

# W Committee of the Whole

Meeting date: April 18, 2012

## ADVISORY INFORMATION

<b>Date:</b>	April 18, 2012
<b>Subject:</b>	<b>Preliminary regional forecast to 2040</b>
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	<i>Minnesota Statutes</i> 473.146 and 473.859
<b>Staff Prepared/Presented:</b>	Todd Graham (602-1322) and Libby Starling (602-1135)
<b>Division/Department:</b>	Community Development/ Research

### Proposed Action

Discussion of the preliminary regional forecast to 2040. Adoption of an official regional forecast will be considered with the metropolitan development guide in 2014.

### Background

At Metropolitan Council, major updates to the regional forecast are prepared at least once per decade. Population, households and employment levels are projected for the region as a whole, with a 30-year time horizon. Council Research has prepared a preliminary regional forecast to present to the Committee of the Whole on April 18.

Through additional modeling, currently in progress, the regional forecast will be allocated to local zones and communities. The Council's local land use model serves to represent the expected spatial distribution of population, households and employment during 2010-40, given a set of modeled system dynamics, policies, and other assumptions.

The ultimate results of this project – a final regional forecast together with local forecasts – will be incorporated into the next metropolitan development guide, for Council adoption in 2014. Consistent with *Minnesota Statutes* 473.146 and 473.859, the regional and local forecasts are intended as a statement of future expectations, and will reflect forecasted outcomes of regional planning and policies.

The April 18 presentation to Committee of the Whole will include the following:

#### *What are forecasts and forecast modeling?*

- Forecasts are a structured consideration and analysis of future outcomes.
- Models are simplified representations of real-world systems as a reduced set of variables, dynamics and relationships, which allow us to explore and assess multiple possible scenarios.
- The preliminary regional forecast represents the most likely outcomes given the region's economic composition.

#### *Why forecasts are important to the Metropolitan Council?*

- The regional forecast and local forecasts – serve as a statement of future expectations, informing the Council's planning, and ultimately reflecting forecasted outcomes.

### *How are the forecasts developed?*

- For the region-level forecast, Council Research, in partnership with Minnesota Department of Employment and Economic Development, has implemented REMI PI+, a macro-economic accounting model of the national, state and regional economies.
- Council Research also uses ProFamy, a demographic model, for assembling the projected population into household types.
- The models delivered by model vendors have been modified by Council Research to reflect regional data inputs and the introduction of external projections.

### *What is the focus of the regional forecast?*

- Future levels of economic activity, specifically employment.
- Future population growth and components of growth
- The demographic characteristics and composition of future populations
- The region's households mix, which is driven by demographic dynamics.

### *Trends associated with the regional forecast.*

- Regional economic competitiveness.
- Historically substantial international immigration
- Growing diversity of races and national origins
- Changing age composition
- Changing household mix and implications for housing demand.

### *Continued work on the Council's forecasts.*

Additional work to allocate regional totals to local zones is currently in progress. Council Research has adopted and implemented CubeLand, a real estate economics model for this project. Model calibration and validation is currently underway. Council Research expects to complete local forecasts work in early 2013.

Preliminary sub-regional forecasts, for policy areas, reflecting regional policies and local comprehensive plans of the past decade, will be presented to the Council in October 2012. Local forecasts for communities – also based on current regional policies and local plans - will be presented to the Council and shared with local government officials in Spring 2013. Later in 2013, final forecasts will be generated, reflecting any changes in policy made by the Council in the new development guide.

## **Rationale**

Consistent with *Minnesota Statutes* 473.146 and 473.859, the regional and local forecasts are intended as a statement of future expectations, and will reflect forecasted outcomes of regional planning and policies.

## **Funding**

The regional and local forecasts are a regular part of the Community Development workplan.

## **Known Support / Opposition**

None.