5 ECONOMIC PROSPERITY

The Community Plan seeks to enhance economic opportunity for residents and businesses in the Encanto Neighborhoods, building on the significant amount of vacant land in the heart of the community. The Economic Prosperity element outlines the community's economic objectives, serves to ensure that economic decision-making is integrated with other aspects of the area's development, and provides a framework for detailed implementing actions.

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 a sustainable full and balanced range of employment opportunities, with educational institutions for training and workforce development.
3. Development of an arts and entertainment district that celebrates the historic and culture heritage of the community.
4. Develop Encanto Neighborhoods as a destination that invites and encourages visitors to stop, shop, eat, and explore.
5. Promote and support locally owned and operated businesses, provides opportunities for micro enterprise, and leverage the bi-national nature of the area.

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

ECONOMIC PROSPERITY TOPIC AREAS	LAND USE	PUBLIC FACILITIES, SERVICES, AND SAFETY	ARTS AND CULTURE
Market Conditions and Demand Projections	x		
Employment Generation	x		
Business Improvement	x		
Entertainment Districts	x		x
Financial Feasibility of Future Development	x	x	
Development Incentives	x		

As of 2013, Encanto Neighborhoods contain only a small amount of non-residential space, with industrial uses clustered along Market Street, and commercial uses focused on Imperial Avenue, Euclid Avenue, and Market Street. Compared with the City of San Diego, Encanto Neighborhoods' household and per capita incomes are lower, households are larger, and the population is younger in age.

The commercial corridors that serve the community are Market Street, Imperial Avenue, and Euclid Avenue. Good development potential exists for each of these areas to blossom into active hubs and support expanded development. The Imperial Corridor from Willie James Jones Avenue eastward to Euclid Avenue will be consistently designated as Neighborhood Mixed Use-Low (15-29 dwelling units per acre) and implemented through the citywide CN-1-3 zone. Undeveloped and underperforming development exists in this node that makes the area attractive for new investment. The City of San Diego Redevelopment successor agency Civic San Diego owns the old Ouchi site on the south side. The site is under active consideration as a mixed use development. Other parcels have changed hands recently and may be able to be added to the overall development site.

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 Encanto Neighborhoods.

5.1 Market Conditions & Demand Projections

There is a limited amount of existing commercial and retail space in Encanto Neighborhoods, and many residents purchase goods and services outside of the community. In fact, Southeastern San Diego and Encanto Neighborhoods residents are spending approximately $170 million each year outside of the community on goods and services, according to the Southeastern San Diego and Encanto Community Plan Areas Market Demand Analysis Study prepared by Keyser Marston Associates in the process of preparing this plan. The sales are "leaked" out of the communities on retail goods and services in three general categories: convenience goods; general merchandise and home improvement; and eating and drinking.

The Encanto Neighborhoods community includes one supermarket at Market Creek Plaza, with grocery stores along Euclid Avenue just north and south of the community, which are also frequented by residents. The lack of commercial activity in the community together with the area's population of nearly 47,700 people presents significant opportunity for stores and restaurants in the coming years. In addition, there are likely to be opportunities for new jobs in the educational, healthcare, and social services industries.

Encanto Neighborhoods has unmet housing needs. The community's central location and proximity to transit and freeways creates opportunities for expanded residential development over the next 20 years. Future demand for a broad range of housing types and income levels in Encanto Neighborhoods could be met with one-third affordable rental housing, 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.[1]

5.2 Employment Generation

Based on an analysis of long-term trends, Encanto Neighborhoods and Southeastern San Diego 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. 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.

Employment-oriented land use designations are provided to address unmet demand, focused in the Village District around Euclid Avenue and Market Street. The Community Mixed Use and Neighborhood Mixed Use land use designations facilitate retail, restaurant, and office, as well as residential and civic uses. Commercial uses would also become part of the future mixed-use character around Market and 47th streets and in the 62nd Street and Imperial Avenue area. Along the central Market Street corridor, the Plan includes the Business Park designation, which allows for office, research

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

Recent commercial development has included the Village at Market Creek and King-Chavez Health Center. Vacant land in the vicinity of Euclid and Market offers great potential.

The Business Park designation facilitates office, R&D, and light manufacturing (top and middle). Mixed use and commercial designations support a range of retail and office businesses (bottom).

& development, and light manufacturing uses. The Community Commercial designation, applied to areas along Federal Boulevard, allows a wide variety of uses, which can also enhance the character of this area.

Policies

P-EP-1: Concentrate commercial activity in the vicinity of commercial corridor intersections, with pedestrian orientation to distinguish the following areas:

- The Euclid Avenue and Market Street area
- The 62nd Street and Imperial Avenue area
- The intersection of 47th Street Market Street
- The intersection of Imperial Avenue and Euclid Avenue
- Federal Boulevard from 60th Street to the boundary of Lemon Grove

P-EP-2: Improve the pedestrian, bicycle, and transit infrastructure in the Encanto Neighborhoods Village District to position it as one of the most sustainable districts in San Diego, and promote this attribute to compete regionally.

P-EP-3: Position and promote the Village District for smaller, independent professional service firms associated with creative and sustainable industries.

P-EP-4: Encourage the adoption of environmentally sustainable business practices.

P-EP-5: Recapture a greater share of local Encanto Neighborhood residents' expenditures with improved basic retail and personal services, as well as promotional efforts.

P-EP-6: Encourage the location or relocation of businesses to the Village District to capitalize on the quality high frequency transit

P-EP-7: Introduce more diversified housing types and income levels to enhance the buying power within the Village District.

P-EP-8: Encourage the development of existing and emerging technology-based industries in Valencia Business Park.

P-EP-9: Allow the development of mixed light manufacturing and residential uses to accommodate the provision of housing in tandem with business and in proximity to educational and public facilities.

P-EP-10: Support the development of business parks to allow for office, research and development, and light manufacturing uses.

P-EP-11: Improve the gateway to Encanto Neighborhoods on Euclid Avenue at State Route 94 with streetscape improvements and concentrated development.

P-EP-12: Upgrade the appearance and infrastructure in commercial districts with assistance from the City's Storefront Improvement Program.

P-EP-13: Enhance and create competitive commercial designation by utilizing the following efforts and existing revitalization tools:

- Urban Forestry
- Public Art
- Event Programs
- Storefront Improvement Program
- Small Business Assistance
- Capital Improvement
- Business Improvement Districts (including the Diamond Business Improvement District)

- Micro Assessment Districts
- Maintenance Assessment Districts

P-EP-14: Provide financial incentives to attract more office space uses as well as national retail chains.

P-EP-15: Provide local, state and federal economic incentives to encourage more middle and higher wage employment opportunities.

5.3 Business Improvement

Business Improvement District

A Business Improvement District (BID) is a type of assessment district in which business or property owners elect to self-assess a fee on their business license bill, 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, and organizing events in the area. The Diamond Business Improvement District (Diamond BID) includes parts of Encanto Neighborhoods, predominately along Market Street, Imperial Avenue, and Euclid Avenue.

P-EP-16: Encourage the establishment of a Micro Assessment District for businesses located in the Village District to support, dining, the arts, and entertainment within this area.

5.4 Entertainment Districts

The Plan identifies two areas that could accommodate entertainment districts: the Euclid Avenue and Market Street Village District and the Encanto Village District. Urban entertainment districts combine entertainment, dining, and retail in a neighborhood district. The entertainment uses can include restaurants, cafes, cinemas, live theatre and performing arts venues, bars, clubs, music venues, banquet halls, meeting facilities, and "experiential" businesses like high-tech game centers. An entertainment district in Encanto Neighborhoods focused on arts and culture could help stimulate the local economy by attracting visitors, increasing consumer purchases and tax revenues, recruiting and developing a skilled work force, increasing property values, decreasing crime, and improving the neighborhood's civic image.

Euclid Avenue and Market Street Village

The Euclid Avenue and Market Street Village effectively functions as an entertainment district with a concentration of restaurants, cafes, and meeting and exhibition space and a focus on arts and culture. The area contains a variety of uses that generate patronage daytime and evening, weekdays and weekends. It includes parking to serve the Market Creek Plaza and the Joe & Vi Jacobs Center, which can be shared. The Chollas Creek and Festival Park areas provide a significant public gathering area, amphitheater and enhanced commercial and community amenity. In the future, the area is envisioned to develop into a walkable, mixed-use center for the community. A number of vacant or underutilized properties could support additional development.

The optimal location for additional development in the entertainment district would be in immediate proximity to the existing developed portion of the Euclid Avenue and Market Street Village so as to: (1) share parking with Market Creek Plaza and the Joe & Vi Jacobs Center, (2) directly access the trolley, (3) enjoy Chollas

The Euclid and Market area has a concentration of activities and a focus on arts and culture (top and middle). There is potential for an entertainment district on Imperial Avenue (bottom)..

Creek frontage area, and (4) create synergy with the balance of retail, restaurant, and other uses within the complex. These entertainment uses could include arts/culture spaces, restaurants/cafes, bars/clubs/music venues, and/or "experiential" businesses such as high-tech game centers. Build-out of the Village District with new multi-family residential and mixed-use development would help support new entertainment uses.

Encanto Village

There is potential for an entertainment district in the area along the south side of Imperial Avenue, east of 61st Street to Woodman Avenue, identified in the Plan as the Encanto Village. This part of the community has historic character, some existing restaurants and bars, direct trolley access, and a concentration of multifamily housing north of the trolley tracks. Imperial Avenue corridor in proximity to the 62nd Street trolley station also exhibits characteristics conducive for entertainment-oriented development. A modest number of restaurants and bars currently exist and could be expanded or enhanced with new restaurants, cafes, bars, clubs, and music venues. The Village contains ready access to the trolley, bus services, and ready vehicular access. A Metropolitan Transit System (MTS) parking lot on Akins Street, north of the trolley station, may serve entertainment uses during the peak evenings and weekends, when trolley parking demand is lightest. The Land Use Plan would allow mixed-use development along this corridor.

Policies

P-EP-17: Promote the Euclid Avenue and Market Street Village District and the Encanto Village District as entertainment districts where residents and visitors alike can shop, dine and enjoy a wide variety of arts and culture.

P-EP-18: Offer incentives to encourage new arts and entertainment businesses to locate in the Village Districts.

P-EP-19: Create a strong marketing program to promote the entertainment districts and local events, as well as educate the public about the benefits of independent, community-serving enterprise and to encourage the patronage of local businesses.

5.5 Financial Feasibility of Future Development

Often new development faces difficulties because the cost of new development exceeds the economic value of the new development. For example, construction of new multi-family and mixed-use development may face challenges in the near term, because current rental rates and sales prices may be insufficient to amortize the cost to develop these types of multi-family/mixed-use developments.

A possible local funding source is the federal 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 three to 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 Encanto Neighborhoods. In particular, the Metropolitan Transit System (MTS), the San Diego Housing Commission (SDHC), San Diego Unified School District, San Diego Community College District, Jacobs Family Foundation, and local churches could become instrumental partners for development stimulus in Encanto Neighborhoods, as they possess significant land assets in the community that could become in-fill development opportunities.

Development Incentives

Citywide incentives, summarized in the Land Use Element, can help facilitate development of residential and commercial spaces by decreasing development costs while also providing important community benefits. Additional standards and incentives in the Village Districts are discussed in the Land Use Element and detailed in the applicable Specific Plans.

Policies

P-EP-20: Pursue new funding sources to support local economic development efforts in Encanto Neighborhoods.

P-EP-21: Provide financial, regulatory, and procedural incentives to industries through local, state, and federal economic development programs.

P-EP-22: Adopt public policies, financial incentives and requisite planning tools to achieve a 1/3 very low and low income to 2/3 market rate development ratio to increase the area median income, which is fundamental for a flourishing and diverse business community.

Public financial assistance, partnerships with key public and non-profit agencies, and publicly-owned land can be critical to stimulating new development in Encanto Neighborhoods.

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