

# Economic Prosperity Element | 5



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## GOALS

- San Ysidro as a recognized destination that invites and encourages visitors, businesses, and residents to stop, explore, enjoy, and create new ventures
- An expanded mix of uses that foster a vital and convenient environment for San Ysidro residents, and a regional and cross-border destination for San Diego and Tijuana region residents and businesses
- The appropriate improvement, renovation, and redevelopment of existing older and obsolete properties, along with new infill development, to better attract new uses and enhance community character
- A variety of new job opportunities for residents of all skill levels with an emphasis on middle-income jobs
- Access for locally-owned and operated businesses to a range of public and private financial and technical assistance resources, through engagement of a range of private and non-profit organizations involved in economic development.
- Opportunities provided by the world's busiest land border crossing and San Ysidro's central location in the San Diego – Tijuana region

## DISCUSSION

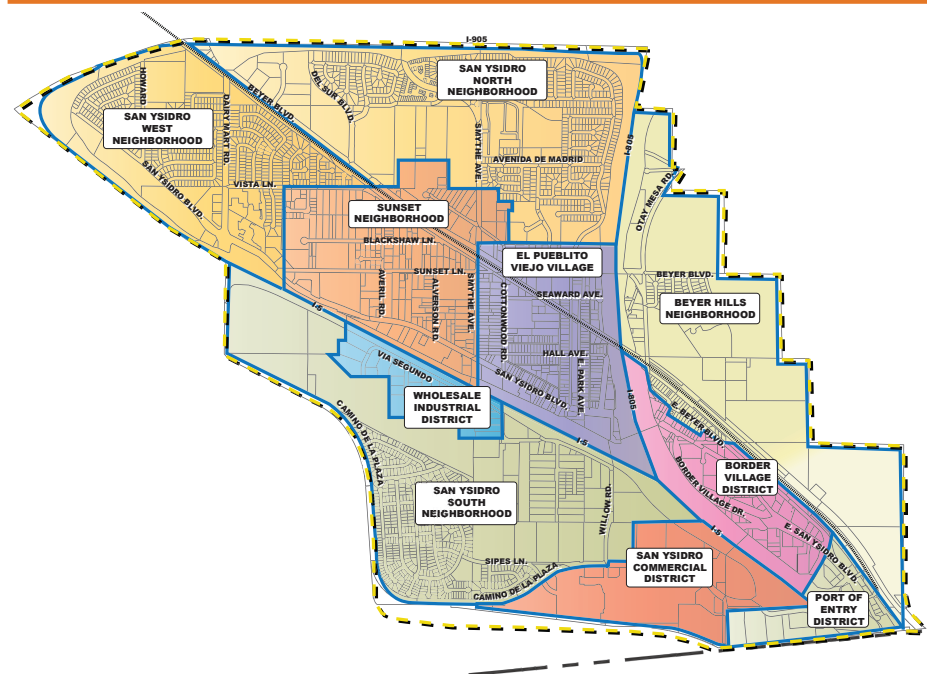
Economic development is an essential City activity that includes a focus on community-level activities to spur the creation of job opportunities and strengthening of the local economy. Increasing community job opportunities at all levels and enhancing local economic performance, including the creation of new locally-based businesses, in turn promotes equitable development and greater prosperity for the City and the region.

## 5.1 ECONOMIC CONTEXT

The San Ysidro Community Plan envisions a strategic approach that is focused on increasing opportunities for densification of residential and commercial development in selected parts of the largely built-out San Ysidro community, while protecting San Ysidro's existing strong neighborhoods through enhancement of neighborhood villages.

San Ysidro occupies a central location in the greater San Diego–Tijuana region, one of the largest bi-national regional economies in the world, with extensive trade flows back and forth across the border. San Ysidro's location has been central to its evolution since substantial growth commenced during Prohibition in the 1920s and consists of ten distinct subareas and districts, as shown in **Figure 5-1 District Map**. The unique nature of San Ysidro's commercial and residential community makes it a model community for other border communities.

**Figure 5-1: District Map**



San Ysidro's competitive advantages that should be protected and enhanced include:

- Residential development spanning multiple decades, starting from a historic core in the El Pueblito Viejo Village neighborhood, with a range of housing product types and price points, including for-sale and rentals, with many residents having family members on both sides of the border
- A Border Village commercial area adjacent to and north of the San Ysidro Port of Entry, one of the busiest land border crossings in the world. The area serves the large number of daily pedestrian crossers from Mexico traveling for shopping (retail and wholesale), jobs, and education, as well as U.S. travelers to Mexico for tourism and other activities.
- A financial cluster of multiple bank branches that serves local residents as well as Mexican residents and business owners with U.S. investments who prefer to conduct their banking in the U.S.
- An outlet-oriented retail area that first targeted shoppers from Mexico seeking retail choices not available in that country, but has since grown to become a retail destination for residents from Southern San Diego County
- Two heavy commercial/industrial areas: one south of I-5, oriented towards wholesale and service commercial uses, and the other near SR-905 that serves medium-size industrial firms
- Excellent transportation access, both from the freeway network (I-5, I-805, and SR-905), as well as the Trolley Blue Line, with the San Ysidro Transit Center Trolley Station being the busiest station in the trolley system
- At the same time, San Ysidro has had to contend with a number of challenges, starting with the construction of a freeway network that trisected the community and impedes movement between subareas, which also creates substantial internal circulation issues and

congestion. Other key factors that can impact economic potential in San Ysidro include:

- A long-term need for increased public investment in the road network and streetscape improvements, resulting in not only congestion challenges but appearances of blight in some locations;
- Limited amounts of land available for new development, which contrasts with the significant amount of new development occurring in the adjacent communities of Otay Ranch in Chula Vista and Otay Mesa;
- The emergence of the nearby Otay Mesa area as the largest industrial market in the City, serving large-scale, cross-border trade in manufactured goods, and providing a wide range of industrial buildings for other users; and
- The concentration of regional malls, large format retail, and other retail and entertainment uses in Chula Vista, resulting in San Ysidro residents' retail spending leaking into this area. Limited sites, existing competition, and a trade area for domestic U.S. spending constrained by the border make it difficult to attract a full range of new retail.

The combination of these advantages as well as challenges, and the impact of current major projects in San Ysidro, suggest a range of potential opportunities for the San Ysidro community and potential measures to address challenges. Community-wide opportunities (with subarea specific opportunities described in detail later in this element) include:

- *Future growth in border crossing activity.* The U.S. General Service Administration's redevelopment of the Land Port of Entry, once fully funded, will modernize the facility and expand its capacity to accommodate increases in border crossing volume and reduce waits, encouraging greater activity.
- *Re-envisioning of the Port of Entry District.* San Diego Association of Governments' (SANDAG) planning for redevelopment of the San Ysidro Transit Center Trolley Station into an Intermodal Transportation Center

with joint development will establish a mixed-use node at a location that bridges the Border Village and Commercial Districts. It will further enhance the potential for adjacent privately-owned sites in the Port of Entry District.

- *Expanded retail offerings.* Development of vacant sites and obsolete and underutilized properties in the Border Village and San Ysidro Commercial Districts can introduce a broader mix of dining and entertainment through destinations, leveraging other recent development in the districts, and furthering enhancement to these areas as retail destinations for South County shoppers, tourists, and visitors from Mexico, without directly competing with nearby retail outside of San Ysidro.
- *Neighborhood enhancements.* Development of vacant sites and underutilized commercial and institutional properties in San Ysidro's neighborhoods, particularly in El Pueblito Viejo Village and the Sunset Neighborhood, and including properties along San Ysidro Boulevard, into new mixed-use, will provide enhanced amenities for residents, encourage investment by other property owners, and enhance the neighborhoods' attractiveness for new residents.
- *Encouragement of new firms and places to house them.* San Ysidro's location at the border provides an excellent location for a range of new and existing small firms that can facilitate and leverage trade and tourism. Entrepreneurial training programs can assist San Ysidro residents in becoming business owners, while strategic development of new mixed-use and flex space at various locations can house them.

The realization of these opportunities will require increased efforts by the City to coordinate and encourage supportive actions by key participants (i.e., General Services Administration, SANDAG, property owners), as well as a significant increase in funding for public improvements above historic levels. It will require high quality development that enhances San Ysidro's competitive position in the San Diego-Tijuana region. For additional

economic growth and border related policies cross reference SYCP Element Sections 2.3, 2.5, 2.6, 3.3, 3.4, 3.6, 3.8, 3.9, 4.3 and GP Element Sections LU-A, LU-H, ME-I and EP-B, D, F, G & J.

## 5.2 BUSINESS IMPROVEMENT

San Ysidro has a dynamic business environment with a number of small businesses in various sectors, including locally based ones located in the Border Village District, El Pueblito Viejo Village, Sunset Neighborhood, and the Wholesale Industrial District. The small business environment, however, is challenged by congestion and a lack of a distinct identity for San Ysidro's business districts beyond the Las Americas Premium Outlets.

The Border Village contains a number of small businesses, including currency exchanges and banks, that are dependent upon cross-border activities. While Mexico's underdeveloped retail sector is growing, particularly with large U.S. chains adding locations, it is expected that in the near- or medium-term, this will not affect San Ysidro businesses. Another factor that is difficult to anticipate or plan for is the effect of currency swings or controls; historically, crises in the Mexican economy have had a significant impact on the San Ysidro economy.

- 5.2.1 Improve the circulation system to provide better multi-modal access to businesses and employers (also see 3.4).
- 5.2.2 Encourage San Ysidro-owned and operated businesses to participate in the City's Business & Industry Incentive Program as well as other local and state assistance programs.
- 5.2.3 Target a variety of available incentives to firms that are prospects for proposed new development projects and/or can advance the Community Plan's goals for middle-income job creation.
- 5.2.4 Monitor taxable retail sales by district and subarea to identify shifts in retail spending and when action may be needed to enhance retail area competitiveness.

- 5.2.5 Work with the San Ysidro Business Improvement District to create a branding and marketing program that creates a distinct identity for each of the primary commercial districts and increases awareness of their offerings.



*Examples of local businesses and enterprises*

## 5.3 VISITOR SERVICES

San Ysidro attracts three distinct sets of visitors. The most significant, in terms of retail sales tax generation and impact on the local economy, are Mexican residents and businesses who travel across the border to shop at the outlet stores in the San Ysidro Commercial District and the independent businesses in the Border Commercial District. The next largest set of visitors are U.S. visitors to Mexico who frequent insurance and exchange stores and other retail in San Ysidro prior to crossing the border or after their return. Finally, San Ysidro's cluster of affordable lodging in various motels attracts value-oriented visitors to nearby attractions, including water park and concert venues.

Another category of potential visitors are tourists visiting San Diego who are interested in experiencing Mexican culture, but without passports or a comfort level with visiting Tijuana. A cultural-entertainment destination in San Ysidro focused on the Tijuana culture that is drawing increasing international attention, could provide another attraction for these visitors, as well as San Diego residents who do not wish to cross the border.

- 5.3.1 Attract additional lodging projects to the Border Village area, with a focus on extended stay/limited-service properties.
- 5.3.2 Work with the San Ysidro Business Improvement District to implement wayfinding improvements and create printed and smart phone application guides to San Ysidro businesses to increase visitor awareness of San Ysidro's offerings.
- 5.3.3 Conduct a feasibility study to evaluate the potential market for a Mexico/Tijuana-themed cultural, dining, and entertainment destination in San Ysidro, including evaluation of potential sites within the Border Village District.

## 5.4 RESIDENT SERVICES

San Ysidro residents have a range of grocery stores and local services located in neighborhood shopping centers and retail districts, particularly on or near San Ysidro Boulevard. However, there is a limited selection of comparison goods available in San Ysidro, and as a result, there is considerable retail spending by San Ysidro residents in Chula Vista and adjacent communities. These adjacent areas include multiple regional malls, large format retail and movie theaters, and dining and entertainment venues. These areas absorb demand from the Southern San Diego County trade area, which includes San Ysidro.

These established patterns for retail locations are further reinforced by large scale master planned community developments outside of San Ysidro that include new retail centers. Combined with the lack of available sites, this limits the potential to attract significant amounts of new comparison goods retail, such as apparel, home furnishings, and other specialty retail. Development of large new shopping centers in San Ysidro, targeting local residents, presents the risk of creating vacancies in existing centers rather than expanding retail choices.

The significant amount of existing retail space in San Ysidro creates opportunities over time to re-tenant these spaces with new retailers who can diversify the choices available to residents. This also applies to obsolete centers. Ground floor spaces in mixed-use developments or new standalone commercial buildings can accommodate additional retail, although this is most likely to be a mix of convenience goods and services along with some specialty stores, including specialty grocery stores. The community supports the efforts by property owners to reinvest in their properties and improve their store fronts to help the local economy and reduce vacancy rates.

- 5.4.1 Focus on enhancements to the retail mix in existing shopping centers in San Ysidro neighborhoods (also see 3.9).
- 5.4.2 Work with existing shopping center owners to encourage renovations and enhancements to tenant mix to provide additional retail choices for residents.

- 5.4.3 Work with local retail developers and brokers to increase awareness of San Ysidro opportunities and increase their awareness of the total purchasing power available in the community.

## 5.5 INTERNATIONAL RELATIONS & LAND PORT OF ENTRY

The Port of Entry District contains a bi-national gateway that sees more than eight million annual pedestrians crossing the border, with projected growth to 12 million by 2030 (this does not include those crossing in vehicles). This is where two countries join together, creating one region. The primary activities of pedestrian border crossers are shopping, traveling to work, attending school, and visiting friends and family. For those originating from Baja California, 78 percent have an annual household income of \$19,000 or less, and just over nine percent have an annual household income of more than \$30,000. There are more than 21 million individuals annually who cross the border in vehicles, projected to grow to more than 38 million by 2030. Data on the nature of trips by those crossing in vehicles is not as available. This level of border crossing provides the primary support for the Las Americas Premium Outlets and other Border Village District retail. It supports a cluster of services and food adjacent to the current San Ysidro Transit Center Trolley Station and its adjacent Metropolitan Transit System (MTS)/ Charter/Intercity Bus Center.

The area adjacent to the Land Port of Entry presents a tired, haphazard appearance with minimal amenities. The Land Port of Entry renovation will increase the capacity of the facility, provide much-needed amenities, improve the functionality, and feature world class design elements. SANDAG's planning effort for an expanded Intermodal Transportation Center (ITC) would accommodate increased trolley ridership (the San Ysidro Transit Center Trolley Station already has the highest ridership in the trolley system) and increase in Blue Trolley lines. The ITC project will contain joint development opportunities and has the potential to stimulate development of privately-owned parking lots and obsolete retail properties in this area.

Members of the San Ysidro community have expressed support for the redevelopment of this area so that it supports high-quality development and can become a welcoming “gateway” between the two countries. This vision would also include facilities to support trade, entrepreneurs wishing to start new businesses, and a range of services including offices.

- 5.5.1 Facilitate SANDAG’s implementation of an ITC on the east side of the I-5 and support complementary retail, office, parking, lodging, and other developments in the Port of Entry District.
- 5.5.2 Encourage creation of a bi-national incubator located in the Port of Entry District that would facilitate the creation of new small businesses by San Diego and Tijuana residents focused on cross-border trade.
- 5.5.3 Work with private and public educational institutions to encourage the location of post-secondary education and training programs, particularly those that focus on international trade.
- 5.5.4 Promote the use of shared parking to reduce the amount of parking required for new development in this area, and thereby facilitate the feasibility of new development.



*Border Village businesses*

## 5.6 BORDER VILLAGE

The Border Village District represents the single largest collection of small-scale retail space in San Ysidro, along with a range of ancillary services. It has seen considerable new development over the past couple of decades; however, it also has many older, obsolete, and underutilized properties that present a blighting appearance. It includes properties on San Ysidro Boulevard and I-5 that have never been developed and serve as truck parking. There are also several underutilized properties ready for redevelopment at the northern end of the area near the I-805 ramp.

There is tremendous diversity in the retail and service offerings spread over multiple small to mid-size projects. There are a number of retailers who offer apparel and other items targeted to Mexican customers. Anecdotally, it is understood these stores do substantial wholesale business with small retailers from Mexico. There are a number of bank branches that support the banking of Mexican citizens who own U.S. assets and wish to maintain their banking in the U.S. The area also contains duty-free stores, a variety of retail, dining, currency exchange, and other services. There is local-serving retail, particularly at the shopping center at the northern end of this area. Traffic congestion and difficulty of navigation in the Border Village District discourages potential shoppers to the district. There are opportunities to enhance the physical appearance of this area, improve circulation, and renovate and redevelop properties to better realize this area’s potential to provide diverse shopping, services, and experiences that can be enjoyed by visitors and local residents.

- 5.6.1 Encourage creation of a destination cultural and entertainment venue that captures the excitement of the border region and celebrates the bi-national cultural experience for San Diego residents and visitors.
- 5.6.2 Work with the property owners on either side of San Ysidro Boulevard, north of Camino de la Plaza, to facilitate redevelopment of obsolete and underutilized properties to provide enhanced visitor retail, dining, and entertainment. Also see Urban Design Element for improvements along San Ysidro Boulevard.



- 5.6.3 Pursue shared parking and parking district strategies that facilitate “park once” practices and encourage shoppers to navigate the area by foot.

## 5.7 EL PUEBLITO VIEJO

The El Pueblito Viejo District contains the historic core of San Ysidro. It contains a tremendous diversity of housing and retail uses. Much of the older building stock is not compliant with current zoning standards, and is in varying physical condition. Retail uses are focused along San Ysidro Boulevard. The portion of San Ysidro Boulevard north of I-805 to Via de San Ysidro is the access point for northbound I-5 traffic, and is particularly congested and not a favorable environment for pedestrians or bicyclists.

El Pueblito Viejo will benefit from planned new public facilities, including a new library that will enhance the services of the current small library. The San Ysidro Community Park defines an important circulation route from San Ysidro Boulevard to Beyer Boulevard Trolley Station, and will complement the creation of a Transit-Oriented Development (TOD) at the Beyer Trolley Station. The TOD has the potential to provide increased housing choices, encourage investment in adjacent properties, enhance circulation for pedestrians and bicyclists between Beyer Boulevard and San Ysidro Boulevard, and create additional potential patrons for San Ysidro Boulevard retail uses.

The earlier proposed Pilot Village project was not able to assemble enough land to create a large, mixed-use development. However, there is considerable opportunity for more modest land assembly and smaller mixed-use projects that fits the scale of the neighborhood. These smaller projects may also create more opportunities for small and local contractors and developers to participate in the development process.

- 5.7.1 Work with MTS to facilitate the creation of a TOD project on the Beyer Boulevard Trolley Station parking lot, as well as denser transit-adjacent developments on nearby properties.
- 5.7.2 Facilitate smaller-scale infill mixed-use developments along San Ysidro Boulevard, including small-scale land assembly, to create

sensitively scaled new development that can accommodate new businesses and residents.

## 5.8 SAN YSIDRO COMMERCIAL DISTRICT

The San Ysidro Commercial area is defined by the Las Americas Premium Outlets and several other shopping centers. The success of Las Americas has spurred the development of additional value and outlet retail on adjacent parcels. The San Ysidro Village Shopping Center, across the street, is an older shopping center whose tenant mix is evolving to attract outlet shoppers. Market forces are likely to result in a substantial renovation of this center in the near to medium term.

There remains one sizable undeveloped site at Virginia and Camino de la Plaza, currently used as an ad hoc flea market that can accommodate new retail development. This area is being affected by the current Land Port of Entry redevelopment, which has closed the Virginia Avenue border crossing in the interim. Existing parking south of Camino de la Plaza is being lost to the Port of Entry project, creating a substantial reduction in the area’s parking inventory.

- 5.8.1 Work with owners of the San Ysidro Village Shopping Center and the unimproved site, at Virginia Avenue and Camino de la Plaza, to encourage new development, re-tenanting, and redevelopment with value and outlet-oriented retail that enhances the district as a regional and cross-border retail destination.
- 5.8.2 Work with Metropolitan Transit System and private transportation providers to enhance the convenience of transit services between the Port of Entry District and the Commercial District (also see 3.3).

## 5.9 WHOLESALE INDUSTRIAL

The Wholesale Industrial District, south of I-5 and north of Via de San Ysidro, is designated Heavy Commercial and will remain zoned for light industrial use. This area has a variety of warehouse and flex industrial buildings that have evolved to support a variety of wholesale activities, as well as highway-oriented service commercial uses.

The second industrial area is a cluster of buildings in the San Ysidro North neighborhood near Beyer Boulevard and SR-905. These are medium to larger buildings occupied by light industrial users.

- 5.9.1 Enhance the highway service commercial orientation of the Wholesale Industrial District by facilitating appropriate signage that enhances visibility from I-5, while reducing the haphazard and temporary nature of current signage.
- 5.9.2 Support the redevelopment of light industrial buildings to smaller-scale, industrial/flex-type buildings that can accommodate a wide range of smaller office and industrial tenants.
- 5.9.3 Support the road connection from West Calle Primera to Camino de la Plaza to improve circulation for the Wholesale Industrial area. Also see the Mobility Element for additional policies for road improvements.

## 5.10 SAN YSIDRO NEIGHBORHOODS

These neighborhoods contain the majority of San Ysidro's residents. They also contain commercial areas with several shopping centers and a range of services, primarily along San Ysidro Boulevard and Dairy Mart Road, north of I-5. While these areas are mostly built out, there are several sites suitable for redevelopment into infill residential and mixed-use properties. The cluster of buildings in the San Ysidro North neighborhood, along Precision Way near Beyer Boulevard and SR-905, consist of medium to larger buildings transitioning from light industrial to commercial uses with residential mixed-use permitted on the east side.

- 5.10.1 Provide a range of residential product types and affordability levels, to accommodate the needs of current San Ysidro households and enhance the attractiveness of San Ysidro for new residents and businesses.