

Chapter 3.0

MARKET STUDY SUMMARY

3.1 Context and Purpose

This section provides an overview of the Market Study prepared for the BRP reassessment. The introduction and executive summary from the Market Study are presented here to provide context to the BRP and economic implementation to date, an overview of the region's economic factors, a real estate market evaluation, and information on land supply and demand. It is expected that the Market Study will provide a tool to assist in focusing future economic development efforts at Fort Ord. The complete Market Study is provided in Appendix E.

3.2 Market Study Introduction

Economic & Planning Systems, Inc. (EPS), as part of the Base Reuse Plan (BRP) reassessment team, was retained by the Fort Ord Reuse Authority (FORA) to conduct a market and economic analysis of the Fort Ord BRP as part of the ongoing BRP Review and Reassessment Process. The Fort Ord BRP was adopted after the closure of the Fort Ord Military Base in 1994, and establishes the proposed reuse program, identifying the general location, amount, character and scale of new and replacement land uses, with a

primary focus on replacing economic activity lost by the base closure. Map 1 identifies the general land use concept for reuse of the former base [Not included here – please refer to Figure 7.1 or Appendix E].

This economic analysis of the Fort Ord BRP Review and Reassessment recognizes the complex inter-relationships surrounding the development and maintenance of Fort Ord. Not only must the type, amount, and mix of development be validated and adjusted as needed, but the ability to sustain effective base reuse oversight, meet habitat management obligations, provide affordable housing, and to build and maintain regional infrastructure is critical to sustaining positive momentum in the reuse of Fort Ord, the quality of open space and sensitive habitat, the continued remediation and monitoring of unexploded ordnance (UXO) areas, and the growth and diversity of the Monterey regional economy, for which Fort Ord is an important engine.

To that end, this analysis assesses key issues related to Fort Ord's redevelopment over the next decades, with a primary focus on economic trends that are reshaping future land use demand. A baseline estimate of demand for new commercial and residential real estate products is provided, with a high level comparison to projected Fort Ord supply.

This report identifies broad trends and factors influencing the type and mix of residential and commercial uses offered across Fort Ord. While an evaluation of detailed prospects for individual projects is beyond the scope of this basewide reassessment, it is intended that findings will help inform discussions of policy, as potential modifications to the BRP and implementation practices are considered. It should be noted that this study is not intended to offer an evaluation regarding the development potential or market viability of any individual entitled, proposed or potential Fort Ord project. To the extent that market constraints are identified herein, the reader should not conclude that a well-conceived project correctly positioned within the marketplace could not succeed on its own merits.

Market Study Overview

Since the advent of the BRP in 1997, FORA applied the BRP as an underlying statutory blueprint for the development of Fort Ord's remediation, infrastructure development, and habitat management. As jurisdictions and their developers conceive of projects, FORA's responsibility is to ensure these projects are consistent with the intent of the BRP, to coordinate extension of necessary regional and local capital improvements related to planned projects, and to ensure that the clean-up and preservation of development and conservation lands is coordinated efficiently with emerging projects. To maintain the focus on regional economic recovery, education, and environmental sustainability, it is necessary to ensure that the over the long term, BRP provides the framework for a balanced mix of employment-generating, service-providing, and residential land uses. In addition to residential development supporting an expanding labor force, a successful BRP will facilitate export-oriented industry activity, provide capacity for institutional expansion (CSUMB, UCSC and



other research/education institutions), and provide opportunities for servicing those employees and residents. A key ingredient in sustaining economic development while preserving environmental quality is strengthening the connections between the resident labor force and emerging employment opportunities (including service workers). If major infrastructure investments can be leveraged to facilitate projects meeting emerging consumer preferences and produce a balanced mix of land uses at buildout, progress can be made in ensuring the long-term preservation of Fort Ord's natural environment while reducing the perceived risk confronting developers of beneficial projects.

To accomplish this outcome, uses contained in the former Fort Ord must relate to one another and be mutually reinforcing. Emphasis must be placed on the end state result of BRP patterns; that is, how do uses relate to one another at the buildout of the plan? Economic cycles and other external factors will continually interfere with the pace and pattern of development, which may contribute to an interim emphasis on residential development, leading the way for longer-term realization of office and research and development (R&D) uses.

Through these cyclical fluctuations, it is critical that long term economic prospects are monitored to conform to end-state objectives for cohesive, balanced growth and development responding to and reflecting the policy goals set forth for the BRP. While making efforts to jump-start near-term residential and retail

projects, local jurisdictions also must be incented to focus on export-oriented industry development complementing with the education and environmental sustainability goals on which base reuse is founded. These “basic employment” sectors are important to provide a broadened foundation for diversification and long-term economic stability.

It is also important that future development maximize use of existing infrastructure investments while ensuring that critically important regional improvements are constructed as needed to facilitate access and circulation. Infrastructure improvements must also contribute to fulfilling objectives ensuring that all jurisdictions share in economic recovery opportunities.

Within this context, this market and economic analysis seeks to evaluate the prospects for job and population growth on Fort Ord and specifically evaluates the following topics:

1. Current market conditions and expectations.
2. Ability for the BRP’s mix of residential and commercial uses to respond to expected economic conditions.
3. Chief constraints to the realization of the BRP.
4. Expected timeframe for buildout of the BRP.
5. Policy options that should be considered in calibrating the BRP to emerging trends and future conditions.

Organization of Report

Following this opening chapter, Chapter 2 [of the Market Study] provides an overview of the BRP, documenting accomplishments and progress toward initial growth targets. Chapter 3 [of the Market Study]

provides an overview of economic and demographic factors influencing Fort Ord development, documents regional growth expectations, and estimates the total population and employment growth that could be captured by Fort Ord. Chapter 4 [of the Market Study] provides an evaluation of residential and commercial real estate market conditions and is followed by a detailed examination of land supply/demand and potential capture of net demand by Fort Ord in Chapter 5 [of the Market Study].

This section offers an overall synthesis of this report, developing conclusions based on the data presented in the forthcoming chapters.

3.3 Market Study Executive Summary

Overall Conclusions

1. **The BRP should be considered as a long-term plan** expected to move forward in fits and starts. Temporary imbalances between residential and commercial development are natural and can be acceptable, providing there is a logical basis for realization of a balanced land use outcome at buildout. Buildout of the currently projected pipeline supply is anticipated to occur over the next 40 years.
2. **Population and job projections imply more than 20 years for Fort Ord’s remaining buildout.** AMBAG projects 4,800 housing units and 12,400 jobs for the Monterey Peninsula’s cities over the 20-year 2015-2035 period. Remaining (unbuilt) growth on Fort Ord is more than 6,400 units and roughly 14,400 jobs (based on the BRP’s 18,000 job goal). Remaining development capacity anticipated in the BRP exceeds projections for the Peninsula for the next 2 decades, even if Fort Ord achieves 100-percent capture of Peninsula-based demand.

[Table 7 Comparison of Fort Ord Projected Supply and Estimated 20-Year Demand, shows 20-year projected supply and demand for residential units, commercial square footage, and jobs.]

Economic and Demographic Findings

3. **The County and its cities are increasingly bifurcated** socio-economically, with a growing divide between the fast growing Salinas Valley and a Peninsula subregion that is losing population.
4. **The Peninsula area of Monterey County is losing middle income households**, with high earners in key age brackets leaving the region for other opportunities.
5. **The region’s research strength has not translated to job creation and commercial real estate demand.** The Monterey Bay region harbors tremendous potential among its educational and research institutions, as well as a highly technical and talented pool of labor. However, these conditions have not led to substantial job development.
6. **The level of perceived legal risk associated with development on Fort Ord affects investment activity.** It is very important for developers and investors to “secure” acceptable growth targets addressing key environmental and public access concerns, to minimize risk to the extent possible. In the presence of ongoing threats of litigation, targeted return rates must be adjusted upward. This adjustment makes achievement of feasibility very difficult for projects providing needed jobs and housing.
7. **Fort Ord has a lack of integrated, mixed use development concepts relating to emerging consumer preferences.** As a national emerging trend, residential preferences are incurring a shift toward more efficient units and dynamic, multi-use locations, emphasizing orientation, appropriate size, and synergy with other uses and transit. While the BRP programs, policies and land use designations promote mixed use concepts, and developers are responding to these trends in certain cases (e.g., the approved and partially built “Dunes at Monterey Bay” project in Marina), more emphasis should be placed on meeting these consumer preferences if and when opportunity presents itself.

Table 7 Comparison of Fort Ord Projected Supply and Estimated 20-Year Demand

Item	Projected Fort Ord Supply ¹	Estimated 20 Year Demand	20 Year Surplus/ Shortfall ⁴
Residential Units ²	6,400	3,600	2,800
Commercial Building Square Footage	5,800,000	2,700,000	3,100,000
Jobs ³	14,400	9,400	5,000

Source: EPS 2012

1. Based on FORA development projections through 2022. See Table 2-7 of the Market Report (Appendix E).
2. Reflects total projected new and replacement units shown in Table 2-7 of the Market Report (Appendix E) less 492 CSUMB units. Of these units, roughly 4,000 new units and 500 replacement units are entitled.
3. Projected supply reflects BRP goal of 18,000 jobs less current 3,600 jobs present on Fort Ord.
4. Surplus reflects development expected to occur beyond the 20 year timeframe of the analysis. Entitled units cannot be withdrawn or canceled without permission of those who hold the entitlement and the governing land use authority.

8. **Job growth is paramount in the Peninsula’s residential recovery.** In California and throughout the U.S. economy, residential development is recovering in areas of strong local job growth. The South Bay Area is a prime example of this dynamic.
9. **Residential markets have shifted, reflecting lower price points to match consumer ability to pay,** based on modest local salaries and limited equity. On Fort Ord, pricing of new residential units is expected to be 25 to 35 percent less than initially proposed price points, though fundamental product types do not appear to have substantially changed.
10. **Home prices are still too high for younger and less educated consumers,** indicating a potential need to reconfigure residential product types. If current patterns persist, more than 60 percent of future Peninsula area households will have incomes less than \$75,000 annually, corresponding to price points under \$325,000. Current products proposed and approved on Fort Ord consist of a high proportion of detached, single-family lots, and may be skewed to the upper end of the income spectrum. A larger proportion of attached product may be needed to address price-sensitive market segments while still achieving acceptable development profits.
11. **Declining home prices undercut economic feasibility.** As home prices are reduced in accordance with the economic “reset”, FORA CFD Special Taxes and jurisdictional impact fees are becoming a larger percentage of overall development cost burden. This is an issue in particular for attached product with lower unit values, and could preclude creation of senior and affordable housing prototypes.
12. **Near-term residential demand is highly sensitive to price points and their linkage to local occupational wages;** evidence for “pent-up demand” is strong at lower price points, however, local housing demand is “elastic” (i.e., highly sensitive) with regard to increased prices,

increasing pressure on housing developers as profit margins are squeezed. It is therefore critical to ensure that the infrastructure cost burden, driven by FORA’s Capital Improvement Program is as efficient as possible by serving the most units of development for the least cost. In this regard, goals of the development and environmental communities are aligned, in that targeted and strategic infrastructure investments could result in lower costs to the development community while minimizing environmental disturbance and promoting best practices in terms of environmentally sustainable development.

13. **Short-term demand for residential stems from a variety of sources and changing conditions.** In the absence of substantial near-term expansion of the job base, residential demand will emanate from growth in tourism and other sectors, improving access to South Bay job centers through potential Highway 156 improvements, improving accessibility between Santa Cruz County and Monterey County as a result of Highway 1 capacity improvements, and move-up demand from Seaside, Marina, and other local communities. All of these factors suggest an approach of initially building the local labor force as a means to attracting major employers.
14. **Office/R&D development is likely to be led by build-to-suit projects among owner-operators, followed by the potential emergence of multi-tenant speculative development** in the next 5 years. Low vacancy rates and continued lease rate growth on the Peninsula appear to be supportive of new development activity, providing that a supportive environment for job growth is established.



15. **Retail growth and development will directly respond to the pace of new residential development**, as the market is presently close to equilibrium. Opportunities to provide additional regional attractions will be facilitated by the recent National Monument designation on portions of Fort Ord and continued growth in tourism in general.
16. **Tourism expenditures are expected to continue to demonstrate considerable strength** and potentially show improvement. This will enable development of well-conceived hospitality concepts if risk levels are tolerable.

Fort Ord Prospects and Opportunities

17. **Achieving a long-term jobs-housing balance on Fort Ord will depend on a concerted economic development effort to grow basic “export” industries** and tie-together the R&D needs of agriculture, tourism, and education and to develop institutional/private sector research consortia. Over time, an expanding local labor force complemented by continued growth in opportunity between institutional entities, skilled sole proprietors located in Monterey County based on quality-of-life preferences, and corporate interest in the area and its labor force should combine to realize the job forecasts and scenarios discussed in this report (see Chapter 4). However, strong leadership will be required from one or more multi-jurisdictional entities motivated to further the economic balance and sustainability of the region.
18. **The National Monument offers an opportunity to distinguish Fort Ord**, providing a compelling additional regional destination and supporting base recovery by providing additional amenity value for well-conceived growth and development. Tourism remains a strong sector for the regional economy showing annualized spending growth exceeding 3 percent per annum. The National Monument designation’s effect, if accompanied by a compelling and thoughtful implementation strategy fully activating the base and providing access to a wide cross section of

the public, can help extend tourism and related spending to the communities encompassed by Fort Ord. It is important to note, however, that while the leisure and hospitality industry is a critical element of the regional economy, it offers jobs that are often low paying. As its growth will not solve issues of economic and social bifurcation, expansion of this industry is one element of potential economic growth that must be augmented through development of other sectors.



19. **The ability to realize strong growth heavily depends on the perception of the base as a coherent, well-planned area with a dynamic future.** More attention should be given to the “entry experience” prevalent from all areas of the base. Screening and signage should be used strategically to shape visitor impressions. Design guidelines should reinforce the unique topography and vegetation present on the base. Fort Ord calls for a recommitment to operations, marketing, and branding to bring additional coherence and recognition of future potential. Removal of derelict Army buildings needs to be prioritized to provide a better vision of future economic opportunity.
20. **Past investments in roadways should be fully used.** The facilities developed on Fort Ord have created substantial development capacity that should be efficiently and fully used. Second Avenue (within the Cities of Seaside and Marina) is an example of a facility that provides capacity for local development, driving ongoing progress by the Dunes at Monterey Bay project and CSUMB.

Discussion: BRP Implementation and Response to an Evolving Market

The BRP itself is characterized by two very important aspects: (1) it emphasizes the opportunity for jurisdictions affected by closure of the base to participate in the region’s recovery, and (2) it emphasizes the ultimate form and function of reuse at the buildout condition. Much of the public’s criticism regarding reuse and recovery progress to date relates to the interim status of the BRP’s implementation. The interim completion status is obvious to even the casual observer on Fort Ord, where the landscape encompasses a chaotic array of partially completed housing and commercial projects, vast tracts of concrete and abandoned structures, and a partially built street system.

Based on identified economic trends, this economic analysis suggests policy options that may be available to improve the implementation of the BRP. These options are driven by a current, realistic assessment of economic conditions affecting the realization of stated growth targets, as well as the objectives stated in the 1997 BRP related to economic recovery, reflecting a commitment to education and environmental protection.

Overall, the BRP functions well in geographically distributing areas of commercial and residential development among multiple jurisdictions to promote economic recovery and replacement. However, improvements could be instituted in the implementation, execution, and oversight of the BRP among involved public and private-sector entities. Three entities are primarily involved in the growth and development of the former Fort Ord Army Base:

1. **FORA.** FORA is tasked with ensuring that the local jurisdiction’s land use plans are consistent with the BRP. It is responsible for collecting fees and constructing infrastructure improvements and meet regional (e.g., TAMC) requirements and ensuring habitat conservation obligations shared throughout the Base are met. It also splits available land sale revenues and net incremental property tax revenue to effectuate the removal of buildings ahead of planned development, and ensures that the ongoing basewide tasks including clean-up of munitions and other contaminants are completed and synchronized with projects and related infrastructure improvements.
2. **Local Jurisdictions.** The Cities of Marina, Seaside, Monterey, and Del Rey Oaks, as well as the County of Monterey, have primary land use authority and are chiefly responsible for land use



decisions and development approvals. CSUMB, the University of California, and the US Army also control significant areas of the former base, and are not beholden to local jurisdiction entitlement processes. In a more direct capacity than FORA, these entities are responsible for the mix and form of development that occurs, provided that FORA subsequently makes findings of consistency with the BRP. Jurisdictions are confronted by the loss of redevelopment tools that, pending future State Department of Finance decisions, may not be available to provide gap funding to projects. A range of other emerging tools may mitigate the impact of losing redevelopment powers and tax increment financing.¹

3. **Development Community.** The development community is continuously reevaluating and redesigning products to respond to a changing

1. Under the now dissolved redevelopment agency powers, tax increment financing allowed local redevelopment agencies to retain growth in property tax revenues generated within a redevelopment area to finance redevelopment activities.

consumer demand profile. The issues confronting local developers include a lack of identified demand in the face of continued high development costs. In some cases, such as the cost of labor, there is relatively little that can be done; in other cases, policy options are available to encourage certain types of development (e.g., careful monitoring and adjustment of FORA and jurisdictional impact fees).

Uncertain Residential Development Prospects

The resource-constrained BRP currently caps development at 6,160 new dwelling units, 1,813 rehabilitated and replacement units, and 18,342 jobs (the approximate equivalent of 3.6 million square feet of commercial and industrial development). To date, 5,000 housing units have been approved, roughly 500 lots completed, and fewer than 400 built. The development community has been working concertedly to reduce development fees as it has scrambled to reduce pricing in the aftermath of a major economic recession starting in 2009. Nevertheless, the market outlook for these residential units remains uncertain, with developers presently planning to release small groups of units within the next 2 years to test the market's depth and breadth.

Housing development in California, at the outset of the recessionary recovery, has been very localized



and concentrated in areas with healthy and expanding job bases offering livable wages that support housing purchases. The recent era of rapid and effortless home equity growth, a major determinant of demand for move-up housing, has come to a close. On the positive side, the Monterey region remains an attractive region able to support a growing retirement sector, and housing demand at lower to moderate price points appears to be strengthening. The local housing needs of the region's service workers are expected to remain acute.

Realization of near-term housing demand at compelling price points can also leverage the area's regional proximity to the South Bay, strengthening the linkage between the two regions. An oft-observed pattern, exemplified by the "Tri-Valley" region northeast of Silicon Valley (which includes San Ramon, Dublin, Pleasanton, and Livermore), features rings of concentric growth, with labor force expansion attracting corporate interests seeking expansion or relocation options near a desired labor force. A similar dynamic could potentially be reinforced by the familiarity of major decision-makers with the Peninsula region, some of whom enjoy second homes in the area. Yet, job results predicated on this dynamic have been limited thus far in the Monterey Bay region.

Rather than relying on commuting, long-term economic recovery and achievement of BRP buildout relies on the region's ability to reinvigorate "basic"² economic growth on the Peninsula and Fort Ord to expand and diversify the range of economic activities.

Slow and Deliberate Job Growth

About 3,600 of the 18,000 jobs targeted by the Base Ruse Plan have been realized. Job growth to date can be characterized by an eclectic variety of education,

2. The phrase "basic employment" refers to sectors that sell goods and services to other regions (export industries). These industries are capable of expanding local wealth and bolstering demand for local support industries (e.g., retail and hospitality).



other public sector, resource-extraction, and health sector jobs, accompanying a continuing substantial military presence.

The rate and near-term composition of Fort Ord's near- and medium-term development is inextricably linked to prospects of Monterey County as a whole. Highly anticipated jobs stemming from information technology, marine and agricultural R&D, and other skill-based export industries have been very slow in arriving.

High expectations for job growth are nothing new to the Monterey Bay region. The area's relative proximity to South Bay employment centers, local quality of life factors, and institutional capabilities are compelling. In the region, Fort Ord provides the best prospects for accommodating projected growth with its water allocation and a coordinated multijurisdictional planning process.

A multi-pronged approach is necessary to achieve job growth that will stabilize the region's economy and offer more diversity, opening access to disadvantaged and underserved populations that have suffered since base closure and during the recent recession. As discussed in the prior section, this approach potentially involves supporting labor force growth through some initial acceptance of a "jobs follow housing" model. This approach relates to the fact that the middle class, which has been declining in the region, needs to be bolstered to arrive at a fully functioning economy that will attract larger employers. However, rather

than simply wait for an employer response to a larger and more diverse local labor force, efforts must also be made to institute a coordinated economic development strategy, to substantially reduce development risk, and to ensure that a variety of development opportunities are in place, corresponding to diverse consumer preferences.

Constraints to "Beneficial" Development

The Monterey Bay Region is known to be selective when it comes to growth and development. In a region of natural beauty and environmental sensitivity, it is appropriate that development be held to the highest standards regarding site selection, design, consumption of water resources, minimization of traffic impacts (vehicle miles traveled or "VMT"), and other criteria.

At the same time, it is important to recognize that areas that are stable and balanced economically are more likely to value the preservation and expansion of natural resources. High quality and permanently protected open space is a major amenity value to private and public development, and fosters healthy lifestyle opportunities for the region's residents.

Disadvantaged populations that were most acutely impacted by the base closure, ensuing recessions, and changing structure of the economy may prioritize open space and natural resource preservation to a greater extent if additional economic opportunity to participate equitably in the recovery is available. Opportunities to retain middle-income, younger- to middle-aged earners are enhanced by a greater spectrum of job, residential, cultural, and recreational opportunities. Seniors and younger households, sensitive to price points, need access to housing closer to Peninsula jobs in the area to foster a more stable community.

It should be recognized that several major constraints to development and sources of risk affect all projects on the former Fort Ord:

- **Charged political climate.** There is substantial concern regarding legal actions, the length of time necessary to garner entitlements, and the ability to achieve buy-in among diverse constituents.
- **Structure of FORA Board.** Concern has been expressed that the size of the Board and the process by which decisions are made should be examined to ensure that the needs of jurisdictions with land holdings on Fort Ord are met.
- **Potential Loss of Property Tax Revenue.** Property Tax Revenue (formerly tax increment) has been an invaluable funding resource on the base and has been implicitly assumed to be a major component in providing gap financing for high value projects, affordable housing, and a source of funding for ongoing FORA operations. Some possibility exists that FORA’s share of tax increment remains intact, based on the fact that the State legislation creating FORA and its funding sources may supersede State law abolishing redevelopment.
- **Potential for Low Land Sale Revenue to FORA.** Land sale revenues are the chief source of funding for building removal. At the same time that this report indicates that clearance of blighted structures is a major priority for improving market perceptions, a very real possibility exists that lower price points for residential product in particular, without corresponding reductions to development costs, will reduce land values. The potential loss of increases in property tax revenue discussed above may also affect net land sale revenue as critical gap financing may not be available to render projects feasible.
- **Uncertainty regarding future of basewide operations and management (FORA extension).** Real estate investors seek to reduce risk by minimizing uncertainty. In many cases, the presence of substantial cost burdens is acceptable



if the return on investment is acceptable. In the case of Fort Ord, the presence of FORA provides stability and certainty, in that basewide programs have regional governance such as Building Removal, Habitat Management, Transportation and Transit, Water Augmentation, etc. The potential future need for developers to rely on each individual land-use jurisdiction to coordinate cross-cutting issues in the absence of a Local Reuse Authority (LRA) such as FORA constitutes a substantial development risk. Rather, it may be to the area’s benefit to expand the range of FORA’s cross-cutting oversight to include additional marketing, branding, and economic development—areas that are not presently being covered sufficiently by either the private or public sectors.

Policy Priorities: Overcoming Constraints to Balanced Growth

FORA and its jurisdictions should coordinate planning and economic development to ensure that future development opportunities are calibrated as follows:

- **A diversified range of opportunities is necessary to “land” job growth.** Specialized technology enterprises aligned with institutional initiatives are the most likely candidates for UC MBEST project. However, it will be critical to ensure that additional office/R&D job growth is facilitated by conventional, flat-topography fee-simple development opportunities, including areas near Highway 1 and more urbanized development patterns.
- **Emphasis should be placed on creating opportunities to attract the “creative classes.”** Major job centers have seen substantial technology growth in areas that are walkable to restaurants,

incorporate civic and cultural features, and provide the density required to foster transit services. This “downtown” or “village center” environment is a critical feature of the BRP that should be reinforced and strengthened over time if possible. The CSUMB area would appear to be a prime option in this regard, building on the emerging synergy between the evolving Dunes at Monterey Bay project and the nascent CSUMB campus. To the extent possible and if validated through further study, development capacity could be created using density bonuses which also potentially align with community and environmental benefits.

- **Income disparities (the disappearance of the middle class) must be addressed through a major effort to attract jobs and economic development to provide regional balance.** Fort Ord is positioned to be the “engine” for regaining this lost balance. In this regard, it will be necessary to accept some level of residential growth ahead of commercial development to build a labor force that will set in motion recognition of opportunity among South Bay and other employers looking at potential expansions.
- **More emphasis should be placed on multicultural and under-served populations’ inclusion.** Efforts to link the environmental justice community to entities such as the California Endowment (currently active in Salinas) can potentially improve surrounding conditions in Seaside and Marina, for example, though emphasis on creating healthy and resilient communities



by encouraging improved walkability, diversity of food choices, and transit-related and mixed use development. Specific populations, including veterans, Native Americans, African American, Hispanic, and others should play a role in celebrating the diversity of Fort Ord’s legacy and recovery. Additional collaborations with CSUMB and other entities would appear to be worth exploring in this regard.

Options for Policy Response

The most relevant and available policy options pertain to the implementation of the BRP; in some cases, modifications to the BRP itself may also be considered.

1. **Prioritize economic development to balance near-term growth and investment,** providing support to the local housing market while further developing the region’s strengths. This is by far the most critical next step to the implementation of the BRP, and breaks down into several important subfindings:

Consider alternative locations to capture a wider swath of high tech and R&D growth and development. The UC MBEST project remains a valid and important component of the BRP, but too much reliance has been placed on this project as a location for the region’s future technology-driven development. Developers and firms not interested in ground leasing or not permitted by use restrictions simply need an easily developed location benefiting from substantial traffic capacity and proximity to other major investments. Moreover, the “creative class” often favors dynamic, mixed use locations, which may lead to further consideration of other areas of the base. Additional sites, located on flat topography and open to a diverse range of commercial development opportunities are needed to realize targeted employment growth.

Potential areas of focus may involve the further development of the health care sector (e.g., leveraging Peninsula Wellness Center, VA clinic in Marina, and kinesiology and nursing programs at CSUMB), software development, agricultural technology development, and marine and environmental related research.

Existing capacity on General Jim Moore Boulevard should be studied as potential mixed use R&D districts targeted toward the creative class, interested in proximity to retail, restaurants, CSUMB, and access to Highway 1.

Maximize the potential impact of the Fort Ord National Monument Designation.

To be successful, the backlands of Fort Ord need to be attractive, safe, and accessible to a broad spectrum of visitors. Paths need to be improved to accommodate bicycle, pedestrian, and equestrian uses without conflict, and visitor amenities should be constructed according to a full master plan for the Monument, which will be prepared by Federal agencies as time and resources permit. Linkages to key projects and other regional attractions will be an important element of future planning efforts.



Facilitate industry/academic consortia and other collaborations, with immediate emphasis on attracting local public and private investment, and ensuring a place to land in the local real estate market (e.g., shovel ready sites) as discussed above. Identifying regional leadership and clarity of mission are essential near-term priorities in this regard.

2. **Engage in comprehensive marketing and branding effort.** Whether led by the public or private sector, the appearance and perception of the base needs to be improved to support development and leverage the National Monument designation on portions of the former base.
3. **Improve interim transportation patterns and way-finding.** Despite public concern regarding a potential future east-west roadway connection (Eastside Parkway), regional traffic analyses conducted by TAMC articulate the established need for multiple Salinas Valley—Monterey Peninsula connection options to mitigate traffic impacts and provide adequate roadway capacity between these two interdependent subareas in the region and to reduce traffic moving through the central CSUMB campus. Nevertheless, the placement and timing of this and other major improvements should continue to be studied to ensure compatibility with future opportunities brought about by the National Monument designation and the overall vision for base reuse.
4. **Where applicable, prioritize use of existing infrastructure investments.** Much discussion in regional forums has centered on the full development and reuse of core areas near the Highway 1 corridor and CSUMB. Indeed, General Jim Moore Boulevard provides substantial capacity for future development and offers intriguing possibilities for future development patterns. An evaluation of intensified mixed use development in this area should be conducted.
5. **Where applicable, expand incentives for “beneficial” projects.** Although there is little latitude remaining to shape the type and placement of residential development on Fort Ord, future development can be incented through an expanded “toolkit” of financial options. For example, density bonuses could be offered for projects displaying societal- and resource-related benefits, i.e. projects that demonstrate best environmental and engineering practices that reduce VMT and other deleterious impacts on the natural environment.

- 6. **Ensure that FORA or a similar organization is positioned to coordinate cross-cutting planning and development issues.** The complexity of overlapping planning and development issues on Fort Ord requires a centralized, dedicated regional planning entity to minimize confusion and inefficiency. The prospective “sunset” of FORA, pending legislative efforts to extend the life of the organization, would shift the Fort Ord jurisdictions into a traditional LAFCO-led process where annexations involve requiring property tax sharing to fund common requirements, such as the Habitat Conservation Plan and other cross-cutting CEQA requirements.

Rather, FORA’s (or successor organization’s) role and responsibilities should be expanded to facilitate implementation of BRP and county-wide economic development objectives. Several economic studies have cited the need for more inter-jurisdiction collaboration and a cohesive strategy for countywide economic development. Most of the development that occurs in the Peninsula area will be on former Fort Ord lands. An expanded coordination role for FORA or its successor would be based on the following considerations:

- a. FORA has a track record of working cooperatively with the local jurisdictions and has the ability to tie various economic and environmental objectives together. Ensuring that the emerging health care, education, research and development and other emerging industry sectors continue to develop and thrive, will require a concerted effort to align local officials. Significant and careful attention to land use adjacencies is required to avoid conflicts and maximize complementary, synergistic uses.
- b. Earlier engagement in local land use decision making and more intensive scrutiny at the consistency determination stage may be necessary to ensure adherence to the BRP vision.

- c. An expanded role in overseeing marketing and branding of the former Fort Ord, made particularly important by the recent National Monument designation, is needed.
- d. Incentives for beneficial development through FORA fee adjustments, deferrals, subsidies, and other means (e.g., targeted infrastructure investments) should be further considered in CIP reviews.

- 7. **To the degree possible given market and economic conditions, near term redevelopment efforts should be focused on paved and built areas to remove visual blight and improve the ability of the former Fort Ord to attract new employment generating uses.** Focusing near-term redevelopment efforts on blighted (paved) areas will create a more attractive urban form with the potential to catalyze future growth opportunities.



Related to this concept, reliance on land sales to fund building removal should be reexamined. In the near term, residual land values are expected to be low to nonexistent, limiting the funds that may be available from this source. The availability of property tax funding remains unresolved, which further limits the ability to incent development. FORA should examine other means by which building removal can take place. An increased pace of building removal will not only assuage visual blight issues, but will improve safety and make the area more attractive to investors.

- 8. **A renewed focus on new funding sources open to FORA, jurisdictions, and developers is needed to overcome the potential loss of tax increment.** Current prospects include

the potential for Infrastructure Financing Districts (IFDs) to be used more effectively (see SB 214, AB 485, and AB 910), by amending voter approval requirements, extending the maximum term of bonds issued, expanding facility eligibility, and the inclusion of several other provisions. In addition, new legislation proposed by Senator Pro tem Steinberg (SB 1156) would offer redevelopment-like powers to jurisdictions and military base reuse communities reinforcing the priorities of SB 375, including mixed use, transit-oriented projects that are increasingly attractive to younger and older consumers and discussed further as an area to emphasize on Fort Ord. Finally, FORA has been pursuing vital base reuse legislation to ensure that LRA's, if not their member jurisdictions, have access to tax increment financing throughout the State.

- 9. Slower growth on Fort Ord may require adjustments to the Capital Improvement Program (CIP) and the Habitat Conservation Plan (HCP).** Presently, these documents assume a more rapid rate of development absorption on Fort Ord than the findings of this market analysis suggest. Pending further review and discussion of growth dynamics, potential adjustments may include delaying certain capital expenditures until required by new development. However, it should be noted that off-site (regional) demands also affect the timing of capital improvements, and HCP funding ramps up as development occurs (i.e., mitigation is not required until the impact takes place). It is anticipated that this topic will be explored in more detail once any planning implications of the BRP reassessment are more fully understood.