



DRAFT MEMORANDUM

Date: September 21, 2011 (updated December 5, 2011)
To: Loren Clark, Placer County Planning Department
From: Sally Nielsen
Subject: **Basis for revised and updated PCCP growth scenario and land conversion estimate**

This memorandum presents the assumptions behind a revised and updated growth scenario for western Placer County and an associated revised and updated land conversion estimate at the level of detail of the PCCP analysis zones. Preliminary estimates are provided for the purposes of on-going PCCP discussions.

Lower regional growth rates translate to less growth for Placer County

The current outlook is for less regional growth than anticipated in 2005 when the regional scenario that was the basis for the 2008 set of PCCP projections was prepared. As before, the PCCP analysis relies on regional economic research commissioned by the Sacramento Area Council of Governments (SACOG) as part of the four-year cycle of updating the Metropolitan Transportation Plan (MTP), this update cycle also including preparation of the Sustainable Communities Strategy (SCS) for the region.

In June 2010, the SACOG Board accepted draft regional growth projections for use in the preparation of the MTP update. The current schedule has formal adoption in December 2011 along with the updated MTP. Stephen Levy of the Center for the Continuing Study of the California Economy (CCSCE) prepared the draft regional projections. In 2005, he prepared the long-term regional projections through 2050 that were the basis for the scenarios in the Blueprint Project and that formed the basis of the PCCP long-term growth projection prepared in 2008. According to SACOG's discussion memorandum for Board consideration (June 9, 2010), the "projections are based on the most recent national and state projections and on current information on the region's economy and housing." Staff and consultants are likely to make on-going refinements to the projections, including working towards consistency with Department of

Finance projections (a yet-to-be-released updated series incorporating the results of the 2010 Census).

The revised projections are for the six-county SACOG region as a whole. These revised projections only extend to 2035 (the time horizon for the MTP). SACOG has indicated that longer-term projections are under development.

Slower growth is projected for population, households, and jobs. The updated base year of 2008 reflects slower short-term growth than anticipated in 2005 and shows a decrease in regional employment. Regional totals for households and jobs in 2035 are just over **10 percent lower** than the prior MTP2035 projection: 150,000 fewer households (1.12 million households v. 1.27 million households) and 165,000 fewer jobs (1.36 million jobs v. 1.53 million jobs). Using the 2005 base year for comparative purposes, the 2005 – 2035 regional growth increment for households and jobs in the revised projections is **33 percent lower** than the growth increment in the prior MTP2035 projection. The differences for population are not as dramatic because the revised projections show household size increasing, thereby accommodating more population in an equivalent number of housing units.

SACOG staff summarize the methodology and thinking behind the updated regional scenario. Job projections are based on U.S. and California job growth and on assessment of the Sacramento region's ability to capture a share of state and national growth. Population projections are a function of projected job growth (demand for labor). Household projections consider household formation trends. The major changes in the long-term outlook reflect updated State and national trends: U.S. immigration and total population growth are lower than previously expected, and California captures a lower share of national job and population growth. The SACOG region recovers slowly while budget deficits and governance gridlock restrain job growth potential. That situation is expected to improve over the long-term; in fact, the projections depend on state workforce and infrastructure investment, as well as on regional and local investment in environment, quality of life, and mobility. Finally, the housing vacancy rate returns to a normal five percent by 2035. The average household size is larger than in the prior projection series.

For the PCCP projections to 2060, the updated regional projections to 2035 provide a basis for the following updated regional projection factors (for the 2005 – 2060 period):

- ◆ Regional employment growth rate reduced from 1.4 percent per year to 1.0 percent per year.
- ◆ Regional household and population growth rates reduced from 1.25 percent per year to 1.1 percent per year.

There is no change to the estimate of Placer County's propensity to capture regional growth: Placer County captures about 25 percent of regional job and population growth, resulting in an increase in the percentage of regional population and jobs located in the County.

Table 1 summarizes a preliminary revised growth scenario for Placer County, based on the updated regional growth indicators described above. The household and population estimates for 2060 as well as the 2007 – 2060 growth increment are only somewhat less robust than in the 2008 projection. The housing unit count is about 10 percent less. Note that the increase in households is greater than the increase in housing units because of both current high vacancy rates that leave an inventory of existing units to be occupied over time and the assumed return to more normal (lower) rates in the future. The updated estimate for job growth shows the most difference, with totals in 2060 three-quarters of what was projected for that year in the 2008 projections. The 2007 – 2060 growth increment comparison overstates the variation in the projections, however. Because of the Great Recession, employment levels in 2010 at both the regional and county level are greatly reduced from 2007 highs. Therefore, to reach 341,000 jobs in 2060, Placer County must add 202,500 jobs from current 2010 estimates, implying an annual compound growth rate of 1.8 percent per year. That rate of growth is fully 95 percent of the 1.9 percent growth rate assumed in the 2008 projection.

Table 1
2011 Revised Scenario for Placer County compared to 2008 Projection
(illustrative revisions for the purposes of PCCP discussion)

	2008 Projection		2011 Revised Scenario for Discussion		2011 Revised Scenario / 2008 Projection (new as percent of old)	
	2060	2007-2060	2060	2007-2060	2060	2007-2060
Jobs by place of work ^a	459,100	302,200	341,300	185,300	74%	61%
Housing units	322,000	177,800	282,000	137,900	88%	78%
Total population	810,200	484,100	784,000	457,200	97%	94%
Household population	801,800	478,900	775,600	452,100	97%	94%
Households	299,300	170,900	289,000	160,500	97%	94%

SOURCE: Hausrath Economics Group

^a The 2007 – 2060 increment for job growth overstates the difference in growth scenarios because of the severe decrease in employment at both the regional and county level after 2007. For Placer County to reach 341,300 jobs by 2060 requires adding 202,500 jobs from the current 2010 estimate, at an annual compound growth rate of 1.8 percent per year, only somewhat less than the 1.9 percent assumed in the 2008 Projection.

These countywide projections (preliminary revised scenario for the 2007 – 2060 period) translate to an increase of 136,100 housing units and 182,000 jobs for the western Placer PCCP area. In the 2008 series, the estimates were 172,000 additional housing units and 297,000 new jobs.

**Less growth and updated assumptions for the allocation of growth within Placer County
 reduce the need for land conversion to accommodate growth through 2060**

For the purposes of PCCP discussion, a revised growth allocation and land conversion estimate has been prepared. The revised estimate combines the reduced growth assumption with updated

assumptions about the allocation of growth within western Placer that, like the 2008 land conversion estimates, take their cue from growth allocations and holding capacity estimates prepared by SACOG for the purposes of the MTP/SCS. In this case, the preliminary growth allocations and land conversion estimates refer generally to SACOG's *Draft Preferred Scenario – Land Use Assumptions by Community Type and Jurisdiction* (September 2011), prepared for the 2035 MTP/SCS (see material prepared for SACOG Board of Directors, September 8, 2011).¹ The growth allocation and land conversion estimates are prepared for the same PCCP analysis zones used in earlier analysis (see **Figure 1** at the end of this memorandum).

The following are the key assumptions behind the preliminary estimates for discussion:

- ◆ The Non-Participating Cities (Auburn, Loomis, Rocklin, and Roseville) and the Existing and Planned Urban unincorporated areas of the West Valley are almost built out by 2060, as was the case with the 2008 land conversion estimate.
- ◆ Less growth is accommodated by means of redevelopment and reinvestment in existing developed areas without land conversion.
- ◆ There is less growth and less land conversion in the suburban unincorporated areas of the I-80 Corridor.
- ◆ Among the Potential Future Growth Areas, a higher proportion of growth is allocated to southwest Placer County and less growth is allocated to Potential Future Growth Areas in the Lincoln General Plan Update area that are farthest from existing developed areas.
- ◆ Somewhat higher “Blueprint” densities are assumed for unincorporated southwest Placer growth.

Table 2 summarizes the results of this preliminary analysis to develop updated land conversion estimates for the PCCP. The table presents estimates of the 2007 – 2060 growth increment for housing and jobs, along with estimates of acres of land converted to accommodate that part of the growth that requires new land. As noted above, some of the growth is accommodated without new land conversion, by means of reinvestment and new development at higher densities than existing development.

The Non-Participating Cities capture 30 percent of the increase in housing and 50 percent of the increase in jobs while accounting for under 30 percent of the total land conversion. The bulk of the rest of the increase in jobs and housing is in the West Valley, both unincorporated areas and in Lincoln, where 40 percent of the land conversion occurs. The foothills and I-80 Corridor unincorporated areas accommodate a relatively small amount of growth but, the low density development pattern means 30 percent of the land conversion occurs there.

¹ A final set of revised PCCP projections is under development and will refer to the *Draft MTP/SCS 2035 Update* and associated documentation released November 11, 2011. No significant changes are anticipated in either the amount of growth projected or the allocation of that growth.

Table 2
Projections of jobs and housing units and estimates of land conversion, PCCP Phase 1 area, assuming slower rates of future growth

PCCP Analysis Zones (see Figure 1)	2007-2060			Percent of Total		
	Land area converted	Increase in Housing	Increase in Jobs	Land area converted	Increase in Housing	Increase in Jobs
West Valley Unincorporated–agriculture/conservation	200	0	0	0%	0%	0%
Lincoln–future growth area	2,933	11,000	7,000	6%	8%	4%
Unincorporated West Valley–future growth area	3,730	27,000	18,000	8%	20%	10%
Lincoln–existing/planned urban	3,392	14,000	18,000	7%	10%	10%
West Valley Unincorporated–existing/planned urban	9,489	27,000	46,000	20%	20%	25%
West Valley subtotal	19,744	79,000	89,000			
Foothills–agriculture/conservation	1,000	100	0	2%	0.1%	0%
North Foothills–rural residential	5,080	4,000	1,000	11%	3%	1%
I-80 Corridor–existing/planned urban	8,593	12,000	1,000	18%	9%	1%
Foothills / I-80 Corridor subtotal	14,673	16,100	2,000			
Non-Participating Cities (NPC)	12,454	41,000	91,000	27%	30%	50%
Total PCCP Phase 1 Area	46,871	136,100	182,000	100%	100%	100%
Total PCCP (without NPC)	34,417	95,100	91,000			

SOURCE: Hausrath Economics Group

Table 3 compares the two land conversion scenarios. The differences are most significant in the Lincoln future growth area and in the unincorporated I-80 corridor. Overall, the reduced growth scenario in combination with revised land use allocation results in two-thirds of the amount of land conversion estimated in 2008.

Table 3
2008 Land Conversion Estimate compared to 2011 Revised Estimates for Discussion

PCCP Analysis Zones (see Figure 1)	2008 Projection for PCCP	2011 Revised Estimates for Discussion	Difference in Acres	2011 Revised as percent of 2008 Projection
West Valley Unincorporated–agriculture/conservation	200	200	0	100%
Lincoln–future growth area	8,809	2,933	(5,877)	33%
Unincorporated West Valley–future growth area	4,928	3,730	(1,197)	76%
Lincoln–existing/planned urban	3,392	3,392	0	100%
West Valley Unincorporated–existing/planned urban	9,489	9,489	0	100%
West Valley subtotal	26,818	19,744	(7,074)	74%
Foothills–agriculture/conservation	1,200	1,000	(200)	83%
North Foothills–rural residential	17,927	8,593	(9,334)	48%
I-80 Corridor–existing/planned urban	5,080	5,080	0	100%
Foothills / I-80 Corridor subtotal	24,207	14,673	(9,534)	61%
Non-Participating Cities (NPC)	12,454	12,454	0	100%
Total PCCP Phase 1 Area	63,479	46,871	(16,608)	74%
Total PCCP (without Non Participating Cities)	51,025	34,417	(16,608)	67%

SOURCE: Hausrath Economics Group

Figure 1

