

Memorandum

To: Timothy D. Taron, Hefner Stark & Marois, LLP

From: DPFG

Date: September 16, 2013

Subject: Woodland General Plan 2035 Update – Review of Population Projections and Absorption of Residential Lots

Introduction

Per your request, we reviewed various supporting documentation related to the City of Woodland's General Plan 2035 Update ("General Plan Update") as they relate to population and new housing unit projections. The City is presently engaged in a comprehensive update to the General Plan which includes, among many other items, a discussion of the population and housing unit projections and how these assumptions interact with current supply of developable residential land within the City and the perceived "need", or lack thereof, to plan for additional large scale residential development outside of the Spring Lake Specific Plan (SLSP) area and the Master Plan Remainder Area (MPRA).

In addition to a review of the General Plan background documents, we have also reviewed the SACOG Draft Metropolitan Transportation Plan ("MTP") and Sustainable Communities Strategies ("SCS") 2035 Update (together, the "MTP/SCS") in order to further understand the population and housing unit projection assumptions that were incorporated into the General Plan background documents. As part of this process, we contracted with the Center for Strategic Economic Research ("CSER")¹, as a sub-consultant, to evaluate alternative population projection assumptions to determine a reasonable range of population growth expectations for the Region through 2035. This document is attached as Exhibit A.

In addition to the above information, we reviewed historic building permit estimates, the existing residential land supply within the City, and prepared a sensitivity analysis of alternative residential build-out scenarios to evaluate (i) General Plan background report information; (ii) existing City policies for growth; and (iii) CSER alternative projections. This analysis is intended to provide several market demand/absorption scenarios to model when/if the City would need additional land to accommodate projected demands.

¹ CSER is an economic research and consulting group specializing in applied research and strategy development in the regional economics and economic development fields. The organization has been engaged in regional economic research activities for over 30 years and is actively involved in economic development initiatives through its longstanding relationships with various economic development entities. CSER provides a full range of objective economic and demographic research services to government entities, businesses, non-profit organizations, and educational institutions throughout the country.

Executive Summary

The Economic and Fiscal Background Report, prepared by BAE Urban Economics, dated April 29, 2013 (“Background Report”) includes demographic and economic information from several sources, but relies heavily on housing unit projections included in the SACOG Draft Metropolitan Transportation Plan (“MTP”) and Sustainable Communities Strategies (“SCS”) 2035 Update (together, the “MTP/SCS”). The SACOG growth projections for new housing units in Woodland suggest an average increase of 193 units per year (“**SACOG Projection**”). The SACOG Projection suggests that the City will grow by a total of approximately 5,203 housing units and estimates a total population of 66,041 in 2035. The Background Report concludes that since the SACOG projections suggest a “need” for approximately 5,200 new housing units (i.e. approximately 193 units per year for 27 years) that there is no need for the City to plan additional large-scale residential construction before 2035.

In addition to the methodology employed by SACOG in the MTP/SCS process, there are several other alternative methods that could be used to estimate future housing unit growth. One additional scenario would be to simply model housing unit growth assuming the SACOG Projection growth rate plus 10% (“**SACOG +10%**”) to model the effect of a relatively minor increase (e.g. 10%) in new housing unit growth on existing land supply. In addition, we prepared a scenario projecting housing unit growth based on estimates from the California Department of Finance Demographic Research Unit (the “DOF”) for housing unit production for the period of 2001-2010 (“**DOF Estimate**”). We analyzed a third scenario assuming that existing City policies related to growth were held constant throughout this next planning period (“**Existing City Policy**”). Finally, we analyzed a fourth scenario utilizing alternative third-party projections included in the CSER report (“**CSER Alternative**”).

Table 1 below provides a summary of the five housing projections (i) SACOG MTP/SCS, (ii) SACOG +10%, (iii) DOF Estimate, (iv) Existing City Growth Policy, and (v) CSER Alternative. We have also attached a “City of Woodland - Housing Unit Projections” chart which illustrates the points of time where the five projections effectively “exhaust” the existing supply of land (as defined in the Background Report), resulting in a deficit of land.

Table 1
City of Woodland - Population Projection Alternatives

	SACOG [1]	SACOG +10%	DOF Est. [2]	Existing City Policy [3]	CSER Alt. [4]
Population 2008 [4]	50,379	50,379	50,379	50,379	50,379
Population 2035	66,041	67,606	70,352	79,417	78,926
New Population	15,662	17,227	19,973	29,038	28,547
Persons Per Household [5]	3.01	3.01	2.75	2.75	2.75
New Housing Units	5,203	5,723	7,263	10,559	10,381
Existing Lot Supply [6]	5,500	5,500	5,500	5,500	5,500
Projected Surplus/(Deficit)	297	(223)	(1,763)	(5,059)	(4,881)

Footnotes:

[1] SACOG Draft MTP/SCS 2035 Update.

[2] CA. DOF E-8 City/County/State Population and Housing Estimates, 4/1/2000 to 4/1/2010.

[3] Projects annual population growth consistent with 1996 Measure B growth cap at 1.7%.

[4] Center for Strategic Economic Research, Woodland Population Projections Report, 2013

[5] SACOG PPH from SACOG Modeling Projections for 2008, 2020, and 2035, May 2012 and DOF, Existing City Policy and CSER Alternative PPH from City of Woodland Housing Element Update, March 24, 2009.

[6] City of Woodland General Plan Update 2035 Economic and Fiscal Background Report.

The information included on the following pages provides additional detail on the scenarios described above and provides commentary on the SACOG projections.

General Plan Update 2035 Economic and Fiscal Background Report

The Background Report contains information regarding historic trends for various demographic, economic, and fiscal conditions of the City. The Background Report is intended to provide background information to be used by the City to guide the preparation of land use alternatives for the General Plan Update. The Background Report also contains projections of the City's share of regional growth in residential, office, retail, and industrial land uses.

Growth Projections

The Background Report includes demographic and economic information from several sources, but relies heavily on housing unit projections included in the SACOG Draft Metropolitan Transportation Plan ("MTP") and Sustainable Communities Strategies ("SCS") 2035 Update (together, the "MTP/SCS"). The MTP/SCS is a 28-year plan for transportation improvements in the six-county region based on projections for growth in population, housing, and jobs. The MTP/SCS is required to be updated on 4-year update cycle, with the next update planned to be completed no later than April 2016. The 2016 update would typically include the addition of additional forecast years and, per SACOG, would also typically include additional land for development than what has been projected in the current MTP/SCS³. While the scope of the update, particularly as it relates to population projections and growth forecasts, is presently under discussion at the SACOG Board, SACOG anticipates adoption of a framework to guide the next update of the MTP/SCS by the end of the year. One possible outcome of this framework exercise would involve only a minor refinement to the existing growth forecast rather than a major reassessment.

The current MTP/SCS projects that the number of housing units in Woodland will grow at an average rate of 0.9% during the 28 year planning period, from 17,950 in 2008 to 23,147 by 2035. For the larger Region, SACOG is projecting the number of households to increase at an average rate of 1.1% during the MTP/SCS planning period. The growth projections for new housing units in Woodland suggest an average increase of 193 units per year, with slightly more units absorbing in the early years of the planning horizon and fewer units absorbing later in the period. The SACOG projections suggest that the City will grow by a total of approximately 5,203 housing units and estimates a total population of 66,041 in 2035.

The Background Report references a City staff report dated October 5, 2010⁵ as noting that the City has averaged approximately 188 new single-family units per year between 2001 and 2010. The estimated average rate of 188 units per year does not include multi-family residential units. According to information included in the City staff report referenced above the City averaged approximately 50 multi-family residential units per year between 2001 and 2010, bringing the total average annual residential development growth to approximately 238 units per year. The City estimate was compared to housing unit data available from the California Department of

³ Chapter 3 Summary of Growth and Land Use Forecast, Draft MTP/SCS 2035 February 20, 2012.

⁵ Report to Mayor and City Council, titled "Amendments to the Spring Lake Specific Plan Building Unit Allocation (BUA) Ordinance and Evaluation of the City's General Plan Growth Cap Policy".

Finance Demographic Research Unit (“DOF”)⁶, which includes estimates for annual housing unit growth during for the 2001-2010 period. The DOF data indicates that the City experienced an average of 269 new housing units per year, or approximately 43% more housing units annually, than the single-family rate noted in the City staff report and subsequently incorporated as a baseline assumption into the Background Report and referenced in support of the reasonableness of the proposed SACOG projection of 193 total new housing units. The discrepancy between the City’s estimated total residential growth and the DOF data may be partly due to the City capturing information based on a fiscal year time period (July-to-July) compared to the DOF estimates which captured data on an April to April time period. Per the DOF, the annual housing unit change data (i.e. increases) are supplied by local jurisdictions and the U. S. Census Bureau. Data from the Census Bureau more closely aligns with the City data, and estimates an average of 243 total new housing units per year. The data from the DOF was utilized by the City in preparation of the Housing Element and was incorporated herein in order to provide a consistent baseline data source. Regardless, the difference between the average rate of 188 single family units cited in the Background Report and the total residential growth (either the City’s estimate, the DOF estimate, or the Census Bureau estimate) is significant enough to warrant further evaluation by the City, especially since the SACOG projections are noted as being inclusive of all housing unit growth within the City, not just single-family residential units.

Overall the SACOG projections, which have been incorporated in the Background Report, suggest a marked slowdown from the City’s estimated 2001-2010 residential growth rate (referencing either the data from the City Staff report, or data from the DOF). The Background Report is suggesting that the SACOG projections for new housing unit growth are reasonable, while at an average rate below historic conditions experienced by the City. This assumption represents an important fundamental baseline policy consideration and should be evaluated to determine if a depressed rate of growth is a desirable condition for policymakers. This baseline growth rate sets the stage for citywide policies related to new growth and more importantly, was used as a basis for a determination that the existing land supply within the City is sufficient to meet the projected demand for new housing units over the next planning period (year 2035).

Need for Additional Residential Development

The Background Report references that the Spring Lake Specific Plan (“SLSP”) currently has approximately 3,000 units remaining to be built and the Master Plan Remainder Area (“MPRA”) may accommodate approximately 2,400 additional housing units, for a total of approximately 5,400 potential new housing units, not including additional infill potential capacity. The Background Report concludes that since the SACOG projections suggest a “need” for approximately 5,200 new housing units (i.e. approximately 193 units per year for 27 years) that there is no need for the City to plan additional large-scale residential construction before 2035.

It is a generally accepted City planning practice that a City will plan for a “buffer” capacity in developable land supply to physically accommodate projected housing, commercial, and economic development through the life of the proposed General Plan, and beyond. As noted in the Background Report, the buffer is intended to ensure that a shortage of buildable residential land does not result in spikes in land and housing prices. Additional land capacity beyond the

⁶ E-8 City/County/State Population and Housing Estimates, 4/1/2000 to 4/1/2010. Annual housing unit change data are supplied by local jurisdictions and the U.S. Census Bureau. Annual housing unit change data are supplied by local jurisdictions and the U.S. Census Bureau.

projected “need” also provides a land supply buffer to address the likelihood that at least some portion of the identified land in the SLSP and/or MPRA will be unavailable for development at any given time based on a variety of factors, such as landowner willingness to sell or develop, site readiness, environmental constraints, market conditions, and other factors.

In addition, an adequate buffer of land can help provide a City with flexibility in meeting RHNA obligations, help ensure orderly growth, and encourages opportunities for greater housing affordability. The City will need to determine if an estimated “buffer” of approximately 297 units in new development areas is acceptable. To this point, we would note that if the projected number of new housing units per year increases by only 10% (i.e. 19 units), then the projected land supply within the City would effectively be exhausted within the planning period resulting in a net deficit of at least 200 housing units.

Furthermore, the SACOG projections focus on new housing unit creation within the City, not necessarily projecting new population growth. This is an important distinction as the City’s 1996 Measure B growth cap policy, as incorporated into the SLSP, limits population growth to 66,000 persons by 2020, or an average growth rate of 1.7% per year. As a result, the SACOG data for new housing units are subject to fluctuation depending on the assumptions made for persons-per-household (“PPH”). The SACOG data includes an average PPH rate greater than the City’s Housing Element and current year information from the DOF. To illustrate an issue with this methodological choice, if we convert SACOG’s estimated new population in 2035 (15,662) into housing units using the PPH included in the City’s Housing Element (2.75 PPH), and compare that to the projected land supply in the SLSP and MPRA, then the projected land supply would be exhausted within the proposed General Plan time horizon, resulting in a deficit of approximately 195 housing units⁸.

As noted above, the SACOG data is projecting that the City would reach just slightly over 66,000 population by 2035. The assumed growth rate has been incorporated into the Background Report and is roughly half the rate of what is presently planned for by the City. Again, this issue represents an important policy consideration for the City, as the Background Report is suggesting planning for a growth rate at a substantially lower rate than what is currently being planned for by the City and below what the DOF is estimating has historically occurred within the City. This would appear to be a substantial divergence in current, and historic, planning practices implemented by the City. We would further note that based on DOF information for the period of 2001-2010, in years where there was what would generally be considered a “healthy” housing market, and there was a readily available supply of land, the City absorbed more than 300 units per year (Years 2001, 2005, 2007, and 2008) and as much as 625 units (Year 2001). While the other years within this period were certainly below the projected average of 193 units, many of these “bad years” are during, or following, the “Great Recession” (Years 2011, 2012, and 2013) and represent years where available land, particularly in the SLSP, were significantly constrained by City policy limitations (e.g. the “BUA” Ordinance), and other market forces, which together combined to create conditions considered by many to be atypical.

In regards to potential residential capacity within the MPRA, we note that the MPRA is not presently within the City limits and as such would require additional entitlement efforts, such as LAFCo annexation, pre-zoning, environmental compliance, and negotiation of a property tax

⁸ Calculated as follows: 15,662 new population divided by 2.75 persons-per-household = 5,695 new housing units.

sharing agreement with the County, among other items. This condition would hold true for essentially any property currently situated outside the City limits. We also note that development of the MPRA will also likely include a substantial “reimbursement” to the SLSP for “oversizing” of infrastructure that greatly benefits the MPRA. This potentially substantial cost may present an additional cost burden that other new growth areas may not necessarily be burdened with.

Fiscal Condition of City and Policies to Focus Growth in SLSP

As noted in the Background Report, there are a number of important fiscal considerations for preparation of land use plan alternatives for the General Plan and from a revenue standpoint, the General Plan update process provides the City with an opportunity to optimize revenue, both in terms of the type and the location of growth, and streamline the cost of City services.

The Background Report also notes that the City’s fiscal condition is somewhat unique in that the City’s future fiscal health is linked to the timely development of new housing units in the SLSP. As discussed in the Background Report, the General Fund is currently being used to “backstop” debt service payment for infrastructure bonds issued in conjunction with development in the SLSP. These bonds were initially intended to be repaid via development impact fees paid by new construction in SLSP, but with the slowdown of new development in SLSP, the General Fund is being used for these debt service payments. The Background Report concludes that any increase in competition with SLSP for new housing unit demand in the City could slow SLSP’s absorption, and require the General Fund to continue to fund debt service repayments, redirecting limited funds that could be used to fund other City services (e.g. police and fire). We would note that while this is a reasonable concern, the diversification of the City’s tax base through new development of all types, would also contribute to the improvement of City finances via additional property tax receipts and sales tax capture, which together can help encourage additional revenue generating land uses (e.g. retail and commercial) and other job-generating land uses. In addition, new development in areas of the City beyond SLSP will most likely be subject to the payment of Major Projects Financing Plan (“MPFP”) fees, a portion of which we understand is planned to be used for debt service payments on existing bonds. As such, development in areas other than SLSP or MPRA would result in the payment of additional MPFP fees which may help improve the debt service condition.

Furthermore, new home construction generates substantial local economic activity, including new income and jobs for residents, and additional revenue (including permit fees) for local governments⁹. There are also one-time benefits that include both the direct and indirect impact of construction activity itself, and the impact of local residents who earn money from the construction activity, spending a portion of it within the local area. In addition, there are ongoing, annual local impacts that result from the new homes being occupied and the occupants paying taxes and otherwise participating in the local economy year after year. The ongoing impacts also include the effect of increased property taxes and increased opportunity for additional sales tax capture.

⁹ NAHB Report, The Local Impact of Home Building in a Typical Metro Area, June 2009.

Alternative Growth Projections

California Department of Finance (DOF) – New Housing Unit Estimates for 2001-2010

As noted above, in addition to SACOG projections for new housing unit growth we reviewed new housing unit production estimates prepared by the DOF. This information includes estimates for annual housing unit growth during for the 2001-2010 period. The data indicates that the City experienced an average of 269 new housing units per year, or approximately 43% more housing units annually, than what is noted in the City staff report and subsequently incorporated as a baseline assumption into the Background Report. This data suggests that, even through a time period punctuated by a “housing boom” and subsequent “bust”, the City has experienced a housing unit growth at a rate roughly 39.6% higher than the SACOG Projection.

This “DOF Estimate” calculation results in an estimated total population of 70,352 and the need to plan for approximately 7,263 new housing units. Assuming that the SLSP and the MPRA can produce the estimated 5,500 units, the City would need to include additional land to accommodate an additional 1,763 housing units beyond what is currently being planned.

Existing City Growth Policy Summary

As noted above, in addition to SACOG projections for new housing unit growth we reviewed current City policy related to growth, primarily the 1996 Measure B growth cap, as incorporated into the SLSP. Per the SLSP, Measure B limits total City population to 66,000 by 2020, or an average annual population growth rate of 1.7% per year. This “capped” growth rate was then applied to the 2008 base year population utilized by SACOG in the MTP/SCS data and then calculated through to year 2035, to estimate the total population in year 2035.

This “City Policy” calculation results in an estimated total population of 79,417 and the need to plan for approximately 10,559 new housing units. Assuming that the SLSP and the MPRA can produce the estimated 5,500 units, the City would need to include additional land to accommodate an additional 5,059 housing units beyond what is currently being planned.

Center for Strategic Economic Research (CSER) Summary

As described in Exhibit A, the Center for Strategic Economic Research (CSER) has prepared a Population Projection Alternative report. The CSER report notes that in addition to variations in methodologies and assumptions at the regional level and the subsequent translation to the local City level, there are several dynamics within the Region that could justify different growth outcomes for the City compared to the methodology employed by SACOG.

The analysis included six different sets of projections for the six-county Sacramento Region and applied several statistical approaches to derive corresponding population projections for the City. Among the resulting 2035 population projections for the City of Woodland, four were selected to illustrate the possible range of outcomes. The four selected 2035 population projections for the City range from 62,835 to 78,926 (see Exhibit A for more information). The relative wide-range of population projections would indicate that the source data utilized by SACOG may understate the need to plan for new development within the City.

For the purposes of relating these ranges to the existing SACOG MTP/SCS projection and the Existing City Growth Policy projection, the population projected under Alternative D (78,926) was used to estimate new housing units in year 2035. This alternative projects future population

based on the City's annual average share of the regional population from 1991 to 2013 based on population projection data prepared by Woods & Poole Economics, Inc. (W&P)¹⁰. As a frame of reference, the W&P data estimates a total population for the Region in 2035 that is just under 4.0% higher than the population projections utilized by SACOG, but varies in methodology of how this population growth is translated into new housing unit growth within the respective Cities and Counties within the Region¹¹. While the W&P projection results in a slightly higher total population than that utilized by SACOG, the W&P projections certainly appear to provide a reasonable alternative population projection.

This "CSER Alternative" calculation results in an estimated total population of 78,926 and the resultant need to plan for approximately 10,381 new housing units. Assuming that the SLSP and the MPRA can produce the estimated 5,500 units, the City would need to include additional land to accommodate an additional 4,881 housing units beyond what is currently being planned.

The information included in the CSER report offers a basic sensitivity analysis for the City of Woodland 2035 population projections that shows how differing projections at the regional level could result in varying outcomes at the local level. It is important to note that the selected projections were developed simply to provide varying estimates of future growth potential and are not meant to incorporate judgments about the likelihood of the projection results or embedded assumptions. Moreover, the local projections were not influenced by growth constraints or any of the public policy, regulatory, market, or infrastructure factors that SACOG assessed when developing the projections for the MTP/SCS.

In addition to variations in methodologies and assumptions at the regional level and the subsequent translation to the local level, there are several dynamics within the Region that could justify different growth projections for the City of Woodland, including:

- UC Davis — "2020 Initiative," which includes plans to add more students, faculty, staff, and facilities and the City of Woodland could see spillover effects from the university's general growth trajectory and could benefit from the increasingly visible hub of agricultural activity in the area.
- Next Economy — the Capital Region Prosperity Plan (the "Plan") outlines an ambitious set of strategies to accelerate job growth and wealth creation in the Region and build economic foundations that will transform the economic development ecosystem. The Plan is being implemented by all of the major regional economic development organizations and has garnered resolutions of support from most of the Region's local jurisdictions, including the City. As noted in Exhibit A, if effectively implemented, the Region could benefit from an additional 35,000 new jobs and \$5.3 billion of output over and above expected business as usual performance.

¹⁰ Woods & Poole Economics, Inc. (W&P) is a small, independent corporation that specializes in long-term county economic and demographic projections. W&P's customer list includes Bain & Co., Bank of America, Baylor Univ., Booz Allen Hamilton, CitiGroup, Dartmouth College, Deutsche Bank, Ernst & Young, JP Morgan, Merrill Lynch, NVR, PIMCO, Princeton Univ., University of California, University of North Carolina, University of Texas, U.S. Army, Walt Disney, and the Washington Post.

¹¹ In order to derive projections for the local jurisdictions, SACOG considers public policies and regulations, market and economic factors, and infrastructure cost and timing. The technical approach also embeds certain assumptions about housing preferences, developer interest, and demographic trends, and applies certain "qualitative" measures to translate the regional projections into local projections.

- Rural-Urban Connections Strategy — the SACOG project focuses on building economic and environmental sustainability in the Region’s rural areas. The economic opportunities outlined in the strategy relate primarily to the agriculture and energy industries and the Economic and Fiscal Background Report for the General Plan Update 2035 suggests that the City can act as a hub for surrounding rural agricultural areas and attract additional related economic activity.
- Solano-Yolo Food Chain — both Counties have recognized the important role of the agriculture industry to local economic vitality and have identified new ways to support the industry and its broader value chain. This has been reflected in joint investments in planning and staffing including the Food Chain Cluster strategy and new Farmbudsman position. As discussed above, the City could position itself to benefit from the increased momentum and focus on the economic activities within the food and agriculture industries.
- Potential Issues in Surrounding Jurisdictions — the MTP/SCS report highlights issues to track through the regional monitoring program, which could affect projected growth dynamics in the planning period. If a particular jurisdiction cannot absorb the allocated regional population and employment, then the growth will either flow to other jurisdictions within the Region or not be realized fully within the Region. There are several key issues in jurisdictions surrounding the City that could create or refocus growth opportunities within the City. For example, cited potential issues in West Sacramento include flood, redevelopment, and delta protection; accommodating commercial and residential growth is the primary issue for Davis; and the Natomas area requires completion of the ongoing levee upgrades.

Conclusion

The following provides a summary of the conclusions following DPF’s review of the various supporting documentation related to the City’s General Plan Update as they relate to population and new housing unit projections.

As noted above, it is generally accepted that a City will plan for a “buffer” capacity in available land in order to physically accommodate projected housing, commercial, and economic development through the life of the proposed General Plan, and beyond. With this overall concept in mind, we conclude, for a variety of reasons, that the SACOG projections may understate the need to plan for new development within the City.

The Background Report incorporates the SACOG growth projections of an average of 193 housing unit per year for the next planning period and then compares the projected growth to an estimate of existing and planned land supply within the SLSP and MPRA and concludes that there is no need for the City to plan additional large-scale residential construction before 2035.

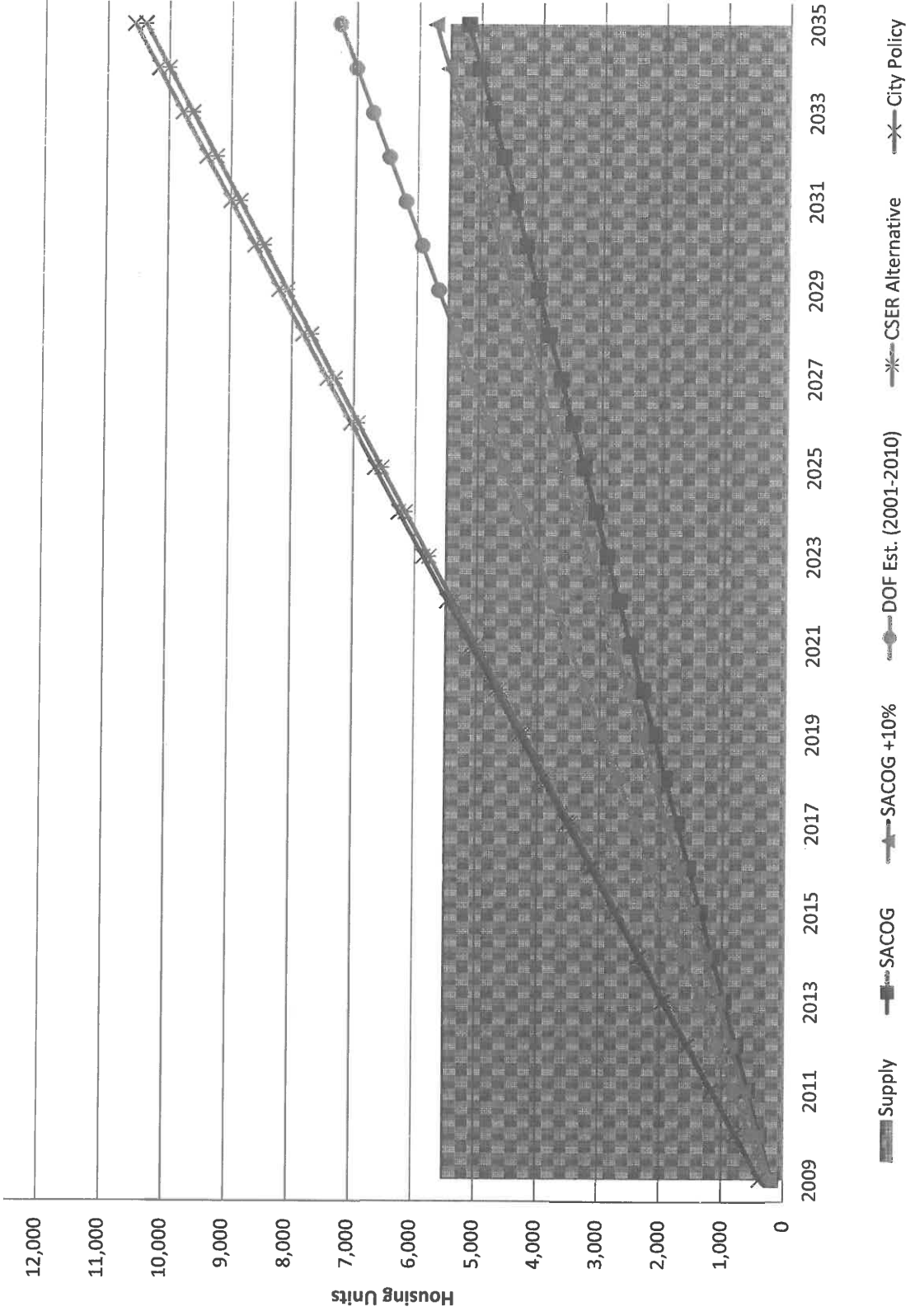
We would note several concerns with the SACOG growth estimates, including: (i) the SACOG annual growth rate (0.9%) is roughly half of what the City has planned for in the current General Plan (1.7%); (ii) data from the DOF indicates that the City is currently experiencing a growth rate that is roughly 40% higher than the SACOG projections; and the SACOG projections utilize a different PPH than what has been incorporated into the City’s Housing Element, which if consistently applied, would indicate that estimate land supply buffer would be exhausted prior to 2035, resulting a net deficit of housing units.

In addition to the projection methodology employed by SACOG, there are several other dynamics within the Region that could justify different growth outcomes for the City compared to the methodology employed by SACOG. To illustrate this point, we prepared four alternative growth projections to model when/if the City would need to plan for additional land in order to accommodate projected demands. These scenarios are summarized below:

1. **SACOG +10%** scenario indicates that a relatively minor increase in absorption in residential units would effectively exhaust the estimated land supply buffer prior to 2035. For a frame of reference, a 10% increase in housing unit growth for the City translates to about 1.5 additional homes per month, which certainly appears within a range of reasonableness. This scenario indicates that the City would need to include additional land to accommodate at least **223 additional housing units** beyond what is currently being assumed.
2. **DOF Estimate** scenario estimates future growth based on the City's estimated experienced growth rate from 2001-2010 and indicates that the City would need to include additional land to accommodate at least **1,763 additional housing units** beyond what is currently being assumed.
3. **Existing City Growth Policy** scenario estimates future growth based on the City's current policy limiting growth to an average of 1.7% per year and indicates that the City would need to include additional land to accommodate at least **5,059 additional housing units** beyond what is currently being planned.
4. **CSER Alternative** scenario estimates future growth based on the City's annual average share of the regional population from 1991 to 2013 and indicates that the City would need to include additional land to accommodate **4,881 additional housing units** beyond what is currently being planned.

Based on the above, we find that the SACOG projections suggest a substantial divergence in the City's current, and historic, planning practices related to new growth. Furthermore, prudent planning practices would suggest that given the relative wide-range of alternative population projections presented above, the source data utilized by SACOG and incorporated into the Background Report, may understate the need to plan for additional new development within the City. The information contained in this memorandum would indicate that in addition to the SACOG projections, the City should consider other alternative population projections and determine how best to plan for potential additional growth, as suggested above.

City of Woodland - Housing Unit Projections



Woodland Population Projection Alternatives

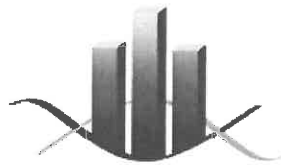
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WOODLAND POPULATION PROJECTIONS

Introduction

The Sacramento Area Council of Governments (SACOG) Metropolitan Transportation Plan / Sustainable Communities Strategy 2035 (MTP/SCS), which is cited in the Economic and Fiscal Background Report for the City of Woodland General Plan Update 2035 and was used in related community visioning workshops, incorporates population, employment, and housing unit projections for local jurisdictions that were developed by starting with growth projections for the six-county Sacramento Region (El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties). The regional growth projections that were the basis for the MTP/SCS were produced by the Center for the Continuing Study of the California Economy (CCSCE) in collaboration with SACOG. All projections, including those produced by CCSCE, use specific statistical methodologies and embed assumptions about various growth dynamics and relationships between variables. As a result, there can be notable variation between projections from different sources. For example, the table below shows year 2035 projections for the Sacramento Region from the MTP/SCS alongside those produced by the California Department of Finance (DOF), California Department of Transportation (Caltrans), and Woods & Poole Economics (W&P).

Source	2035 Population	2035 Employment
MTP/SCS	3,086,213	1,327,423
Caltrans	3,161,201	1,205,200
DOF	3,066,189	-
W&P	3,208,418	1,738,739

The selected regional population projections range from 3,066,189 to 3,208,418 while the employment projections range from 1,205,200 to 1,738,739 (the high end reflects a more inclusive definition of employment, which accounts for other types of employment beyond traditional payroll jobs). In terms of population, the selected projections vary between -0.6 percent and 4.0 percent from the MTP/SCS. In fact, the state regulations governing the creation of population projections for regional transportation plans (California Government Code 65584.01) allows for a 3.0 percent variation from the published DOF population projections for the planning period.

In order to derive projections for the local jurisdictions, SACOG considers public policies and regulations, market and economic factors, and infrastructure cost and timing. This technical approach also embeds assumptions about housing preferences, developer interest, and demographic trends. As such, other methodologies and assumptions could produce varying results at the local level. Moreover, if the regional projections differ from what was utilized as the basis for the MTP/SCS, then the local jurisdiction projections would need to be adjusted accordingly.

The MTP/SCS 2035 projections for the City of Woodland show a population of 66,041 and employment at 32,224. These projections reflect growth rates of approximately 31 percent and 27 percent, respectively, over the 2008 base year, which is lower than the projected growth rates for Sacramento Region overall (roughly 39 percent and 37 percent, respectively).

WOODLAND POPULATION PROJECTIONS

In addition to variations in methodologies and assumptions at the regional level and the subsequent translation to the local level, there are several dynamics within the Region that could justify different growth outcomes for the City of Woodland, including:

- UC Davis—the university is moving forward with its aggressive “2020 Initiative,” which includes plans to add more students, faculty, staff, and facilities. In addition, the university is recognized as one of the top universities for agricultural teaching and research—the commitment to this discipline is reflected in notable programs such as Seed Central, the Robert Mondavi Institute for Wine and Food Science, and the proposed World Food Center. The City of Woodland could see spillover effects from the university’s general growth trajectory and could benefit from the increasingly visible hub of agricultural activity in the area.
- Next Economy—the Capital Region Prosperity Plan outlines an ambitious set of strategies to accelerate job growth and wealth creation in the Region and build economic foundations that will transform the economic development ecosystem. The Plan is being implemented by all of the major regional economic development organizations and has garnered resolutions of support from most of the Region’s 29 local jurisdictions, including the City of Woodland. The Plan includes a number of actions that local jurisdictions can pursue to move the effort forward and also has a focus on the Agriculture & Food cluster, of which Woodland is in a good position to take advantage. If effectively implemented, the Region could benefit from an additional 35,000 new jobs and \$5.3 billion of output over and above expected business as usual performance.
- Rural-Urban Connections Strategy—the SACOG project focuses on building economic and environmental sustainability in the Region’s rural areas. The economic opportunities outlined in the strategy relate primarily to the agriculture and energy industries and the Economic and Fiscal Background Report for the General Plan Update 2035 suggests that the City of Woodland can act as a hub for surrounding rural agricultural areas and attract additional related economic activity.
- Solano-Yolo Food Chain—both Counties have recognized the important role of the agriculture industry to local economic vitality and have identified new ways to support the industry and its broader value chain. This has been reflected in joint investments in planning and staffing including the Food Chain Cluster strategy and new Farmbudsman position. As discussed above, the City of Woodland can position itself to benefit from the increased momentum and focus on the economic activities within the food and agriculture industries.
- Potential Issues in Surrounding Jurisdictions—the MTP/SCS report highlights issues to track through the regional monitoring program, which could affect projected growth dynamics in the planning period. If a particular jurisdiction cannot absorb the allocated regional population and employment, then the growth will either flow to other jurisdictions within the Region or not be realized fully within the Region. There are several key issues in jurisdictions surrounding the City of Woodland that could create or refocus growth opportunities within the City. For example, cited potential issues in West Sacramento include flood, redevelopment, and delta protection; accommodating commercial and residential growth is the primary issue for Davis; and the Natomas area requires completion of the ongoing levee upgrades.

WOODLAND POPULATION PROJECTIONS

The information below offers a basic sensitivity analysis for the City of Woodland 2035 population projections that shows how differing projections at the regional level could result in varying outcomes at the local level. The analysis starts with six different sets of projections for the six-county Sacramento Region and applies several statistical approaches to derive corresponding population projections for the City of Woodland. Among the resulting 2035 population projections for the City of Woodland, four were selected to illustrate the possible range of outcomes. It is important to note that the selected projections reflect mathematical calculations based on the stated methodological assumptions. The projections were developed simply to provide varying estimates of future growth potential and are not meant to incorporate judgments about the likelihood of the projection results or embedded assumptions. Moreover, the local projections were not influenced by growth constraints or any of the public policy, regulatory, market, or infrastructure factors that SACOG assessed when developing the projections for the MTP/SCS.

Alternative Projections

The selected 2035 population projections for the City of Woodland range from 62,835 to 78,926, as illustrated in the graphic below.

62,835	63,910	66,041	73,725	78,926
Alt. A	Alt. B	MTP/SCS	Alt. C	Alt. D
Low	Employment- Driven Average		Population- Driven Average	High

The *Low* alternative (A) population figure (62,835) was derived from the Caltrans regional employment projection applying Woodland's current share of regional employment and the 2008 population-to-jobs ratio from the MTP/SCS. Alternative B's (*Employment-Driven Average*) projection of 63,910 is the average of all population forecasts resulting from the sources' employment forecasts with a population-to-jobs ratio applied which remained after the outliers were removed. The average of all tested methods for deriving alternative Woodland population projections (minus outliers) based on the various sources' 2035 regional population projections is 73,725 under Alternative C, *Population-Driven Average*. The final selected 2035 population projection is 78,926 under Alternative D, *High*, which resulted from Woodland's annual average share of the regional population from 1991 to 2013 applied to W&P's 2035 Sacramento Region population projection. The selected projections vary between -0.5 percent and 19 percent from the MTP/SCS Woodland 2035 projection of 66,041.

Additional information on the methodology used to develop the alternative projections is provided in the next section.

Analysis Background

Three data sources were used to calculate Woodland 2035 population projections alternative to the MTP/SCS projections—California Department of Finance (DOF), California Department of Transportation (Caltrans), and Woods & Poole Economics (W&P). An additional two sources of projections used were based on 3.0 percent variations (more and less) from the published DOF population projections based on the state regulations governing the creation of population projections for regional transportation plans. Regional population projections from these five sources were used in varying methods to ultimately determine 2035 population at the local level. The first of these “population-driven” methods is a **regression** approach which uses best fit trend line analysis for Woodland and the Sacramento Region from 1981 to 2013 ($y = m_1x_1 + m_2x_2 + \dots + b$) and assumes the trend relationship between the local and regional areas continues through 2035. The second method holds the **current share of Woodland’s population to the Region constant** over the forecast period which is applied to each of the five sources’ 2035 regional figures. Woodland’s **historical annual average share of regional population** over the historical 21-year time period (1991 to 2013) was calculated and held constant to calculate the local population 21 years out to 2035 using all five sources in the third method. The fourth method calculates over the 1991 to 2013 time period the **average historical proportion of population growth captured by Woodland relative to the Region** and holds this proportion constant over the forecast period for all five sources. All five sources were used in the fifth alternative projection method and applies the **percentage variation** of each sources’ 2035 population projection from the regional MTP/SCS projection to the 2035 Woodland MTP/SCS population projection resulting in local projections for each source. The final two population-driven projection methods are based solely on DOF estimates as they rely on historical growth rates—the first one applies Woodland’s **annual average growth rate** from the historical 21-year period over the forecasted 21-year period to 2035 while the second one applies the total **21-year growth rate** (1991 to 2013) to Woodland’s 2013 population to calculate the alternative projection for 2035.

In addition to the population-driven projection methods, two methods were explored using regional employment projections from Caltrans and W&P. The first “employment-driven” projection method applied the **percent variations** from Caltrans and W&P to the MTP/SCS regional employment forecasts to the 2035 MTP/SCS Woodland employment forecast. The second method was derived by applying **Woodland’s current share of the regional employment** to the sources’ employment projections. Two projected Woodland population figures for each method were then calculated by applying MTP/SCS base year (2008) and 2035 population-to-jobs ratios to the projected employment figures.

The results of all of the population-driven and employment-driven projection methods are displayed in the figure on the following page. Extreme outliers were deemed as 20 percent above and 10 percent below MTP/SCS projections and were removed from the analysis. Since most outcomes resulted in higher projections, a different cut-off was selected for low outliers. Four alternative Woodland 2035 population projections were chosen from the remaining results and include the lowest and highest projection figures and the averages from the population-driven and employment-driven methods.

WOODLAND POPULATION PROJECTIONS

ALTERNATIVE WOODLAND 2035 POPULATION PROJECTIONS

<i>Method</i>	<i>DOF</i>	<i>W&P</i>	<i>Caltrans</i>	<i>+3% DOF</i>	<i>-3% DOF</i>	<i>AVERAGE*</i>
POPULATION-DRIVEN PROJECTIONS						73,725
Regression	73,489	76,157	75,178	75,613	71,365	
Hold Current Share Constant	73,910	77,339	76,201	76,128	71,693	
Hold Historical Average Share Constant	75,427	78,926	77,764	77,690	73,164	
Historical Growth Capture Share	74,797	75,895	76,070	77,130	72,464	
% Variation from MTP/SCS	65,613	68,656	67,646	67,581	63,644	
Annual Average Historical % Growth	80,795	-	-	-	-	-
1991-2013 Historical % Growth	77,301	-	-	-	-	-
EMPLOYMENT-DRIVEN PROJECTIONS						63,910
% Variation from MTP/SCS:						
Base year MTP/SCS population/jobs ratio	-	83,642	57,976	-	-	-
2035 MTP/SCS population/jobs ratio	-	86,504	59,960	-	-	-
Current Share						
Base year MTP/SCS population/jobs ratio	-	90,652	62,835	-	-	-
2035 MTP/SCS population/jobs ratio	-	93,754	64,985	-	-	-

Center for Strategic Economic Research, July 2013

Notes: The four chosen alternative population projections are bold and italicized within the figure.

Extreme outliers which were removed from the analysis are shaded in gray.

*Minus outliers.