

Mira Mesa Community Plan Update

Plan Update Advisory Committee Meeting – Economic Prosperity

May 20, 2019

- Jeff Stevens (Chair) calls meeting called to order
- Alex Frost (Project Manager) gives an outline of presentation and a recap of the plan update schedule.
- Project Manager notes that there has been a lot of public input on economic prosperity at the Community Plan Update (CPU) kick-off / open-house event and initial online survey. Project Manager shows mapped locations of public preference for future redevelopment of housing. Justin Mendelbaum (JM) asks if the data is from the first survey – Project Manager affirms that the results are from online survey and Open House. Project Manager shows economic vitality input from online survey and notes the top choice of the community is to expand high-tech jobs. Project Manager shows the major economic stakeholders that have been interviewed and notes that the Planning Department will summarize the interviews in June or July; also, a forum on the Subregional employment area (University and Mira Mesa) was scheduled for June 14 but has been postponed due to contracting issues. In the meantime, several technical reports have been developed related to economic prosperity – 1. Draft Subregional Employment Area Profile; 2. Draft Evaluation of Potential Impacts of Collocation; 3. Draft Market Demand Analysis; and 4. A Draft Mira Mesa Community Plan Update Land Use Compatibility Study (est. completion June 2019).
- Project Manager introduces Michael Tactay (Consultant) from Keyser Marston and Associates (KMA). Consultant gives background on KMA and their clients – KMA does land use planning and real estate negotiations; KMA has assisted with project demand for retail employment area and market support of collocation. To begin, KMA first had to evaluate what is on the ground today – demographic overview – population, household size, median age and income, etc. Consultant notes that Mira Mesa total household income is greater than City and County – Mira Mesa has a greater household size than City and County. Mira Mesa’s historic population growth rate has been greater than the City and County too.
- Consultant shows the rentable square feet (SF) and vacancy rate for regional Central Submarket (industrial, R&D – tech and incubator, office). The Chair asks if the Central Submarket is all of Mira Mesa. Consultant confirms – Central Submarket also includes Kearny Mesa and a few other communities. Mira Mesa grew by 5M SF, an average of 400k per year. Pre-recession and post-recession employment. 2.5% growth per year post recession.
- Mira Mesa contains a high level of manufacturing, professional services, and retail services.
- Retail uses – retail rents are higher in the Central-North Submarket even though vacancy is a bit higher than county overall. 28% of income per capita is spent on retail goods in San Diego.
- Consultant describes two objectives for the Market Demand Analysis: 1. to evaluate current and anticipated market trends; and 2. to assess the development potential for retail and employment uses within the Mira Mesa CPA.
- Consultant describes employment demand projection: the data is from 2015, by place of work. Average growth rate of 1.5 – 1.9 % expected through 2050 – translates to between 31k and 44k new jobs, which translates to between 9.7 M SF to 13.7M SF demand of commercial space

through 2050. A board member asks if there is more recent data (after 2015) that could be used. Consultant says this data is from Census/Esri Business Analyst / Nielson and that their projections are conservative.

- Consultant describes methodology for projecting retail demand.
- Chair asks what folks are buying in the community – consultant promises to cover.
- Consultant describes what goods folks are leaving the community to buy their goods (i.e. retail leakage). A 4-mile ring was used for analysis because beyond 4 miles folks would be able to utilize other community shopping centers. A Committee member asks how Amazon impacts leakage – consultant says there is a capture in their data – KMA made assumptions in their capture rates. Chair asks how they figure out how much people are spending in different communities. Consultant says that the software does it, but they draw trade rings. Nielson provides the data.
- Committee member asks for something more specific. Jeff notes that the food and beverage stores are odd because people don't likely leave the community to purchase these things, except to Costco, which Mira Mesa wouldn't allow to be built in the community due to traffic concerns.
- Chair asks how many additional residential units KMA used to forecast future demand for retail within the community – Consultant says between 9 and 18k new units are projected in order to project future retail demand. The retail demand forecast also captures the demand of retail services from projected new employees working in the community – demand from new residents, demand from new employees, demand from beyond the 4-mile retail trade ring, etc. Total retail space demand projection is between 550k SF and 1.1M SF.
- Committee member asks how different types of retail are calculated – “what representative type of retail and SF” will be needed? Consultant says that the market study shows surplus / deficit development capacity – all retail sectors experience a deficit.
- Chair asks if Stone Creek proposed retail / units are captured in analyses? Project manager says yes.
- Chair asks what is the vacancy rate of industrial space? JM says that there is low vacancy, but the industrial space is very difficult to lease out. Chair asks if there a timeframe for when the industrial market will get more difficult – JM says that this is as good as the industrial market will get given the industrial stock. Miramar is concerned about pigeonholing themselves and are looking for flexibility in use.
- Consultant moves on to market potential for collocation. Looked at 4 different case studies where Mixed-Use (MU) village commercial was allowed near industrial, where there was a desire to preserve industrial while also exploring additional live / work / play opportunities: San Diego County, San Jose, Glendale, and Atlanta. A SWOT analysis was conducted for collocation in Mira Mesa – strengths: mix of heavy and light industry, proximity to transit; weaknesses: auto-oriented with heavy traffic, super block grids; opportunities: provide employee housing near jobs, attract younger workers; threats: land use conflicts.
- Consultant describes factors for successful collocations e.g. proximity to good schools, potential for small blocks, etc. Chair asks about proximity – there are no schools or parks within walking distance. Audience member responds that there are schools; chair says that you still have to drive places, and you have to assume they will have a car for collocation to work here. Chair notes that there will be open-space and parks near Miramar when Stone Creek develops.

Committee member asks about definition of open space – is it only parks? Consultant responds that it includes parks and canyons/viewsheds.

- Consultant describes the market support for multi-family / MU collocation in Miramar and Sorrento Mesa – long term (10+ years) market support is strong in both; support is moderate near-term (0 – 5 years). In mid-term (5 – 10 years), market support is strong in Sorrento mesa and moderate in Miramar. Sorrento Mesa is strong because of the employment and amenities. Consultant concludes presentation. Audience member asks about qualitative analysis over all of the quantitative analysis – project manager will cover.
- Project Manager describes the land use and employment context – jobs and population. Sorrento Mesa is dense in jobs – Miramar is less so. Mira Mesa / University Subregional employment area is the premier innovation hub. Economic trends include companies moving to MU neighborhoods and life science is fast growing. San Diego is an innovation economy driven by 80 research institutes, 17+ universities, federal funding, a large STEM population, military, etc. are helping drive innovation economy. SD is top 3 life science cluster in the country. Boston is a competitor in life science, where mixed-use employment centers are common. San Diego is also the number 9 tech market in the country – Qualcomm helps drive this. San Diego is number 4 in cleantech market in the country – there is no defined geographic cluster, but the market is large here. San Diego is the number 1 craft brew city, and San Diego has the largest concentration of military installations, and is the 2nd largest recipient of defense contracts outside of Fairfax, VA (greater D.C.). Manufacturing is declining in employment – declined much during recession but bounced back – still declining long-term. Craft beer and advanced manufacturing help temper this decline. Marijuana Production Facilities and food tech / urban agriculture are both emerging sectors that could also boost future production and manufacturing.
- Project Manager describes challenges and opportunities to economic prosperity – traffic, GHG and pollution, lack of housing / employee amenities, difficulty retaining talent, lack of parks and rec space are challenges; opportunities include adding housing near jobs, greater pedestrian / bike connections, electric vehicles, etc. San Diego needs to build on comparative advantage – build on strengths and assets and create places that attract and retain talent. Audience member asks if self-storage with apartments above would be considered MU. Project manager describes vertical vs horizontal MU – yes, self-storage with apartments above would be MU.
- Project manager gives profile of Sorrento Mesa and Miramar
 - Sorrento Mesa has a higher concentration of knowledge jobs – 81% of rentable square feet are office and R&D – office and R&D have grown a lot. Developers are buying older buildings and renovating for life science sector. “Amenity Desert” being tackled: e.g. Gravity Heights, ‘The Park’ is expanding and renovating now. It’s the work/play environment – not live due to residential development restraint.
 - Miramar has a higher concentration of commercial, retail, manufacturing, trucking, and warehousing. 68% of rentable square feet are industrial space. Office and R&D are growing because of cheaper land – industrial saw 1% growth. Chair notes that the Planning Department used to be very concerned about commercial uses coming in to industrial areas. Project Manager responds that the presentation will cover encroachment issues and notes that Miramar has a lower industrial vacancy rate than the rest of county.

- Collocation criteria – outside ALUC. Audience member asks about transit stops – AF says blue are proposed, orange is high ridership. Board member notes that additional transit would be helpful.
- AF describes focus areas: Sorrento Mesa has larger parcel sizes and larger buildings. Miramar has churches, kung-fu, Little India, MCAS, etc. Stone Creek is to the north and MCAS-Miramar is to the south. The General Plan requires planners to answer several questions – how encroached, how near residential, etc. Areas in red are encroached / non-industrial – a church / daycare is an example. Base sector is non-encroached.
- AF shows transit walk-shed: 10-minute walk to transit-stop – JM notes that there is a gap in the network where a stop is shown – AF will study.
- AF says that the Planning Department is proposing exploring areas 1 and 2 for mixed use residential: the department is asking the urban designer to study. This proposal preserves most of the Prime Industrial in the study area, and the Zoning already allows for residential in employment village 2.
- Representative from Stone Creek asks if Miramar folks are happy about a potential upzone? JM responds yes, but a little uneasy about any zoning that keeps them stuck for 20-30 years: no one knows what Miramar will look like in 20-30 years – jets may not even be flying out of MCAS, maybe last mile connections are less important, etc. The City can do all the research possible, but no one knows the future of manufacturing / industrial spaces. The existing industrial is a good and flexible format – folks are regularly looking to lease space there that they cannot because of zoning regulations.
- Chair asks what type of changes Miramar folks are looking for. JM responds that they want the ability to add housing to the area. Folks in the service sector may be especially enticed because it would be affordable and centrally located. Residential would be compatible because this isn't heavy industry – Miramar is dead at night. Board members asks if Mixed-use would benefit Miramar – JM says yes. JM wants to see all the data to be able to speak about it a bit more – he can speak about the properties in Miramar.
- AF notes that this is just a starting point to get urban designer to look. We have a lot of folks to talk to still.
- Audiences member notes that they want planning group to support commercial village there – it is cost prohibitive to do a rezone and would like removal of prime industrial in Little India. Audience member notes light industry and heavy industry are heavy brushes – there are many light industries that are sensitive receptor uses. We need to do parcel by parcel details – AF says Planning Department is looking at every single use, parcel by parcel. Board member says light vs heavy industry makes sense to planners, but the public needs a list of businesses, what they do, size, etc. AF notes that Planning Department will have a report listing businesses and each property in soon.
- Audience member notes the flight paths. Someone needs to revise to reflect the actual situation – Justin (JM?) notes that they are updating the AICUZ. AF notes that City doesn't have jurisdiction over flight path. Audience member says that we can influence. Community doesn't object to aircraft.
- AF moves on to Sorrento Mesa. The Central Block is area with least non-industrial encroachment. AF notes Hologic position on collocation: they do not feel that there is

incompatibility with their facilities. However, since there is little encroachment in the Central Block, the Planning Department is taking a conservative approach.

- Chair appreciates the enthusiasm but cautions against industry and residential collocating together. Sorrento Mesa is high quality industrial for large lots, and it has been a spectacular success, and we do not want to mess that up. Hologic may think there is no problem, but if they expand and want to use laboratory, residents will be out with pitchforks complaining. Collocating residential may not be a problem for existing users, but residential could keep future heavier industry away. The other issue is that none of the areas have the facilities that residential requires – parks, schools, etc. In fact, the school district owned sites in Sorrento Mesa and sold them because they did not believe they were strategic necessities. If you're going to add residential, you need to add other amenities.
- Audience member notes that this was not a problem for new homes built in Sorrento Valley (on Los Penasquitos rim) – they don't have parks, transit, schools. Another audience member responds that doing the wrong thing in one place does not mean we should continue to do the wrong thing. Response is course not, but we should look forward.
- AF says that the Planning Department is using an abundance of caution. The industrial park was very successful, but area is transitioning to more of a science and tech park, with most of the demand coming from office and research and development while industrial use is declining. Also notes that there are two daycare/kindergarten in Sorrento Mesa. Board member responds that the Montessori was a mistake. Once you let one in, that's it.
- Chair notes that the Community Planning Group received a proposal for residential in the central block recently. A board member responds that the type of chemical compounds that Hologic works with are compounds that people use every day in their homes.