CITY OF MERCED
Planning & Permitting Division

STAFF REPORT: #12-04

FROM: Kim Espinosa, Planning Manager

BELLEVUE CORRIDOR COMMUNITY PLAN AD-HOC CITIZENS ADVISORY COMMITTEE

MEETING DATE: November 1, 2012

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SUBJECT

This report provides a brief overview of what is meant by an Innovation Hub and its relation to the *Bellevue Corridor Community Plan* effort.

REQUESTED COMMITTEE ACTION

This report is associated with Agenda Item C of the *Bellevue Corridor Community Plan Ad-Hoc Citizen Advisory Committee* October 2012 meeting, and is provided as an informational item.

INNOVATION HUB

The addition of UC Merced to California's San Joaquin Valley is hoped and expected to expand local economies through what is commonly called "spin-off industries." Yet, a research university is only one part of a larger system that is needed to generate such growth. This system is commonly referred to as an innovation hub, or innovation ecosystem. Communities with research universities, such as Merced and the surrounding areas, have some form of this system. The key question is how can a community grow and enhance its Innovation Hub?

In cooperation with UC Merced's *Resource Center for Community Engaged Scholarship* (ReCCES) program, undergraduate students have conducted research about Innovation Hubs and its relevance to the greater Merced Community and the *Bellevue Corridor Community Plan* area.

What is an Innovation Hub

An innovation hub models the relationships that are formed between community members, and enables technological development through innovation. These relationships occur geographically, whether at a local research university, nearby neighborhoods, in government offices and throughout the environmental, social, and economic sectors of the community. It's a process occurring between people in their community. As a community member, how can you lead or support the formation and growth of our local Innovation Hub?

Innovation Hubs are generally known in the economic sector. One of the best ways to spur job creation and economic growth is by facilitating more efficient translation of budding innovations from the research economy into the commercial sector.

A conceptual model of the Innovation Hub in Idaho is presented below:

Essential and Supportive Traits/Inputs of an Innovation Hub

The inputs of an innovation hub include:

Research University **-** A research university generates knowledge and ideas, facilitating innovation. Researchers ponder big questions. How would you improve cancer treatment? Can solar power be produced more efficiently? Why can't X-rays be taken with smaller devices? And sometimes they come up with the answers. When that happens, the *technology transfer offices* at the university can then help them "spin-off" their research into businesses that create jobs or other societal benefits.

According to the *USC Stevens Center for Innovation*, innovation can come from the arts and social sciences as well as engineering or medicine. It can take the shape of new products or services; new ventures, ranging from venture-backed startups to non-profits; as well as new organizational models. Innovation can be any groundbreaking approach or advancement that changes the way we live, work, and play. All forms of innovation should be encouraged to provide a wide array of benefits.

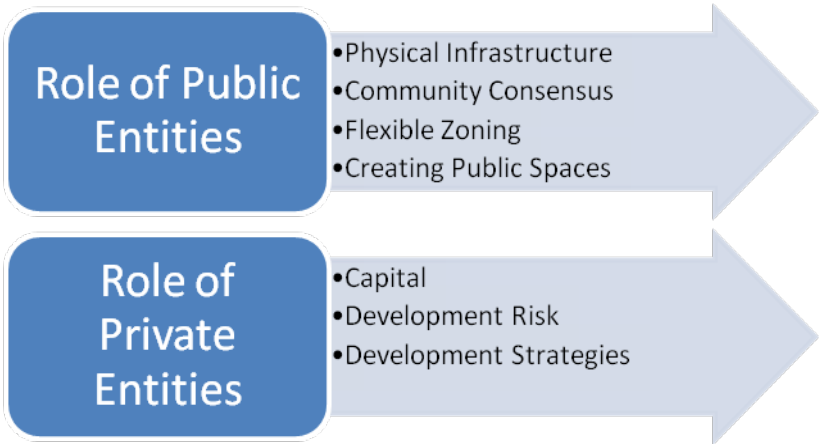
Industry - Industry can help create, support, and grow an environment conducive for innovation by:

- Supporting the development of key technology clusters;
- Investing resources in industry-higher education partnerships in key technology sectors;
- Committing to the investment of start-up funding for these industry-higher education initiatives - particularly early stage; and,
- Committing to supporting the seed capital and venture capital continuum to ensure there is sufficient funding at each stage in the cycle to promote market worthy opportunities .

Entrepreneurs/Talent – According to Krisztina Holly of the *USC Stevens Center for Innovation*, innovation starts with the "understory" of the economic food chain: the entrepreneurs. In this group are diverse and future-oriented thinkers that have the potential to advance an economy despite times of struggle; entrepreneurs gives us the mutations - the radical changes that enable groundbreaking ideas to enter the ecosystem if they are worthy. Supportive traits for entrepreneurs include places to meet and network, and housing.

"A rich pool of talent with diverse experience and skill-set can bring about market-place disruptions. Academia, another stakeholder, plays a big role in developing such talent. Today's business environment requires creating a mindset shift from the traditional career paths to encourage risk-taking, challenging status quo, ability to think differently and be more adaptive. University and colleges have a significant role to play in shaping this kind of talent base." Tathagat Varma, Sr Director-Business Operations, Yahoo! Software Development India.

Local Government/Community Understanding and Involvement **-** Understanding the roles that different partners contribute to the process of developing an innovation hub is the final key input. Michael Cohen, Partner of the Strada Investment Group, summarized the Public—Private partnership as follows:



Bellevue Corridor Opportunities

While the entire San Joaquin Valley and points beyond will benefit from the research, innovation, and new technologies from UC Merced, the local community and development pattern of lands near the university will influence the success of the *Innovation Hub* in Merced. The *Bellevue Corridor Community Plan* can contribute the following:

- Attract new researchers, and sustain current graduates and their research;
- Attract entrepreneurs and small businesses;
- Identify future sites for research and development parks for UC Merced Spin-Off Development;
- Create a gateway community to UC Merced; and,
- Tech-firms value public realms that foster a melting pot of ideas. Through planning and community design, create a living environment for entrepreneurs and the work force to work, live, and play/network (See Attached article from the Wall Street Journal).

Attachment

A) Wall Street Journal article "For Creative Cities, the Sky Has Its Limit," (July 27, 2012),

THE WALL STREET JOURNAL.
WSJ.com

ESSAY | July 27, 2012, 8:20 p.m. ET

For Creative Cities, the Sky Has Its Limit

It's not enough to build tall if people aren't thrown together to interact—just look at Shanghai vs. New York

By RICHARD FLORIDA

Aurora Photos

Shanghai's skyscraper district is ultradense, but New York, London and Milan are better at promoting innovation.

Ours is the century of the city. For the first time in history, more than half of the people in the world, 3.3 billion of us, live in cities. By 2050, according to the best projections, urbanites will account for as much as 70% of the global population.

Over the next 50 years we will spend trillions of dollars on city building. The question is: How should we build? For many economists, urbanists and developers, the answer is simple: We should build up. But the answer is more complex than that.

Researchers at the Santa Fe Institute have been able to demonstrate that bigger, denser cities literally speed up the metabolism of daily life. Larger beasts may have slower metabolisms in the animal kingdom, but the opposite occurs in cities, which get faster as they grow. Doubling a city's

ATTACHMENT A

population, the Santa Fe researchers found, more than doubles its creative and economic output, a phenomenon known as "superlinear scaling."

Still, density is only part of the solution. In the hyper-crowded skyscraper districts of Shanghai, densities can approach 125,000 people per square mile. Giant buildings often function as vertical suburbs, muting the spontaneous encounters that provide cities with so much of their social, intellectual and commercial energy. People live their lives indoors in such places, wearing paths between their offices and the food courts, always seeing the same people.

In terms of innovation and creative impetus, Shanghai pales in comparison to New York, London, Paris and Milan, not to mention high-tech hubs like Silicon Valley, the Bay Area, Seattle, Boston, Austin and North Carolina's research triangle, all of which have much lower densities.

It turns out that what matters most for a city's metabolism—and, ultimately, for its economic growth—isn't density itself but how much people mix with each other. And there isn't just one formula for that. It can happen in the pedestrian-oriented sidewalk culture of New York and London but also—to the chagrin of many urbanists—in the car-dependent sprawl of a suburban nerdistan like Silicon Valley. That region, as Jonah Lehrer has pointed out, manages to emulate the functions of bigger, denser cities by encouraging the clustering of talent and enterprise and fostering a high level of information-sharing.

In fact, there are two types of density, according to a recent study by Peter Gordon of the University of Southern California and Sanford Ikeda of the State University of New York, Purchase. "Crude" density is achieved by districts packed with taller and taller buildings but doesn't, on its own, generate innovation or economic development.

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By contrast, what the authors call "Jacobs density" sparks street-level interaction and maximizes the "potential informal contact of the average person in a given public space at any given time." It makes networking and informal encounters more likely and also creates a demand for local products and diversity—not just of populations and ethnic groups but of tastes and preferences.

The authors dub it "Jacobs density" in tribute to Jane Jacobs, the renowned urbanist and author of "The Death and Life of Great American Cities." She famously said, "In the absence of a pedestrian scale, density can be big trouble."

Look at New York City. Its hubs of innovation aren't the great skyscraper districts that house established corporate and financial headquarters, media empires and wealthy people (an increasing number of whom are part-time residents who hail from the ranks of the global super-rich). The city's recent high-tech boom—500 start-ups in the last half decade, among them Kickstarter and Tumblr—is anchored in mid-rise, mixed-use neighborhoods like the Flatiron District, Midtown South, Chelsea and TriBeCa.

Google's New York office, second in size only to its headquarters in Silicon Valley, is in the old Port Authority terminal building across from the Chelsea Market, for which it paid $1.8 billion in 2010. These neighborhoods are filled with the sort of old buildings that, in Jacobs's famous phrase, new ideas "must use."

None of this is to say that New York should be preserved in amber. The move to increase density in Midtown East, for example, raising height restrictions to as high as 80 stories, will generate much-needed development in an area that's set up for it.

But balance is key. A great city needs a mix of neighborhoods and districts of varied heights and densities. And great care must be taken not to muck up those critical areas that spur true innovation and creativity. "Densities," Jacobs cautioned, "can get too high if they reach a point at which, for any reason, they begin to repress diversity instead of to stimulate it." It's a crucial lesson to absorb as our world grows ever more urban.

—Mr. Florida, director of the Martin Prosperity Institute at the University of Toronto's Rotman School of Management and global research professor at New York University, is author of "The Rise of the Creative Class, Revisited," published this month by Basic Books.

A version of this article appeared July 28, 2012, on page C3 in the U.S. edition of The Wall Street Journal, with the headline: For Creative Cities, the Sky Has Its Limit.