



## 5 ECONOMIC PROSPERITY

The Plan seeks to enhance economic opportunity in Southeastern San Diego, building on significant growth opportunities along the area's main commercial corridors. The Economic Prosperity Element outlines Southeastern San Diego's economic goals, integrates economic decision-making with land use planning, and provide a framework for detailed implementing actions.

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## GOALS

1. Land use designations that support the stability and growth of base sector employment opportunities.
2. Development of thriving commercial, manufacturing, office, and industrial development clusters that provide sustainable middle-income employment opportunities.
3. A destination that invites and encourages visitors to stop, invest, enjoy, and explore the multi-cultural vibe of the neighborhoods.
4. A local economy that promotes the well being of locally owned and operated businesses, provides opportunities for micro-enterprise, artist’s studios, and leverages the bi-national nature of the area.
5. A full and balanced range of employment opportunities.

Development of residential, light industrial, retail, restaurant, cultural uses and a variety of amenities and services is a Community Plan Guiding Principle. Southeastern San Diego offers important growth opportunities for community-oriented commercial establishments and work-spaces along the area’s main corridors: Commercial Street and Imperial Avenue, National Avenue, Market Street, and 43rd Street. The Plan envisions these main commercial corridors to be more active spines in the neighborhood, provide locations for new businesses, and expanded economic opportunities for the community. There is also underutilized land located in industrial parks at Gateway Center West and East and in commercial developments at Imperial Marketplace and Otto Square.

**TABLE 5-1: ECONOMIC PROSPERITY TOPICS ALSO COVERED IN OTHER PLAN ELEMENTS**

<b>PUBLIC FACILITIES AND SERVICES TOPIC AREAS</b>	<b>LAND USE</b>	<b>MOBILITY</b>	<b>URBAN DESIGN</b>	<b>PUBLIC FACILITIES, SERVICES, AND SAFETY</b>	<b>RECREATION</b>	<b>CONSERVATION AND SUSTAINABILITY</b>	<b>HISTORIC PRESERVATION</b>	<b>ARTS AND CULTURE</b>
Market Conditions and Demand Projections	x							
Employment Generation	x		x					
Business Improvement	x							
Financial Feasibility of Future Development	x			x				
Development Incentives	x							

As Table 5-1 demonstrates, the Economic Prosperity element bears a strong relationship to the Land Use element, which provides land use designations in appropriate locations and a program to accommodate projected growth. In addition, the Urban Design and Public Facilities, Services, and Safety elements provide a physical and programmatic framework to facilitate economic prosperity in the Encanto Neighborhoods.

## 5.1 Market Conditions & Demand Projections

Existing businesses in Southeastern San Diego include CVS Pharmacy, Costco, Northgate Gonzalez super-market, Home Depot, and most recently, a Walmart Neighborhood Market in the former Farmers' Market building on Imperial Avenue. However, many residents purchase goods and services outside of the community. Given the area's strategic location, access to transit and freeways, and proximity to an increasingly vital East Village in Downtown, there is strong potential for commercial and retail expansion in the coming years. In particular, demand for commercial space is expected to increase, providing opportunities for new jobs in the educational, healthcare, social services, and retail trade industries.

Historically, the community's annual growth rate in housing units has been low, but given its central location and proximity to transit and freeways, the area is expected to grow in the coming years. Demand for new residential units over the next 20 years is likely to encompass a broad range of housing types and income levels. The planned Comm22 project, which includes market-rate, affordable, and senior housing as well as retail space and community uses, reflects this. Long-term projections indicate that future demand in Southeastern San Diego be met with one-third multi-family apartments and attached for-sale condominiums, and one-third for-sale row homes and single-family detached houses on small lots, and one-third affordable rental housing.<sup>1</sup>

<sup>1</sup> "Southeastern San Diego and Encanto Community Plan Areas – Market Demand Analysis," prepared by Keyser Marston Associates, Inc., February 2013.

## 5.2 Employment Generation

Based on an analysis of long-term trends, Southeastern San Diego and Encanto Neighborhoods are anticipated to experience combined employment growth of 1,865 jobs in the next two decades, primarily in the educational, health care, social services, and retail trade industries.<sup>2</sup> The increase in office and institutional development in the area will increase the number of people present on a daily basis, which can lead to greater demand for retail and restaurant spaces with greater potential spending by employees. The increased demand for retail and restaurants may in turn lead to more opportunities for local businesses and jobs in the community.

In anticipation of this future growth, the Community Plan provides several land use designations for employment-focused uses. At the Gateway Center, the Community Plan includes Business Park designations, which allows for office, research & development, and light manufacturing uses. Office Commercial, located along the Market Street frontage at the Gateway West industrial park, provides for office employment uses with limited, complementary retail uses. The Light Industrial designation, applied along Commercial Street, allows a wide variety of industrial uses such as repair, warehousing, storage, wholesale distribution and transportation terminals, in addition to uses allowed in Business Park areas.

The Community Mixed Use, Neighborhood Mixed Use, Community Commercial and Neighborhood

<sup>2</sup> "Southeastern San Diego and Encanto Community Plan Areas – Market Demand Analysis."



*The eastern portion of the community has experienced significant growth in the past two decades, including Imperial Marketplace, and the Gonzales Northgate Market.*



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*Business Park, Light Industrial, and Office designations at Gateway Center and Imperial Marketplace facilitate employment generation.*

Commercial land use designations facilitate commercial uses, including retail, restaurant, and office uses. These uses will create a mixed-use character along Commercial and Imperial Avenues, National Avenue, Market Street, and around Alpha and 43rd streets.

### Policies

- P-EP-1:** Concentrate commercial activity in the vicinity of commercial corridor intersections, with pedestrian orientation to distinguish Commercial Street and Imperial Avenue, National Avenue, Market Street, and 43rd Street.
- P-EP-2:** Improve the pedestrian, bicycle, and transit infrastructure in Southeastern San Diego to position it as one of the most sustainable districts in San Diego, and promote this attribute to compete regionally. Position and promote the village areas for smaller, independent professional service firms associated with creative and sustainable industries.
- P-EP-3:** Encourage the adoption of environmentally sustainable business practices.
- P-EP-4:** Recapture a greater share of local Southeastern San Diego residents' expenditures with improved basic retail and personal services, as well as promotional efforts.
- P-EP-5:** Upgrade the appearance and infrastructure of commercial districts.

- Enhance and create competitive commercial environments with the following initiatives:
- Urban Forestry
- Public Art

- Event Programs
- Storefront Improvement Program
- Small Business Assistance
- Capital Improvement
- Business Improvement Districts
- Micro Assessment Districts
- Maintenance Assessment Districts
- Regional Enterprise Zone Program

## 5.3 Business Improvement

### Business Improvement District

A property-based Business Improvement District (BID) is a type of assessment district in which business owners elect to self-assess a fee on their business license, for use in promoting and improving the business area. A BID can play a crucial role in revitalizing an area, by improving cleanliness and security, promoting and marketing the neighborhood and its businesses, and organizing events in the area.

The Diamond Business Improvement District (Diamond BID) includes parts of Southeastern San Diego, including areas around Gateway Center, Market Street, and Logan Avenue. Areas of the Diamond BID also extend into the Eastern Community and into Encanto Neighborhoods.

### Policies

- P-EP-6:** Consider a Micro Assessment District for businesses located in the village areas to support, dining, the arts, and entertainment within this area.

## 5.4 Financial Feasibility

Most new development in Southeastern San Diego in the recent past has received public sector financial assistance for completion. Often new development faces difficulties because the cost of the development exceeds its economic value. For example, construction of new multifamily and mixed-use development may face economic challenges in the near-term, because current rental rates and sales prices may be insufficient to amortize the cost to develop these types of multifamily/mixed-use developments.

Public financial assistance could help stimulate new development in Southeastern San Diego. In the past, redevelopment tax increment and housing set-aside were the principal funding sources for this purpose. With the demise of redevelopment in California, and lean fiscal times at the Federal, State, and City level, partnerships with major public and institutional landowners could assist in redeveloping underutilized properties.

One possible local funding source is the New Markets Tax Credit (NMTC) program, which is administered by the U.S. Department of Treasury, Community Development Financial Institution Fund. Civic San Diego, created through the merger of Centre City Development Corporation and Southeastern Economic Development Corporation in response to the State's dissolution of redevelopment, recently formed a Community Development Entity (CDE). This CDE was awarded a \$35 million NMTC allocation to invest in

projects that will be catalytic in the revitalization of San Diego communities and stimulate further investment. While the NMTC allocation is much smaller than previous redevelopment program funds, it has the potential to positively affect San Diego communities, including Southeastern San Diego; expansion of the Jackie Robinson YMCA is among the projects that may receive assistance.

Another possible local funding source is the Community Development Block Grant (CDBG), which can be used for neighborhood and economic development activities. The City of San Diego is a recipient of CDBG funding, and prepares a Consolidated Plan every five years to identify community development needs and priorities. Eligible CDBG activities include loans or grants to business for job training and hiring of lower income workers, and public infrastructure improvements (streets, sidewalks).

Other partnerships with key public and non-profit agencies can be critical to stimulating new development in Southeastern San Diego. In particular, the Metropolitan Transit System (MTS), the San Diego Housing Commission (SDHC), the San Diego Unified School District, the San Diego Community College District, and local churches could become instrumental partners for development stimulus in Southeastern San Diego, as they possess significant land assets in the community that could become in-fill development opportunities.



*A Business Improvement District can play a crucial role in creating a cluster of dining, arts, and entertainment.*

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## Policies

- P-EP-7:** Consider policies reducing in mixed-use parking ratios for new commercial development that are within transit priority areas per State legislation.
- P-EP-8:** Pursue new funding sources to support local economic development efforts in Southeastern San Diego

## 5.5 Development Incentives

Table 2-4: Additional Standards and Incentives in Villages in the Land Use Element of this Plan details the development incentives that are provided for the Village Districts. These include a reduction in minimum required parking, shared parking, FAR bonuses for publicly-accessible open space, and streamlined environmental review. Additionally, citywide incentives—such as up to 35 percent density bonus for affordable housing—are also available. These standards and incentives can help facilitate development of residential and commercial spaces by decreasing development costs while also providing important community benefits in the Village areas of the neighborhood.

*Public financial assistance, partnerships with key public and non-profit agencies, and land assets can be critical to stimulating new development in Southeastern San Diego.*