



TECHNICAL MEMORANDUM

Date: November 29, 2017
To: Leah Greenblat and John Nemeth, WCCTAC
From: Francisco Martin and Julie Morgan, Fehr & Peers
Subject: **West County STMP Update: Review of Growth Projections**

OK17-0177

The West Contra Costa Subregional Transportation Mitigation Program (STMP) is a development impact fee program that generates funds for regional and subregional transportation improvement projects. The STMP was first adopted in 1997, and an updated nexus study was prepared in 2006. A recent review of the 2006 nexus study indicates that the pace of housing and job growth in West County has been substantially slower than was projected. As a result, the STMP has generated less fee revenue between 2006 and 2015 than had been projected in the 2006 study. The current effort is to update the program by completing a new nexus study, which provides the opportunity to revisit the housing and job growth projections.

Determining the development potential in West County is a key task in the nexus study update process. Development potential determines the amount of anticipated traffic growth in the region, which ultimately informs the maximum fee levels that can be considered in the STMP update. The primary resource for population and land use projections in the Bay Area is the Association of Bay Area Governments (ABAG); ABAG has developed land use forecasts for the Bay Area region the past four decades. ABAG continues to update their *Projections* report every few years; the latest report forecasts land use growth to year 2040. Given the importance of projected land use growth in West County, Fehr & Peers conducted a review of ABAG data for years 2000, 2005, 2010, 2015, and 2040 to inform the growth assumptions to be incorporated into the new nexus study. The historical and projected growth figures for West County are summarized below.



HISTORICAL GROWTH TRENDS

Understanding growth trends in West County over the past 15 years can help evaluate the reasonableness of land use projections estimated for the next 25 years. Fehr & Peers evaluated historical growth over the following five-year increments:

- **2000 – 2005:** corresponds to an economic boom experienced in most of the Bay Area region.
- **2005 – 2010:** the years leading up to and entering the economic recession of 2008.
- **2010 – 2015:** the time period when the region began to recover from recession.

Table 1 presents the household and job totals for West County; **Table 2** presents the corresponding annual growth rates. The *ABAG Projections 2009* report is the basis for year 2000 and 2005 data; the *ABAG Projections 2013* report is the basis for year 2010 and 2015 data. (Note that the 2015 household and job estimates in *ABAG Projections 2013* are technically considered forecasts since the data set was developed prior to 2015; however, the 2015 figures are a very near-term forecast and they are the most consistent source of information to use for comparison with the prior years.)

Key highlights of the housing and job data over the past 15 years are summarized below.

- **2000 – 2005:** On average, housing in West County increased by 0.9 percent per year and jobs increased by 0.7 percent per year.
- **2005 – 2010:** During this period of recession, growth in West County slowed substantially. As an overall average, West County housing held fairly steady over this 5-year period while jobs decreased at about 2 percent per year. (It should be noted that the 2010 data comes from a different *Projections* report than the 2005 data, and it is possible that the assumptions applied in these two different reports were changed, which may explain some of the differences in the data.)
- **2010 – 2015:** During this period, housing growth rebounded to its pre-recession average of 0.9 percent per year, while job growth was robust at about 1.7 percent per year. It is interesting to note that the total number of jobs in West County in 2015 is shown as being very similar to the total jobs in the year 2000, indicating very modest net job growth during the overall 15-year time period.



TABLE 1
WEST CONTRA COSTA COUNTY HOUSEHOLDS AND JOBS (2000 – 2015)

Area	2000 ¹		2005 ¹		2010 ²		2015 ²	
	HH ³	Jobs						
West Contra Costa County	76,828	62,086	80,312	64,390	80,100	57,646	83,610	62,407

Notes:

1. Year 2000 and 2005 household and job estimates are based on ABAG *Projections 2009*.
2. Year 2010 and 2015 household and job estimates are based on ABAG *Projections 2013*. The 2015 household and job totals are forecasts since they were prepared prior to 2015.
3. HH = households.

Source: Association of Bay Area Governments.

TABLE 2
WEST CONTRA COSTA COUNTY ANNUAL HOUSEHOLD AND JOB GROWTH RATES (2000 – 2015)

Area	2000 – 2005 Annual Growth Rate ¹		2005 – 2010 Annual Growth Rate ¹		2010 – 2015 Annual Growth Rate ¹	
	HH ²	Jobs	HH ²	Jobs	HH ²	Jobs
West Contra Costa County	0.9%	0.7%	-0.1%	-2.1%	0.9%	1.7%

Notes:

1. Year 2000 and 2005 household and job estimates are based on ABAG *Projections 2009*. Year 2010 and 2015 household and job estimates are based on ABAG *Projections 2013*. The 2015 household and job totals are forecasts since they were prepared prior to 2015.
2. HH = households.

Source: Association of Bay Area Governments.

GROWTH PROJECTIONS

As part of the nexus study update, it will be important to estimate the amount of future development in West County that will be subject to the fee. Two sources of year 2040 land use projections are available: ABAG *Projections 2013* and the preliminary ABAG *Projections 2017*. The land use data utilized by the current version of the Contra Costa Transportation Authority's (CCTA) travel demand model is based on *Projections 2013*. The preliminary *Projections 2017* was recently used to develop the Metropolitan Transportation Commission's *Plan Bay Area 2040*, which was adopted in July 2017. However, *Projections 2017* is still considered preliminary because ABAG is



expected to make refinements to the data and publish an official *Projections 2017* report in the next several months. **Table 3** summarizes the growth projections between 2015 and 2040 based on *Projections 2013* and compares it to the data from the preliminary *Projections 2017*.

As shown in Table 3, for the West County area as a whole, *Projections 2017* contains slightly lower housing growth rates and slightly higher job growth rates than *Projections 2013*. Also of note is that the housing growth in *Projections 2017* is much more heavily weighted toward multi-family units; the *Projections 2013* figures indicated that multi-family units would make up about 43% of the total new housing in West County, whereas in *Projections 2017* that proportion rises to about 75%. This is of interest for the STMP update, because fees on multi-family housing units are typically lower than on single-family units.

TABLE 3
WEST CONTRA COSTA COUNTY PROJECTED GROWTH RATES (2015 – 2040)

ABAG Projections	2015 – 2040 Net Growth				2015 – 2040 Annual Growth Rates			
	Households ¹			Jobs	Households ¹			Jobs
	SF	MF	Total		SF	MF	Total	
Projections 2013	14,350	10,730	25,080	18,736	1.0%	1.7%	1.2%	1.2%
Projections 2017	5,809	17,798	23,607	25,904	0.3%	2.2%	1.0%	1.4%

Notes:

- SF = single-family units; MF = multi-family units.

Source: Association of Bay Area Governments.

GROWTH RATE COMPARISON AND NEXT STEPS

A summary of all the historical and projected growth rates for the West County region that have been presented in this memo is shown in **Table 4**. Development potential in the West County region will be a key element of calculating the maximum fee levels in the STMP update.



TABLE 4
WEST CONTRA COSTA COUNTY ANNUAL GROWTH RATE COMPARISON

Year Range	Annual Housing Growth Rate	Annual Job Growth Rate
2000 – 2005 (Historical)	0.9%	0.7%
2005 – 2010 (Historical)	-0.1%	-2.1%
2010 – 2015 (Historical)	0.9%	1.7%
2015 – 2040 (Forecast, based on ABAG <i>Projections 2013</i>)	1.2%	1.2%
2015 – 2040 (Forecast, based on ABAG <i>Projections 2017</i>)	1.0%	1.4%

Source: Association of Bay Area Governments.

TAC REVIEW AND INPUT

The historical and projected growth rates shown in Table 4 were presented and discussed during the September 14th TAC meeting. TAC members reviewed the housing and job growth projections and directed Fehr & Peers to use the following growth rates in the STMP study:

- 0.9% annual housing growth rate, which is lower than *Projections 2013* and *Projections 2017*, but consistent with the pace of housing growth historically observed in West County during non-recessionary periods.
- 1.2% annual job growth rate, which is consistent with *Projections 2013*, but lower than *Projections 2017* and the historical post-recession growth rate.

Please contact Francisco Martin or Julie Morgan if you have any questions or comments.