SPECIAL JOINT MEETING

REGIONAL COUNCIL AND POLICY COMMITTEES
(CEHD, EEC AND TC)

Please Note Date and Time
Thursday, February 7, 2019
9:30 a.m. – 10:30 a.m.

SCAG MAIN OFFICE
900 Wilshire Blvd., Ste. 1700
RC Board Room
Los Angeles, CA 90017
(213) 236-1800

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Tess Rey-Chaput at (213) 236-1908 or via email at REY@scag.ca.gov. Agendas & Minutes are also available at: www.scag.ca.gov/committees

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. SCAG is also committed to helping people with limited proficiency in the English language access the agency’s essential public information and services. You can request such assistance by calling (213) 236-1908. We request at least 72 hours (three days) notice to provide reasonable accommodations and will make every effort to arrange for assistance as soon as possible.
CALL TO ORDER AND PLEDGE OF ALLEGIANCE
The Honorable Alan D. Wapner, President
The Honorable Peggy Huang, Chair, Community, Economic and Human Development Committee
The Honorable Linda Parks, Chair, Energy and Environment Committee
The Honorable Curt Hagman, Chair, Transportation Committee

PUBLIC COMMENT PERIOD
Members of the public desiring to speak on items on the Special Meeting Agenda must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker. The Chair has the discretion to reduce the time limit based upon the number of speakers and may limit the total time for all public comments to twenty (20) minutes.

DISCUSSION ITEM

1. Connect SoCal Emerging Regional Issues
   (Kome Ajise, Director of Planning)  Attachment  30 mins.

ANNOUNCEMENT/S

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RECOMMENDED ACTION:
For Information Only – No Action Required

STRATEGIC PLAN:
This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians.

EXECUTIVE SUMMARY:
As SCAG actively develops the region’s 2020-2045 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS), commonly referred to as “Connect SoCal,” presentations from SCAG staff and invited experts will occur at joint and individual policy committee meetings from February through April 2019 providing context for emerging regional issues. Policy committee members will be engaged in discussions focused on three fundamental questions: Who are we planning for? Where will we grow? How will we connect? These joint and individual policy committee meetings will serve as discussion forums and precursors to May and June 2019 public workshops that will help stakeholders visualize opportunities and trade-offs associated with various potential future regional development patterns.

BACKGROUND:
SCAG is actively developing the region’s 2020-2045 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS), commonly referred to as “Connect SoCal,” for approval by the Regional Council in spring 2020. As Connect SoCal will advance the strategies and investments included in SCAG’s current 2016 RTP/SCS, numerous essential steps have already been taken to chart a path forward:

- Draft Goals and Guiding Policies were approved by the Regional Council in September 2018;
- The Connect SoCal Sustainable Communities Strategy Framework was approved by the Regional Council in October 2018;
The multi-year process of obtaining and verifying local input from jurisdictions on land use and household/population/employment figures concluded in December 2018;

Planned transportation projects have been collected from myriad agencies in the region as of November 2018;

The Notice of Preparation to prepare Connect SoCal’s Program Environmental Impact Report (PEIR) in accordance with the California Environmental Quality Act (CEQA) was published on January 23, 2019;

As momentum builds for developing the Connect SoCal vision, it is important for SCAG to provide a strategic and coordinated framework for policy committee discussions on emerging issues and new policy areas to be explored. Focusing on key planning opportunities and challenges in a region as diverse, expansive, and populous as SCAG’s can be at once motivating and daunting. Accordingly, in order to build excitement and establish fresh policy perspectives for Connect SoCal, a series of engaging presentations will occur at joint and individual policy committee meetings from February through April 2019. SCAG staff and invited experts from various disciplines will engage with Committee members to discuss regional issues within the following broad framework:

- **Who are we planning for?** Fostering a deeper and improved understanding of how economic and demographic trends will impact our region’s households is fundamental to developing a meaningful, pragmatic, and relatable plan (February 2019).

- **Where will we grow?** Balancing resource conservation, housing demands, and economic expansion while adapting to a rapidly changing climate are regional challenges that necessitate thinking beyond jurisdictional boundaries (March 2019).

- **How will we connect?** Anticipating mobility needs of all transportation system users is critical to aligning future investments with emerging technologies, changing communities, and continuing to improve air quality (April 2019).

The feedback from these sessions can help SCAG staff focus on significant areas and compose Connect SoCal to reflect feedback emphasized by SCAG’s policy committees. As policy discussions proceed within this broad framework, it is important to reference draft plan goals adopted by the Regional Council in September 2018. These draft goals, which can serve as essential guides and touchstones as the plan is developed, are as follows:

1. Encourage regional economic prosperity and global competitiveness.

2. Improve mobility, accessibility, reliability, and travel safety for people and goods.
3. Enhance the preservation, security, and resilience of the regional transportation system.
4. Increase person and goods throughput and travel choices within the transportation system.
5. Reduce greenhouse gas emissions and improve air quality.
7. Adapt to a changing climate and support an integrated regional development pattern and transportation network.
8. Leverage new transportation technologies and data-driven solutions that result in more efficient travel.
9. Encourage development of diverse housing types in areas well supported by multiple transportation options.

The joint and individual policy committee meetings in February, March and April 2019 will serve as discussion forums and precursors to a series of Connect SoCal public workshops to be conducted in May and June 2019 as required by SB375. At these public workshops, outcomes from multiple scenarios will help stakeholders understand opportunities and trade-offs associated with various potential futures for the region. Feedback gleaned from the joint and individual policy committee meetings and all public workshops will inform policies, strategies and investments for inclusion in the first complete draft of Connect SoCal, which is anticipated for release in fall 2019.

**FISCAL IMPACT:**
Staff work associated with this agenda item is funded in the Overall Work Program under Project: 290.4841.01.

**ATTACHMENT(S):**
1. PowerPoint Presentation: “Who Are We Planning For?”
2. Data Appendix
Who Are We Planning For?
The Regional Planning Implications of Economic & Demographic Trends

Kevin Kane, Ph.D.
Research & Analysis Department
February 7, 2019

www.scag.ca.gov

SCAG’s Demographic & Economic Work Is Ongoing

Growth forecast kicks off with panel of experts meeting

2017 2018 2019 2020 2045
**Births in the SCAG Region (2000-2016)**

- Hispanic
- Black, non-Hispanic
- Asian & other, non-Hispanic
- White, non-Hispanic
- TOTAL

WE NOW PROJECT 2045 FERTILITY TO BE LOWER THAN WE PROJECTED IN 2016

**A Changing Population Age Structure by 2030**

OVER THE NEXT 15 YEARS

65% of SCAG’s POPULATION GROWTH will be aged 65+

Source: California Department of Finance (DOF) Demographic Research Unit. Series 2-1: State Population Projections, 2010-2060. [http://www.dof.ca.gov/Forecasting/Demographics/Projections/](http://www.dof.ca.gov/Forecasting/Demographics/Projections/)
CDC: Life Expectancy Gradually Declining

- Record overdose and suicide deaths
- Nation’s overall health in decline?
- Growing urban-rural divide

**US LIFE EXPECTANCY (2016)**

78.6


Domestic Migration: Sources of Population Growth

- **Natural Increase**
- **Net Migration**

Domestic Migration Trends

OUT-MIGRANTS
Survey: Is housing cost a reason for leaving California?
2006: 20%
2016: 37%

IN-MIGRANTS
BRAIN GAIN?
Have Higher College Education Rates & Command Higher Salaries

Southern California is America’s Vibrant Immigrant Gateway

51% California’s foreign-born are originally from LATIN AMERICA

58% Of arrivals b/t 2012-2016 were from ASIAN COUNTRIES

MILLENNIALS and BABY BOOMERS as young adults

LIVES IN A SINGLE-FAMILY HOME

- Age 25–34 in 1980: 54%
- Age 25–34 in 2010: 44%

HOME OWNERSHIP

- Age 25–34 in 1980: 39%
- Age 25–34 in 2010: 27%


SCAG Region Building Permits by Type

- Single
- Multi

YESTERDAY’S NEW HOUSING IS TODAY’S AFFORDABLE HOUSING

Source: Construction Industry Research Board (CIRB)
Ageing in Place

- More Seniors
- More likely to stay in their existing homes
- Incentivized By Tax Policy

IS THE BEST HOUSING AVAILABLE FOR WORKING FAMILIES?

IS THAT HOME SENIOR FRIENDLY?

US Person-Miles Traveled By Age

- 1983
- 1990
- 1995
- 2001
- 2009
- 2017

NEW 2017 DATA
Rebound in travel & driving for both groups

Source: Summary of travel trends. 2017 National Household Travel Survey, [Link]
Technology & Workplace Automation

Between 2016-2030, 23% of existing work hours will be automated.

Rising National Income – Where Does It Go?

Source: Piketty, Saez, and Zucman. 2016. Distributional national accounts: Methods and estimates for the United States Data Appendix. Appendix Table II-B1
Median Household Income 1979-2017 (inflation-adjusted)

Sources: US Decennial Census, American Community Survey, and Consumer Price Index accessed through Social Explorer.
MULTI-GENERATIONAL PLANNING for the region’s future

WE’RE PLANNING FOR 2045

CONNECT SoCal
“A society grows great when old men plant trees under whose shade they’ll never sit”

—unknown source

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Data appendix: Who are we planning for?

SCAG Joint Policy Committee Meeting, 2/7/2019

This document provides supporting data and references for the key points during SCAG staff’s presentation on 2/7/2019. It represents our expertise and professional opinion of key data-supported trends in demographics and economics which will be important to focus on during the 2020-2045 Connect SoCal planning horizon.

1. Births in the region: today’s estimates for 2045 are lower than 2016 estimates for 2045

- Fertility rates are decreasing for all races/ethnicities except for the non-Hispanic Asian & others category.
- Most demographers have revised future year (e.g. 2045) fertility estimates downward
- The share of immigrants to the SCAG region who are from Asian countries has increased to 58% (over 2012-2016)
- Lower fertility changes the population age structure, i.e. more growth in the older age categories
- Based on SCAG’s calculations, 65% of growth in the SCAG region from 2015-2030 is expected to be of those aged over 65 years
- Changing population age structure stresses on old-age social services In particular, aging population presents an implication for labor force, health care, social services, tax, aging in place.

![Total Fertility Rate by Race/Ethnicity, SCAG region, 2000-2016](chart.png)

SOURCE: RAND State Statistics
2. Changing patterns of migration in the region

- Starting in the 1990s, natural increase (births minus deaths) overtook migration (domestic and international) as the main source of growth in California.
- Compared to longer-range economic trends like births and deaths, domestic migration is heavily cyclical and is based on shorter-term economic trends such as job growth and housing cost.
- The high cost of housing has been a factor in pushing residents to other states. In 2006, 20% of out-migrants from California cited housing-related reasons. In 2016, this had increased to 37%.
- **Brain gain:** in-migrants to California typically have higher college education rates and command higher salaries. *This is hugely beneficial to the state and regional economies.* However, those in-migrants may crowd out native-born Californians in the housing market, especially those who are lower earning or with a strong preference for family formation and a big house.
- Since fertility is declining, natural increase will continue to decline too.
3. Using demographics to help plan for housing need

- Today’s housing stock is largely the product of previous decades’ economic ups-and-downs. Housing construction is still well below pre-recession highs.
- Comparing the behavior of Baby Boomers and Millennials when they were young adults (in 1980 and 2010, respectively), baby boomers were more likely to own single-family homes and Millennials were more likely to rent multifamily homes. However, demand for single-family housing in suburban areas is accelerating.
- The coming-of-age of the Millennial generation and the Global Financial Crisis combined to increase the demand for rental housing, which remains in relatively short supply.
Source: Construction Industry Research Board (CIRB), a service provided by the California Homebuilding Foundation (CHF). [http://www.cirbreport.org/](http://www.cirbreport.org/)

4. Implications of the changing population age structure
   - In 2009, new data showed that the large Millennial and over 65 age groups traveled fewer person-miles. This was partially interpreted as a longstanding change in travel preferences. However, when new data became available in 2017, it showed a substantial rebound in both groups and overall.
   - Consumer spending – and specifically, spending on goods which generate local sales tax revenues – tends to peak during middle-age and decline for older age groups as they spend less overall, and a higher share of their income on services. As the old age group grows, local sales tax bases could be impacted.
   - The economy is experiencing historically low unemployment rates. However, the labor force participation rate continues to decline, which tempers the benefits of low unemployment.
     - Younger Americans are decreasingly participating in the labor force, which some believe is due to a need to pursue more education to stay employed in the long run.
     - Older Americans are increasingly participating in the labor force, which for some may be a response to decreased savings since their prime earning years coincided with the Global Financial Crisis.

Source: Bureau of Labor Statistics

Source: Bureau of Labor Statistics, California Employment Development Department
5. Income growth and inequality

- Median household income has by and large recovered from its pre-recession levels in the SCAG region, California, and nationwide. This is particularly good news, since median incomes reflect the “typical household” and are minimally impacted by extremely high earners.

- However, the post-recession increase statewide has outpaced that in the SCAG region. Adjusting for inflation, SCAG region incomes were higher in 1989 than in 2017.

- Since the early nineties, the top 1% has accrued a higher share of the nation’s wealth than the bottom 50%. In addition, since the late nineties, the top 10% has accrued more than the middle 40%.
<table>
<thead>
<tr>
<th>Year</th>
<th>Top 1% Share</th>
<th>Bottom 50% Share</th>
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<tbody>
<tr>
<td>1960</td>
<td>1%</td>
<td>99%</td>
</tr>
<tr>
<td>1980</td>
<td>1%</td>
<td>99%</td>
</tr>
<tr>
<td>2000</td>
<td>1%</td>
<td>99%</td>
</tr>
<tr>
<td>2020</td>
<td>1%</td>
<td>99%</td>
</tr>
</tbody>
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Source: Picketty, Saez, and Zucman. 2016. Distributional national accounts: Methods and estimates for the United States Data Appendix. Appendix Table II-B1