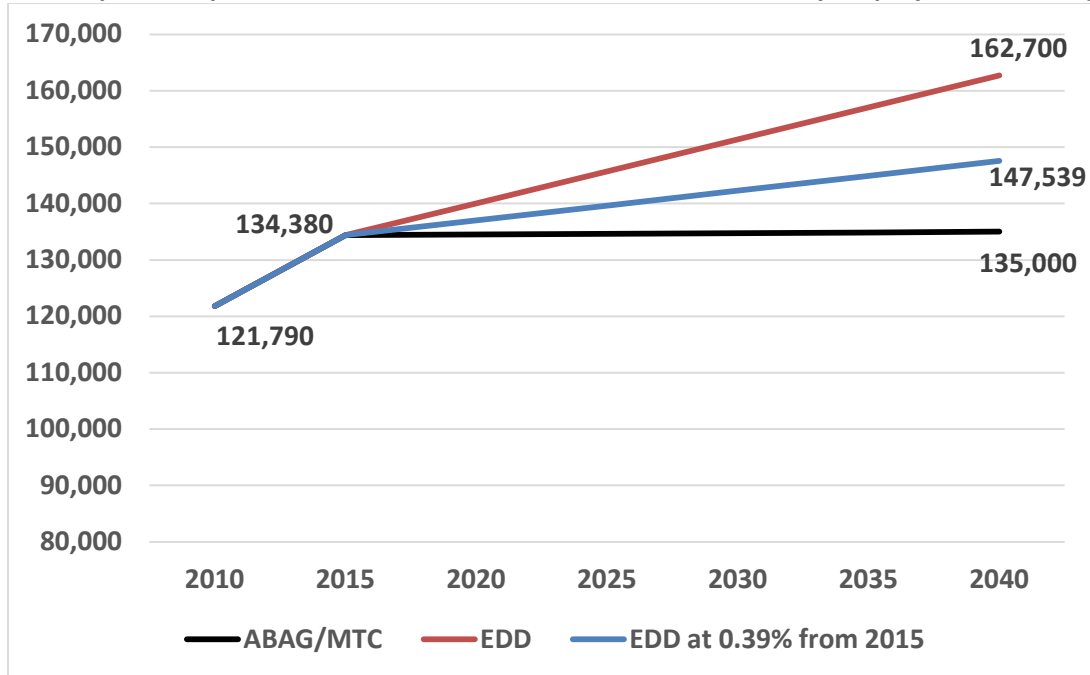
**Figure 2: Employment Comparison, Marin County  
ABAG/MTC baseline, and ABAG 2040**

Place	ABAG/MTC 2010 (1)	Census LEHD EDD/BLS 2010 (2)	Implied Jobs 2015 (2) + Self- Employed (3)	ABAG/MTC 2040 (4)	2040 est. implied by 0.4% growth	2040 est. implied by 0.8% growth
					2016- 2040* (5)	2016- 2040* (6)
Belvedere	310	350	340	320	373	412
Corte Madera	6,500	6,320	7,170	7,160	7,872	8,681
Fairfax	1,550	1,310	1,710	1,660	1,877	2,070
Larkspur	7,500	6,000	8,280	7,670	9,091	10,025
Mill Valley	5,980	4,880	6,600	6,550	7,246	7,991
Novato	26,380	21,150	29,110	28,300	31,960	35,245
Ross	360	350	400	380	439	484
San Anselmo	3,310	3,090	3,650	3,420	4,007	4,419
San Rafael	43,430	35,330	47,920	49,000	52,612	58,019
San Rafael PDA	9,070	6,080	10,010	10,020	10,990	12,120
Sausalito	5,220	5,350	5,760	5,880	6,324	6,974
Tiburon	2,840	1,730	3,130	2,930	3,436	3,790
Unincorporated Marin	18,410	14,840	20,310	21,650	22,299	24,590
Unincorporated Marin PDA	660	560	730	740	801	884
<b>Marin County Total</b>	<b>121,790</b>	<b>100,700</b>	<b>134,380</b>	<b>135,000</b>	<b>147,539</b>	<b>162,700</b>

Sources: ABAG/MTC (2016), EDD (2016), Census (2010) MEF Calculations

\* These estimates use the same municipal proportions as ABAG/MTC 2040 estimates but at double the growth rate of ABAG/MTC from 2010-2040

**Figure 3: Graphical Representation of Estimated Growth in Marin County Employment from Figure 2**



Sources: ABAG/MTC (2016), EDD (2016), MEF Calculations



In column (4) for Figure 2, the latest ABAG/MTC prediction in 2040 is shown. Notice how close that is to the number in column (3) for the county overall implied from EDD and self-employment data **through 2015**. We should consider the ABAG/MTC estimate for 2040 as the lower limit of a forecast range. In column (5), we show what would happen if Marin County jobs grew at the predicted 0.4 percent from ABAG/MTC between 2016 and 2040, which integrates the actual data reported by EDD's official estimates and ABAG/MTC long-term prediction for annual, compound growth rate for employment. Notice that implies over 12,500 jobs more than the current ABAG/MTC forecast.

If the growth rate was double that pace to 0.8 percent, which would still be less than the Bay Area compound growth rate of 1.1 percent over the 30 years on average, column (6) suggests there would be another 27,600 jobs in Marin County than the current forecast as the upper limit. It is likely jobs will fall somewhere between the column (4) and column (6) predictions in Figure 2.

### **A Note on Commute Flows**

Commute flows are assumed to fill in local gaps in labor demand when local labor supply is moving around. This is why the household data have some importance for the employment forecast. However, the inter-county flows of people were not discussed in the ABAG/MTC memo, and are one of the more complex aspects of the UrbanSIM model. Where people live, the transportation costs and options, the wage levels, and other aspects of commuting are very difficult to forecast 24 years in the future. Population dynamics are available from the California Department of Finance, and should be used as a way to shape final employment forecasts based on how the population participates in the labor force and how it commutes. The UrbanSIM model accounts for the net commuting (assuming that more come into the Bay Area than go outside). The importance of looking at the countywide figures is that Marin County residents not only use these other counties as places to work, Marin County employers use these other counties as places to draw workers. Unfortunately, there is no easy algorithm to estimate those inter-county flows with precision.

### **Conclusions**

ABAG's projections reflect past growth trends, but official estimates are not easily reconciled against known, current estimates from EDD and Census. The Bay Area overall is estimated to increase jobs at an annual rate of 1.1 percent in the ABAG/MTC data through 2040. Marin County's growth rate is significantly slower at 0.4 percent per year as estimated by ABAG/MTC. For Marin County, the employment estimates from ABAG/MTC for 2010 (the baseline year) do not match the official estimates without some assumptions. Using the 2015 data from EDD, there has been 3.0 percent growth per year in Marin County employment from 2010 to 2015 not including self-employed jobs. ABAG/MTC estimates to 2040 are for 0.4 percent growth as an annual average to compound and give Marin just over 13,200 more jobs in the 30 years covered by the ABAG/MTC memo. Since 2010, Marin County has seen growth of at least 12,800 jobs in the official estimates, and 2016 has been another year of employment growth. The data for ABAG/MTC includes self-employed workers; the growth implied by the EDD estimates of 12,800 jobs since 2010 does not, which suggests even more growth as shown in Figure 2.

The ABAG/MTC 2010-2040 forecast seems to start low in comparison to official estimates, and assumes a major slowdown in Marin County's ability to create jobs versus the rest of the Bay Area through 2040. The PDA forecasts, however, seem relatively in line with recent data and projections going forward. The forecasts should be updated in connection to new data from the American Community Survey and the 2020 Census on households, compared to the original DOF predictions, and track actual trends in employment from EDD. As much as these two predictions can be aligned, the better off policy makers will be in providing input on future iterations of Plan Bay Area.