

August 19, 2019

Metropolitan Transportation Commission
Public Information Office
375 Beale St, Suite 800, San Francisco, CA 94105

Re: Plan Bay Area 2050 Regional Forecast Methodology

To Whom It May Concern:

We are grateful for the opportunity to comment on the regional forecast methodology for Plan Bay Area 2050. Coming up with the official projections that serve as guideposts for how many jobs, people and housing units to accommodate in our region in the coming decades is a critical task, and we at SPUR take seriously the chance to participate and offer thoughts.

SPUR recognizes the good work ABAG and MTC have done in regional forecasting and modeling. In particular, SPUR applauds the latest ambition to reflect the feedback between housing supply and prices, and the total jobs and people who will come to and stay in the region. Given the current housing crisis, and the many years it may take to address, this is critical in planning to 2050.

In addition, ABAG and MTCs' new Futures work is a step in the right direction in terms of acknowledging the inherent uncertainty in regional projections, and offers a way to create strategies robust enough to withstand potential future shocks and risks. We also admire ABAG and MTCs' new investigation of how headship rates may change over time with income and changing housing preferences by different race and ethnic groups, and how different housing and economic development strategies may affect in-commuting. These research tasks will help planners and policymakers better understand the complex relationships between culture, preference and planning, which is an ongoing and critical need.

As ABAG and MTC finalize the research, forecasting and modeling for regional projections of employment, population and housing, we encourage the following considerations:

- **In the new feedback between UrbanSim and REMI, test how multiple dynamics affect employment and population projections as well as housing prices.** The recent spike in housing prices has been caused not only by a shortage of housing, but because the recent entrants to the housing market have higher incomes, purchasing power, and ability to set the price in the housing market. The rapid increase in the number of higher-wage workers has also pushed prices up. We hope that to the extent possible, ABAG and MTC will look at each the supply and wage effects on

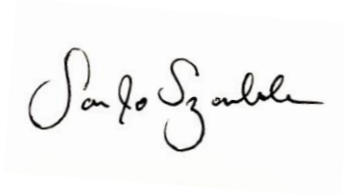
housing prices, as well as how the rate of building more supply and the rate of growing income inequality affects housing prices and who will be likely to settle in the region. For example, if housing production through 2050 is concentrated in the near term, as opposed to linearly spread throughout all time periods, does it have a greater likelihood to moderate housing prices? Insights into these dynamics can help point policymakers and advocates toward strategies to best serve the current and future households of the Bay Area.

- **With new modeling capacity, allow for more calls for ideas from external partners.** Many local agencies, researchers and nonprofits are likely very curious to see housing supply may shape regional projections as well as how linking UrbanSim and REMI will allow for analysis of policy interventions. We hope that at an appropriate time, ABAG and MTC will open its new modeling capacity to solicit and model big ideas and innovative strategies in housing and economic development. We recognize that this process is probably best suited to a future plan, and could be similar to the call for transformative transportation projects that were a part of the current Futures process. Such a solicitation could help flush out policy solutions to our toughest housing and economic development challenges, and could further highlight the work ABAG and MTC have done in developing modeling methods and tools.
- **In doing REMI model runs on employment dynamics, also look at automation.** In addition to newly looking at how improved access to housing, work force training and priority production areas may affect total employment projections, an investigation of the effects of automation on industry formation and job creation could be worthwhile. Anticipating the effects of automation could help policymakers and advocates better prepare future generations for jobs in the Bay Area.
- **Look at demand for different types of housing units in an investigation of headship rates.** As ABAG and MTC look at how income and demographic variables affect household formation, SPUR encourages also looking at how the availability of different types of housing units may affect headship rates and create more options in the housing market. For example, as our population ages and more young adults want to form households, would a higher supply of smaller units best meet demand and help more people find suitable housing? Or is it larger units for young families that may be limiting household formation and the performance of the market? Will adding different kinds of units help to temper prices in the overall market? A clearer understanding of these dynamics could lead to better informed policy and better policy outcomes across the region.
- **Look at wealth, not just income, in researching headship rates.** ABAG and MTC have already acknowledged that some zero-income households in the Bay Area may be quite wealthy. In the research of how income affects household formation and headship rates, we encourage identifying

ways to account for both income and wealth, especially as the number of retirees increases in the years to come.

Thank you again for soliciting ideas on the projection forecast methodology for Plan Bay Area 2050. We at SPUR hope these comments are helpful and look forward to learning more about your work in the months to come.

Sincerely,

A handwritten signature in black ink on a light yellow background. The signature reads "Sarah Jo Szambelan" in a cursive script.

Sarah Jo Szambelan
Research Manager

