

## H 7.2

Promote the conservation of water through the re-use of treated wastewater, capture and re-use of rainwater, efficient plumbing and fixtures, and use of native and drought-tolerant landscape materials (refer to Infrastructure—Integrated Water Systems and Land Use policies). *(Imp 2.5, 2.6, 2.8)*

## H 7.3

Encourage the development of “green” housing units. These are characterized by the use of energy efficient

design and construction materials, siting and location of housing, use of innovative or non-mainstream techniques such as solar heating, organic insulation, day-lighting (capitalizing on natural lighting), on-site water storage and recycling, and other techniques that promote the concept of sustainability in construction. Green housing can often have higher front end costs, which may necessitate targeting higher end consumers, but long term cost savings are making green units increasingly more affordable. There is also a growing market of consumers who specifically seek green housing as a lifestyle choice (e.g., Civano, AZ and Davis, CA). *(Imp 2.5, 2.6, 2.8)*

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# ECONOMIC DEVELOPMENT—CREATING A VITAL AND SUCCESSFUL COMMUNITY

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## STATUTORY REQUIREMENTS

While the California Planning and Zoning Law does not require an Economic Development Element of the General Plan, Section 65303 permits a community to “...include any other subjects which, in the judgment of the legislative body, relate to the physical development of the county or city.” A permissive element enjoys the same weight of authority and must be consistent with mandated elements.

Inherently, an Economic Development Element is one of the most important elements of a General Plan as it specifies the actions to influence the marketplace to ensure that the objectives and uses defined in a Land Use Element are achieved. In a sense, a Land Use Element is a “blueprint” defining the framework within which development may occur and is reactive to the marketplace. On the other hand, an Economic Development Element defines a set of actions to intervene and shape the marketplace so that a Community’s land use and development objectives are achieved.

The Economic Development Element describes the economic goals and objectives and corresponding policies that will guide economic development of the University Community in the context of the Merced County region as a whole. These economic development goals and objectives are linked to policies contained in other Community Plan elements and will be supported through consistent implementation of the Community Plan as a whole

## CONTEXT

UC Merced will potentially confer significant economic benefits to the University Community and the region as a whole. These economic benefits will be a function of both the scale and character of the campus activities as they emerge over time as well as the economic, institutional, and policy framework in which they occur. As has been the case with other UC campuses, the economic impacts will very likely take decades to unfold. Initially, the campus will be relatively small, with enrollments below 10,000 students during the first decade of operations. The campus size, its location within Merced County, and the larger economic forces affecting the San Joaquin Valley will tend to obscure its economic impacts. Over time, however, the campus will be a part of and will support larger changes in the San Joaquin Valley, a region that is expected to experience significant population and employment growth during the first part of the 21st Century.

Integration of the campus and the University Community into the larger fabric of Merced County will present a number of challenges and opportunities. For example, the large amount of regionally competitive real estate in the area will affect market conditions and absorption within the University Community. In addition, the location of the campus may create development challenges and concerns regarding urban sprawl and environmentally related impacts. At the same time, the campus also has the potential to increase demand for a range of real estate products and development due to the unique activities and individuals it will attract.

The presence of UC Merced and its growth over time will serve as an economic catalyst to both University Community and Merced County as a whole in two distinct ways, as described below.

- a. *Direct Economic Impact.* The direct expenditures by UC Merced students, faculty, staff, and their families, as well as the University itself will increase demand for goods and services throughout the County, leading to the creation and expansion of local businesses and a corresponding increase in County employment. In addition, the new employment and housing requirements generated by UC Merced will increase demand for both commercial and residential real estate in Merced County.
- b. *Indirect Economic Effect.* Over the long-term the University has the potential to have a transformative effect on the regional economy by fostering a business environment that is attractive to industries and sectors currently under-represented or non-existent. For example, the presence of a University will expand and diversify the local labor force and may attract entrepreneurs and/or spin-off businesses that benefit from proximity and accessibility to a premier research institution. Although difficult to quantify, this effect will serve as a major asset to the surrounding University Community, generating real estate demand that may have otherwise occurred elsewhere in the region or not at all.

Despite the potential growth inducing impacts described above, the development of the University Community will occur in an economic context that presents significant challenges. First, unlike the regions surrounding most of the other UC campuses, Merced County currently possess a relatively small and undiversified economy. Based on a variety of economic indicators including unemployment, wages, personal income, and education levels, the County lags behind the state's average. In addition, there currently exists a very large supply of developable land that is designated for urban uses. This excess land capacity will provide a competitive backdrop to the University Community that may effect the pace and character of development.

## OVERVIEW

Sustainable principles of economic development are applied to create opportunities for local and regional economic strengthening and development. The policies of this section identify measures to foster and sustain direct and indirect beneficial impacts of the university through creation of a high quality community. A high quality community has a strong sense of place stemming from managed regional growth, vibrant town centers, quality of life amenities, and convenient, accessible living environments. The policies will enact land controls that concentrate early development near the campus, provide opportunities for mixed land uses, set aside land along major transportation

corridors for future development, and obtain a high quality master developer capable of implementing these policies. Increased expenditures and land area used to create public amenities and infrastructure—such as parks, pedestrian-oriented roads, and schools—will be balanced by realistic expenditure limits and adequate financing. Financial analysis will be integrated into the planning process, incorporating input from private developers and property owners. A comprehensive financing plan that includes a mix of state, federal, regional, and private sources will be prepared to ensure that funding mechanisms are implemented in an appropriate manner. Timing and the incidence of costs will be controlled through policies to reserve development sites for future phases, maximize the use of existing public facilities in early years, encourage the development of shared facilities that serve the Campus and Community, and support infrastructure solutions that allow for incremental investment rather than large up-front costs. Market and institutional uncertainties will be reduced through policies that utilize development agreements to codify entitlements and ensure development rights and obtain necessary regulatory approvals. Lands zoned for business centers and other commercial and research uses will be located adjacent to the Campus to capture UC generated business.

Economic sustainability in this Community Plan also addresses equitable opportunity to take advantage of the economic growth provided by UC Merced. Accordingly, goals for affordable housing will provide equitable opportunity for lower income residents to live in the Community.

## GOALS, OBJECTIVES, AND POLICIES

**A**n economic, vital, and healthy University Community is dependent upon five fundamental principles: a strong community identity, complementarity with adjoining uses, mix of housing, financially feasible development, and synergy with UC Merced created economic opportunities.

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### A STRONG COMMUNITY IDENTITY

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#### Goal

A distinct and strong identity for the University Community that distinguishes it from other places in the region.

*Planning and development efforts will create a mix and scale of land uses that establish a strong and unique “community identity.” The University Community will create an environment and facilities that attract high-caliber students, faculty, and staff and that will enhance the overall educational, work, and living experience for all residents and businesses. This quality environment and quality of life will be the foundation of economic development in the University Community.*

**Objective**

**ED 1.0**

To manage regional growth.

*The large amount of regional land supply for a wide range of urban uses contrasted with a proportionally small annual land absorption suggests that land use policies established and enforced by Merced County, the City of Merced and other cities will be needed to direct growth to desired locations, including the University Community. Failure to direct growth will weaken the success of both existing developed areas (e.g. downtown Merced) as well as the University Community and cause a host of other problems, including urban sprawl and premature conversion of agricultural lands from production. Special concern should be given to rural residential areas between the City of Merced and the University Community to avoid random “strip” development along major transportation corridors.*

**Policies**

**ED 1.1**

Establish a cooperative planning program with the City of Merced to assure that appropriate and coordinated land use controls are consistently applied within the north Merced area, both in the City and the County. (Imp 3.3)

**ED 1.2**

Maintain land uses surrounding the University Community in current General Plan designations and zoning, subject to further study regarding the appropriate type and pattern of uses that will complement the University Community. (Imp 2.1)

**ED 1.3**

Limit access on existing and new roads approaching the University Community and strictly control commercial land uses to maintain the visual quality and focus commercial development in the University Community, north Merced, or other existing commercial areas. (Imp 2.1, 3.3)

**ED 1.4**

Design development activity in the University Community to minimize conflicts with surrounding agriculture and thus help sustain the agricultural economy of the County (refer to Area Plan-Agriculture policies). (Imp 2.5)

**ED 1.5**

Designate commercial land uses in the University Community in proportion to demand generated by UC Merced and the Community. (Imp 2.5)

**Objective**

**ED 2.0**

To establish a vibrant town center.

*Community identity will be established through creation of a town center within the University Community that physically links the Campus to the Community. Creating a vibrant town center requires that it be active and lively into the evening hours. Cafes, bookstores, and restaurants with extended hours can be attracted to the town center to draw students and professionals alike and offer a welcome setting for studying and socializing if retail, service, and entertainment businesses are concentrated in one village center near the edge of the campus in the early phases of development. High density residential can also contribute to the success of the town center, providing customers within walking distance.*





**Policies**

**ED 2.1**

Establish flexible, mixed-use planned development requirements for the Town Center that reflects the use and density policies of the Land Use section of the UCP. *(Imp 2.5)*

**ED 2.2**

Concentrate and mass development in the Town Center area through Specific Plan requirements and a joint marketing effort with the University to attract tenants and businesses that provide needed local services and complement the University’s functions. *(Imp 1.4, 2.5, .3.3, 5.11)*

**ED 2.3**

Establish minimum density requirements and use land banking to secure sites for which market demand may not exist in early phases of development, as specified by Land Use policy. *(Imp 2.5)*

**ED 2.4**

Allow temporary interim uses of land banked sites to offset costs of holding the land for higher intensity uses. *(Imp 2.5)*

**ED 2.5**

Seek public investments (from grants, etc.) in amenities and facilities in the Town Center that improve the area and lower costs to prospective builders and tenants. *(Imp 6.1–6.4)*

**Objective**

**ED 3.0**

To blend campus and community uses.

*A “soft edge” will be established between the Campus and the adjacent University Community to create the mix and intensity of uses, facilities, and customer base needed to create a successful Town Center and Community. This reliance by the University Campus upon the Community will be essential in the early phases of development when the University-related activity will be the primary source of demand.*

**Policies**

**ED 3.1**

Establish joint development and use of facilities with UC Merced such as performing arts center, parks and recreation facilities, and housing. *(Imp 2.5, 3.3)*

**ED 3.2**

Locate University-serving commercial uses in close proximity to the campus. *(Imp 2.5)*

**ED 3.3**

Create transparent roadway and pedestrian access to the UC Merced campus from the Town Center. *(Imp 2.4, 2.5, 4.1)*

**Objective**

**ED 4.0**

To establish quality of life amenities for the University Community.

*The University and the University Community will attract new residents and businesses to the immediate area and to the County as a whole. In this context, the University itself is the primary amenity. Other amenities such as infrastructure, landscaping, cultural facilities, schools, and recreational opportunities will be created to establish a high quality of life for residents of the University Community.*

## Policies

### ED 4.1

Require development to achieve a high level of design quality that contributes to the Community's vitality, livability, and identity. Pertinent design standards and development guidelines shall be incorporated into each Specific Plan (refer to Land Use policies). (Imp 2.5, 2.9)

### ED 4.2

Coordinate with the local school districts to provide timely and high-quality primary and secondary educational facilities. Linkages between the secondary schools and UC Merced should be promoted (refer to Public Services—Education). (Imp 4.7, 5.8)

### ED 4.3

Achieve a high standard for public landscaping throughout the University Community area and promote artwork in public areas and rights-of-way. (Imp 2.5)

### ED 4.4

Include community centers, libraries, and other cultural facilities in the Basic Improvement Program for the University Community. (Imp 2.5, 4.6, 4.8)

### ED 4.5

Ensure adequate provision and funding of public services, establish service-level standards for services such as public safety and recreation, and so on. (Imp 6.1–6.4)

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## A COMMUNITY THAT COMPLEMENTS ADJOINING LAND USES AND THE CITY OF MERCED

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## Goal

A community that complements existing developed areas.

*The University Community should be conceived as a complementary part of the entire Merced County community and not as a separate entity. As such, development programming efforts should seek opportunities to strengthen existing neighborhoods and commercial areas rather than compete with and ultimately weaken them.*

## Objective

### ED 5.0

To encourage the development of local-serving commercial uses that focus on the needs and demand of University Community residents and the campus' population.

*Ensure that retail, entertainment, and business service uses are oriented primarily to serving the campus and University Community. Specialty retail, service, and dining establishments can be blended with larger "chain stores" including a grocery store, book stores, apparel, etc. but opportunities for independent retailers and service businesses will be emphasized within the Town Center.*

## Policies

### ED 5.1

Limit the commercial floorspace to the amount needed to serve neighborhood shopping demand of the residents, employees, and students of the Community and campus. (Imp 2.2, 2.5)

### ED 5.2

Limit large-scale, community-serving commercial uses to the Town Center and a Residential Village community commercial center in the southern portion of the site (south of Cardella Road). (Imp 2.2, 2.5)

### ED 5.3

Establish an outreach program to attract local retailers and service businesses to the Town Center. (Imp 1.4, 5.11)

## Objective

### ED 6.0

To exclude the development of large format regional retail commercial uses in the University Community, sustaining other regional centers in the City of Merced and County.

*Large strip development or "power centers" (typically 250,000–500,000 leasable square feet of national and regional anchor stores) will be prohibited in the University Community. This type of development would detract from existing or planned uses elsewhere in the region, may worsen traffic and parking problems, and would detract from the Community's image as pedestrian-friendly and neighborhood oriented.*

## Policies

### ED 6.1

Require application and approval of a special use permit for large (20,000 square feet and above), non-grocery, single tenant retail buildings. Such projects will be evaluated according to their potential impacts on regional commercial centers located in the City of Merced and other County areas. (Imp 2.5, 2.9)

### ED 6.2

Limit commercial designations to the Town Center and Residential Village Centers in the University Community; prohibit the development of commercial uses as continuous linear strips on shallow parcel depths along the major arterial roads within the University Community. (Imp 2.1, 2.5, 3.3)

## ADEQUATE HOUSING TO SUSTAIN ECONOMIC VITALITY

### Goal

A community containing a mix of housing opportunities to meet resident needs.

*Achieve social and economic vitality both now and in the future by providing a wide range of housing product types at varied price points. A diversity of housing types will underpin economic development activities by providing for a diverse work force for jobs with UC Merced, in the Community, and throughout the Merced region.*

### Objective

### ED 7.0

To provide a diverse mix of convenient and accessible housing to meet the needs of students, faculty, staff, and others induced by the presence of UC Merced.

*The University Community will provide a convenient and accessible living environment for students, faculty, and staff. This proximity will reinforce community identity and enhance quality of life through short commuting times. Artists, entrepreneurs, and other small business owners often need flexible work space and may find it efficient to combine their residences with their studios, retail businesses, or offices. Providing flexible housing options fosters a dynamic social and economic environment that benefits the immediate community and the larger region.*

*Providing a range of affordable housing will be crucial to the long-term success of both the University and the University Community.*

## Policies

**Note:** *The provision of adequate and affordable housing is an essential contributor to the economic vitality of the University Community. Housing section policies define a comprehensive set of strategies to meet these needs. The following synthesizes a number of the key policies that are integral for successful economic development.*

### ED 7.1

Promote and accommodate the development of a mix of housing units to serve the needs of students, faculty, staff, and other residents of the University Community. A component of “high end” executive housing should be developed in each phase to meet campus and regional demand for such housing. The specific mix and types of units accommodated shall be considered at the time of the preparation of Specific Plans and considered in view of buyer preferences, technical innovations, and overall demand. (Imp 2.5, 4.11)



## ED 7.2

Focus the development of multi-family housing near the campus, Town Center, and Residential Village Centers. (Imp 2.5, 4.11)

## ED 7.3

Permit flexible building standards that encourage mixed-use development combining retail, office, and residential uses, live/work facilities, second units in single-family areas, and other innovative housing types and construction methods. (Imp 2.6)

## ED 7.4

Develop a program for the provision of affordable housing, as specified by Policy LU 5.1, which may include the implementation of an affordable housing fee, charged to new commercial and residential development that will contribute to an affordable housing trust fund. Over time, as the University Community matures, this fee may increase or be replaced by an inclusionary housing requirement. (Imp 4.11)

## ED 7.5

Seek partnerships with the University, other public agencies, and non-profit housing developers to secure land and construct affordable housing in the University Community. (Imp 3.3, 3.5, 4.11)

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## A FINANCIALLY FEASIBLE COMMUNITY

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### Goal

A community whose development and maintenance costs can be borne through private and public investment.

*The University Community will not be successfully developed without ensuring the financially feasible of the necessary private investment. Specifically, the real estate value created must be sufficient to cover the costs of required infrastructure and public facilities, after accounting for risk and acceptable return on investment. This is especially important given the large supply of competitively zoned land that exists in the Merced region.*

### Objective

## ED 8.0

To optimize real estate value of the University Community with public and private investment

*One of the most difficult challenges in developing a master planned community is balancing the need to provide high quality infrastructure and amenities with the need to reduce cost and maximize value. If excessive expenditures and land area are devoted to public amenities and infrastructure (e.g. schools, parks, roads, etc), the resulting real estate products may be too expensive to succeed in a competitive market environment. Conversely, if public amenities and infrastructure are sacrificed to reduce costs, the University Community may not be able to differentiate itself as a desirable, high quality environment, resulting in a decline in market value.*

### Policies

## ED 8.1

Provide appropriate flexibility, through the plan amendment process, with regard to development timing, product type, and design in order to respond to changing market conditions. (Imp 2.5, 2.9)

## ED 8.2

Secure sites and right-of-way for public improvements and amenities through planning designation, dedication, and acquisition early in the development process. (Imp 4.1)

## ED 8.3

Coordinate private development with development of the UC Merced campus. (Imp 3.3)

### Objective

## ED 9.0

To apply public financing mechanisms and sources for development in the University Community.

*A variety of public financing mechanisms and funding sources will be required to pay for the public infrastructure improvements and amenities envisioned for the University Community. Careful planning will be required to ensure that the development, timing, and coordination of all potential funding mechanism is implemented in a skillful and appropriate manner. In general, a comprehensive financing plan should include a mix of state, federal, regional, and private, land-based sources.*

## Policies

### ED 9.1

Allocate a proportional share of infrastructure costs to benefiting entities, including UC Merced and other regional development. (Imp 6.1–6.4)

### ED 9.2

Seek grant funding for University Community infrastructure and facilities from outside sources, including state and federal government. (Imp 1.3, 6.1–6.4)

### ED 9.3

Establish cooperative financing agreements with property owners, UC Merced, and special districts, the City of Merced, and participating developer(s). (Imp 1.3, 2.7, 6.1–6.4)

### ED 9.4

Establish special development impact fee ordinance(s) for the Community Plan area that reflect and internalize the net proportional share of infrastructure costs (roads, parks, schools, utilities, etc.) to new development in the Area. (Imp 1.3, 2.5, 2.7)

### ED 9.5

In cooperation with private developers, sponsor land secured financing districts and other development-based public financing mechanisms to fund basic infrastructure in the Community. (Imp 1.3, 2.5, 3.4, 3.6)

## Objective

### ED 10.0

To optimize the timing and incidence of development costs.

*Although the precise development schedule of the University Community is uncertain, buildout is likely to take many years to achieve. As a result, financial feasibility will require that infrastructure investments be closely linked to income generating development both in terms of timing and land use. Specifically, infrastructure investments should be phased so that major costs coincide with the development of value generating uses. In addition, costs should be allocated so that, to the extent possible, those land uses capable of bearing the burden cover a relatively higher share of the costs.*

## Policies

### ED 10.1

Phase infrastructure investments to match demand and value created as each Specific Plan area (Residential Village and Town Center) develops. (Imp 4.13)

### ED 10.2

Reserve land and development “pads” designated for uses that will be viable in later phases of development, such as a neighborhood commercial center or a business park or research and development (R&D) uses. (Imp 2.5)

### ED 10.3

Maximize the use of existing facilities in early years, such as schools and certain utilities, which defer major up-front expenditures. (Imp 4.4–4.7)

## Objective

### ED 11.0

To create an institutional framework for the efficient governance of the University Community.

*Risk and uncertainty are key factors affecting the financial feasibility of the University Community. Currently, a variety of obstacles must be overcome prior to development, including environmental mitigation, infrastructure costing and financing, land assembly, and even the precise location and development schedule of the campus. Early resolution to these uncertainties through regulatory approval, refined cost estimates, and contractual commitments from UC Merced and other entities will greatly increase the attractiveness of the project to potential developers. In addition, land use controls included in the master plan and enforced with development agreements or other mechanisms will also reduce risk and increase project feasibility.*

## Policies

### ED 11.1

Establish agreements with and obtain necessary permits from applicable federal and state regulatory agencies regarding mitigation of habitat loss and impacts upon threatened and endangered species. (Imp 3.3)

## ED 11.2

Utilize the University Community Program Environmental Impact Report (EIR) to define and focus subsequent environmental review of Specific Plans and development applications. (Imp 2.3)

## ED 11.3

Adopt a Specific Plan Ordinance defining the intent, contents, standards, and procedures for creating and administering site-specific planning and zoning within the Community Plan area. The Specific Plan Ordinance should specify that Specific Plans prepared and adopted pursuant to the Ordinance would be adopted as the zoning ordinance for the specified area. (Imp 2.5, 2.6)

## ED 11.4

Assemble standard development conditions applicable to subdivision maps and/or development agreements. These standard conditions will implement Community Plan policy and other regulatory requirements associated with development of the University Community. (Imp 2.8, 2.9)

## ED 11.5

Form a Community Services District or similar entity, initially as a dependent district, to coordinate and manage infrastructure development and financing and the provision of municipal services within the University Community. (Imp 3.4, 3.6)

## ED 11.6

Seek an amendment to the City of Merced Sphere of Influence, if appropriate, to clarify service delivery, annexation, and fiscal relationships between the County and the City of Merced. (Imp 3.3)

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### **STIMULATE ECONOMIC GROWTH CAPITALIZING UPON THE PRESENCE OF UC MERCED**

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#### **Goal**

A community that develops economic enterprises that provide new job opportunities for local residents induced by the presence of UC Merced.

*The presence of the University will expand and diversify the local job market and will attract new labor force, entrepreneurs, and spin-off businesses. The Campus Community should endeavor to foster the growth of economic clusters and accommodate new business ventures.*

#### **Objective**

## ED 12.0

To foster an environment for business development in the University Community.

*Although the development of high technology and R&D firms are unlikely in the early phases of development, over time conditions favorable to this type of business creation may emerge. Necessary pre-conditions such as a well-educated work force, supportive business environment and services (e.g. hotels, financial institutions, airport), and a critical mass of R&D activity and academic institutions may converge to give rise to new businesses and economic clustering. The University Community should provide real estate options appropriate for this type of business development.*

#### **Policies**

## ED 12.1

Designate land zoned for a business center or research and development (R&D) that can be developed in later phases. Sites located close to UC Merced should be selected in order to promote synergistic momentum with UC Merced and to offer short commuting distances. (Imp 2.5)

## ED 12.2

Designate and reserve land for hotels and conference centers that can be developed in later phases as demand arises. (Imp 2.5)

## ED 12.3

Institutionalize policies and mechanisms to promote the University Community to the national and regional business community, focusing on opportunities that capitalize on the academic specializations and strengths of UC Merced. (Imp 1.4, 5.11)