

# BCCP Economics Study

*The Economics of Land Use*

EPS

Berkeley  
Sacramento  
Denver

*presented to*

BCCP Community Advisory  
Committee

*presented by*

Ben Sigman

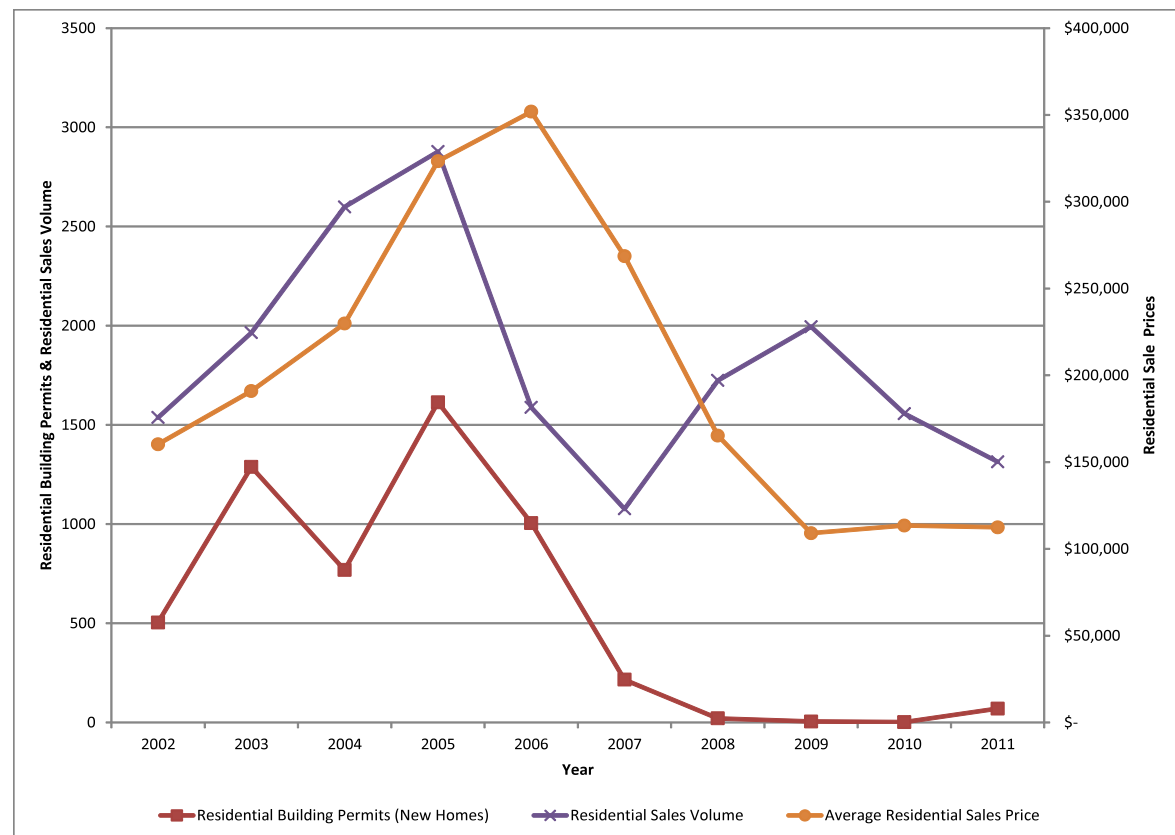
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# Regional Economic Conditions

- ***A return to healthy economic conditions is likely to be gradual***

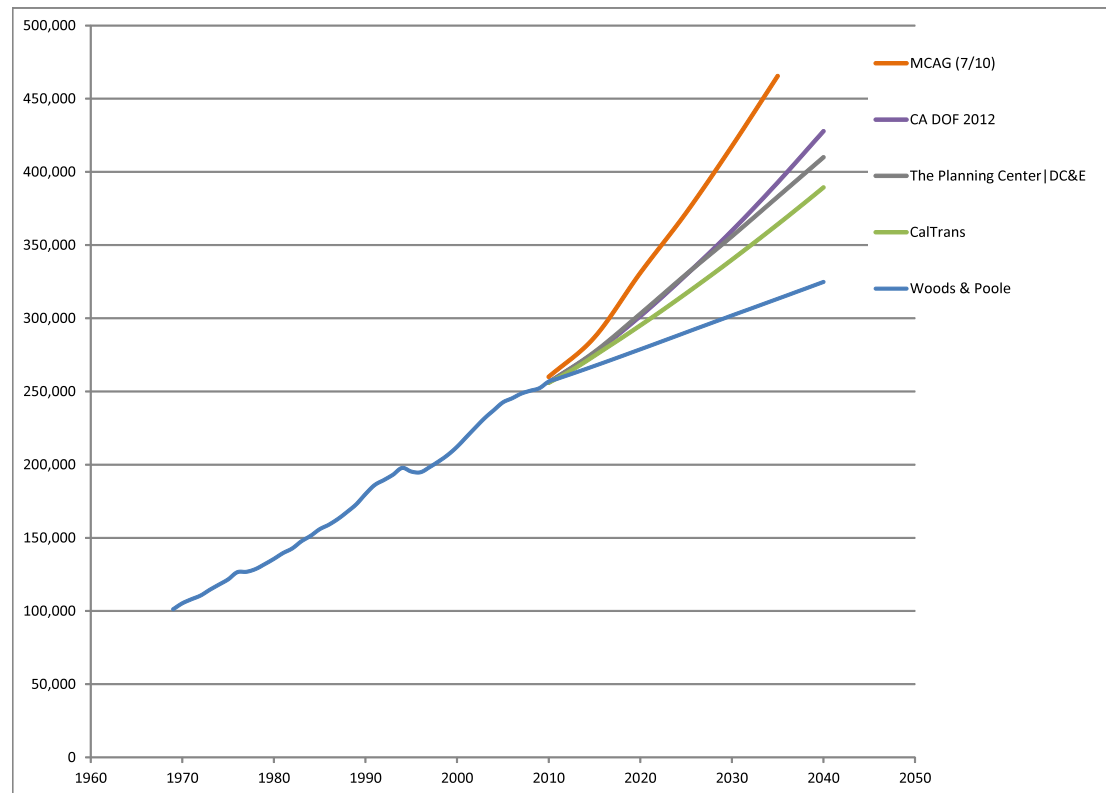
- Slow housing price recovery
- Stressed government finances



# Population Growth Forecasts

- **Regional forecasts indicate a wide range of future population growth scenarios for Merced County**

- 45,000 (WPE) to 160,000 (MCAG)
- Significant uncertainty



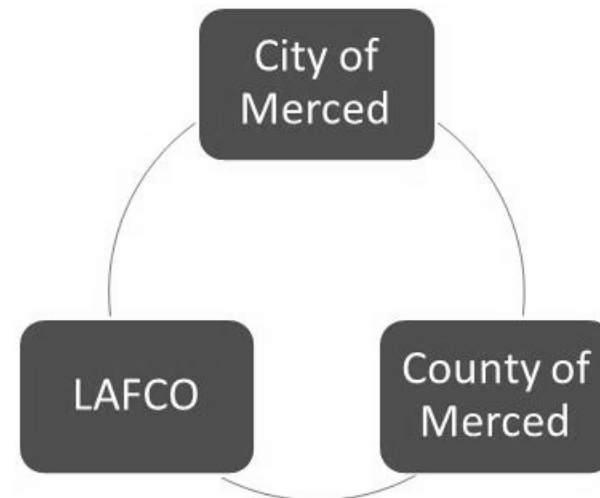
# Real Estate Supply

- **City of Merced has entitled / planned a substantial amount of new development within its SOI**
  - 23,000 housing units and 3 million+ square feet of commercial in the pipeline in and near the BCCP (City data)
  - Capacity for development in the northeast SOI of about 30,000 units and 12 million square feet (EPS)
- **Development capacity cannot be realized without significant investments in infrastructure (utilities and transportation) and environmental clearance**

# Development Challenges

- **Fiscal and institutional factors will influence the location and timing of new development**

- Scarce funding resources and depressed housing prices constrain development-based financing
- County's jurisdiction in the area limits the ability of the City to extend municipal services
- City annexation of the BCCP area will require LAFCO approval and likely a tax sharing agreement



# Regional Competitiveness

- **The City of Merced offers a number of competitive advantages that make it well positioned to capture growth**
  - UC Merced
  - High-Speed Rail
  - Gateway to Yosemite
  - Retail, Downtown and other amenities



# Bellevue Corridor Market Position

- ***The Bellevue Corridor is well positioned for growth but will face competition from other areas planned for development***
  - The BCCP creates the opportunity to absorb UC Merced-related uses, without a “leap-frog” development pattern
  - Plan Area is large enough to accommodate a diversity of urban uses
  - A number of large parcels are adequately sized for development without site assembly
  - Existing development capacity within the City will have a cost advantage
  - Bellevue Corridor could compete directly with planned development in the University Community

# Bellevue Corridor Market Position

- ***UC Merced is anticipated to drive growth proximate to the campus***
  - Areas proximate to campus are likely to support more dense development patterns, especially for sites that are easily accessible (walkable)
  - UC-related development adjacent to the campus will be governed by the manner and pace in which UC programs grow





# Bellevue Corridor Market Position

- ***The Bellevue Corridor appears well positioned to capture growth currently designated to occur in the University Community Plan***
  - The 800+ acre University Community North Plan is designed to capture 100 percent of the economic “spillover” generated by UC Merced
    - 5,800 residential units
    - 700,000 square feet of commercial (office and retail)
    - 2.3 million square feet of R&D
  - However, Bellevue benefits from existing infrastructure (water and sewer are in place, though upgrades are needed)

# Conclusion

- ***The timing and share of market demand captured will depend on how a range of highly-uncertain economic and institutional factors unfold over time***
- ***Similar to the University Plan, the BCCP should include a mix of uses:***
  - Residential
  - Retail
  - Office
  - R&D/Flex



## Focus on R&D (The "X Factor")

- ***UC Merced and the surrounding districts could evolve into an innovation hub***
- ***As research advances and technologies become commercial, UC programs will "spin-off" economic activity***

- ***UC Technology Transfer Mission:***

*One significant aspect of the University of California's public service mission is to ensure that the results of its research are made available for public use and benefit. This "technology transfer" is accomplished in many ways: through educating students, publishing results of research and ensuring that inventions are developed into useful products in the commercial marketplace for public use.*

*Technology Transfer at the UC Office of the President*

## Focus on R&D (The "X Factor")

- ***The degree of technology transfer, independent enterprise, and space demand is unknown***

| UC Host County     | Nonfarm Employment | PSTS (% Nonfarm) | R&D/Flex (MSF) |
|--------------------|--------------------|------------------|----------------|
| Yolo (UC Davis)    | 113k               | 6%               | 0.5            |
| Merced             | 82k                | 3%               | 2.3            |
| Riverside          | 800k               | 5%               | 2.7            |
| Orange (UC Irvine) | 1,876k             | 9%               | 18             |

- ***Planning for 2.5 to 5 MSF R&D/Flex around UC Merced would be aggressive, but also allow for "upside potential"***