

Subregional Employment Area Profile:

Mira Mesa and University Community Plan Updates

Discussion Draft

May 2019

INTRODUCTION

Figure 1 – Regional Location



The City of San Diego is updating the Mira Mesa and University Community Plans to provide a long-range land use vision for economic prosperity, housing, mobility, and climate action. Figure 1 illustrates the north-central location of the two Community Planning Areas (CPAs). The plan update process is an opportunity for stakeholders to help identify and address key issues, barriers, and opportunities for economic growth and establish a future vision and policy direction to enhance the vibrancy of diverse innovation centers.

During spring and summer 2019, the Planning Department is conducting stakeholder interviews and convening a Forum on Subregional Employment Area (SEA) with business associations, developers, academia, large employers, major property owners, and community members. Keyser Marston Associates has been contracted by the City to conduct a market demand analysis for the plan areas.

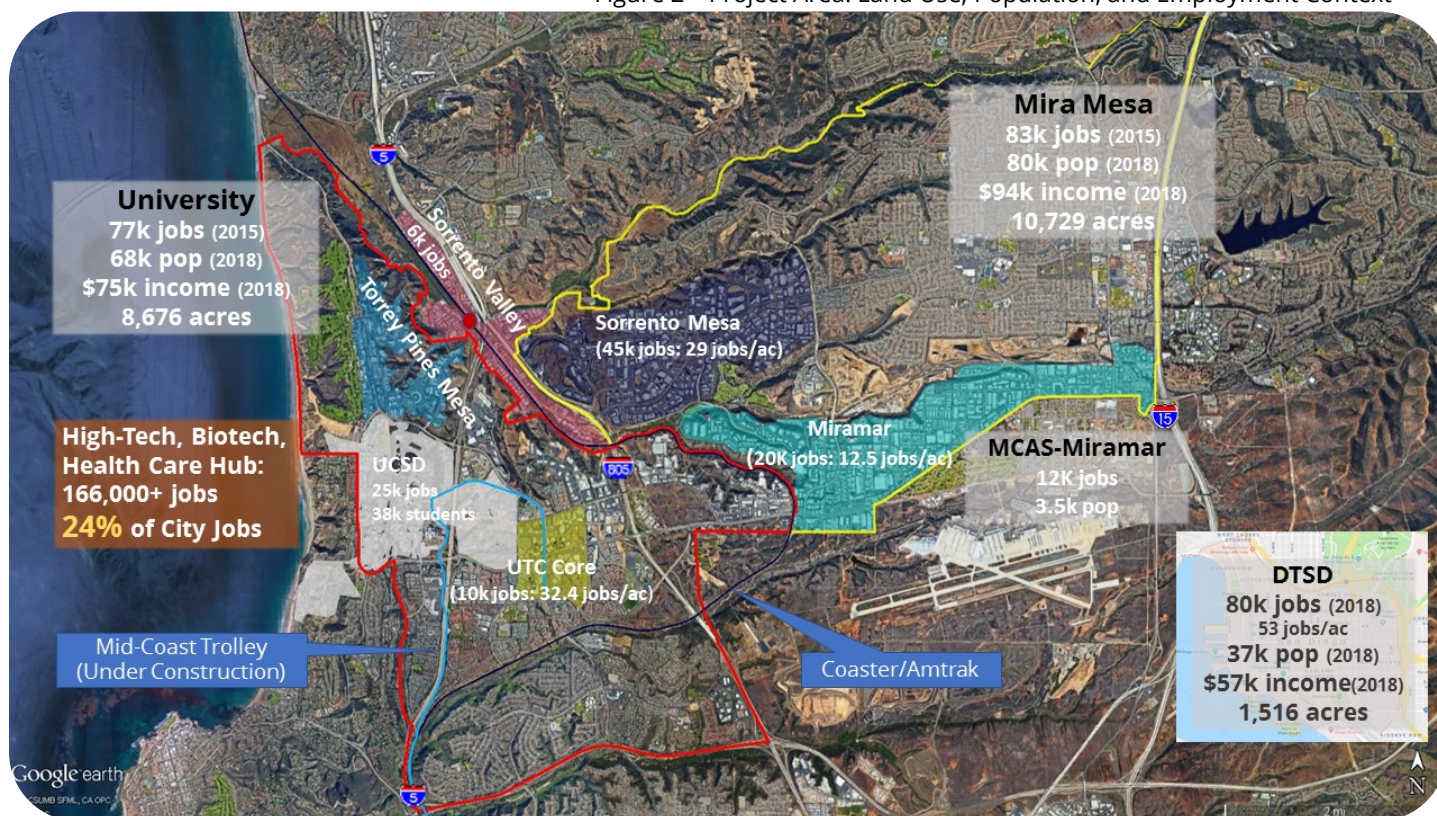
The overall purpose of this document is to synthesize existing conditions, trends, challenges and opportunities to:

- Share preliminary information on the current dynamics of the largest employment cluster in the region;
- Explore land use, employment, transportation, and commuter travel patterns; and
- Provide high-level data on trends, challenges, and opportunities to facilitate informed discussion.

The findings from the Subregional Employment Area Profile, stakeholder interviews, and market demand analysis will be presented at the Forum on SEA. The technical studies, stakeholder interviews, and discussions at the forum and the plan update subcommittee meetings will help guide the development of the Economic Prosperity and Land Use elements of the Mira Mesa and University Community Plans.

PROJECT AREA

Figure 2 – Project Area: Land Use, Population, and Employment Context



As illustrated in Figure 2, the study area contains Torrey Pines Mesa, University Town Centre, University of California San Diego (UCSD), Sorrento Valley, Sorrento Mesa, and Miramar subareas which together form the region's premier biotech, high-tech, health care, craft, and manufacturing activity centers. The size of the University CPA is 8,676 acres, while Mira Mesa CPA is 10,729 acres. Approximately 24 percent of the city's employment (166,000+ jobs) is clustered in the study area (1). In addition, MCAS-Miramar is a workplace of over 12,000 military personnel (2). For comparison, there were 80,000 jobs in Downtown San Diego in 2018 (3). Overall, Downtown San Diego has the highest job density per acre (53 jobs/ac), followed by UTC Core (32.4 jobs/ac), Sorrento Mesa (29 jobs/ac), and Miramar Industrial Area (12.5 jobs/ac). UCSD is the largest employer in the area with 25,000 full-time equivalent employees and a student enrollment of 38,000 in 2018 (4,5). Overall, 148,000 people live in these two community planning areas (6).

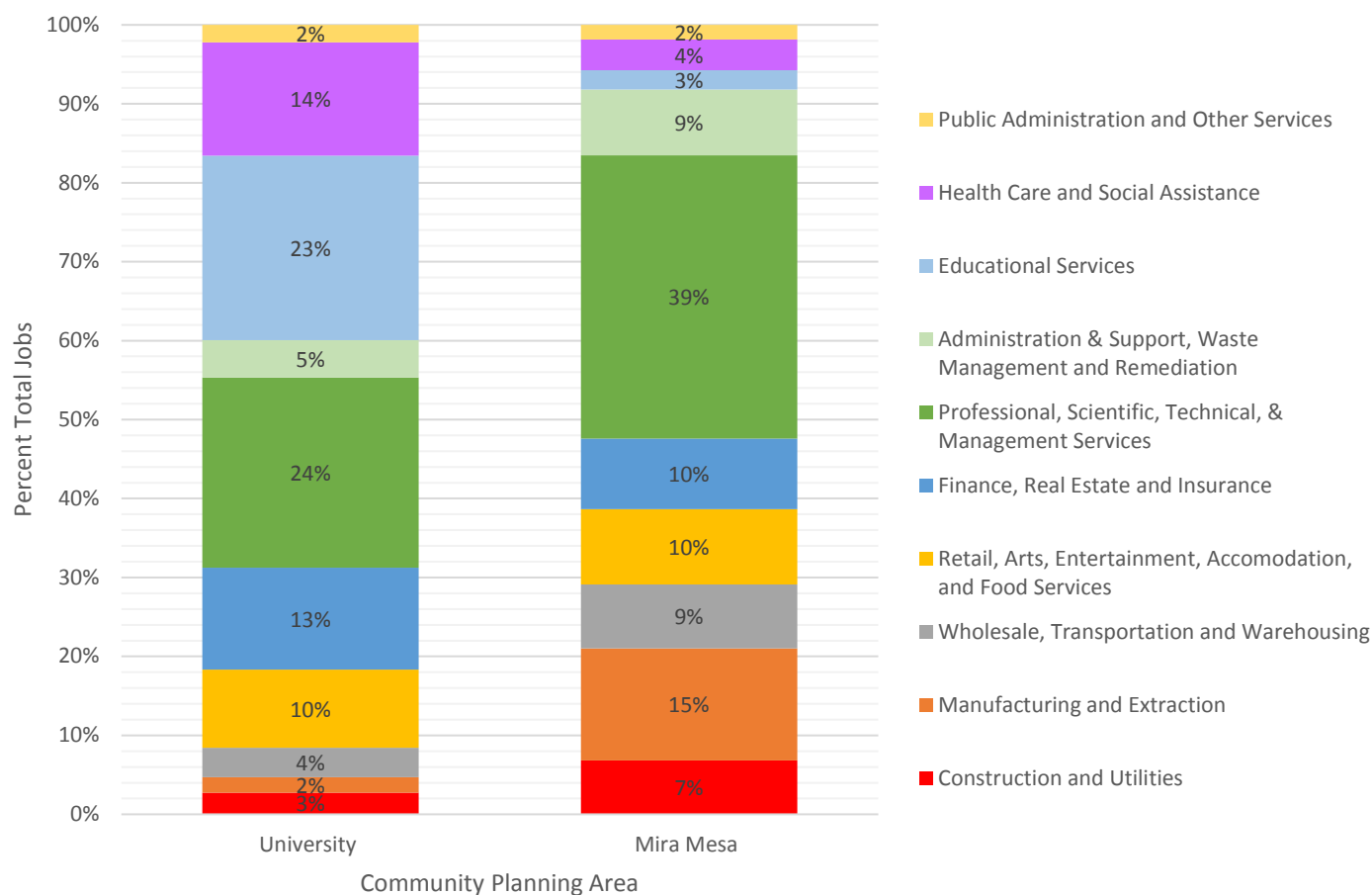


Buildings in University CPA (US Bank and Illumina)

EMPLOYMENT MIX

Job counts by NAICS Industry Sector (1) were clustered to illustrate the difference in employment mix between University and Mira Mesa CPAs (Figure 3). The University CPA contains a larger share of employment related to education, health care, and social assistance (37 percent) compared to Mira Mesa (7 percent), which highlight the presence of UCSD and Hospitals. On the other hand, Mira Mesa CPA had a higher share of construction, manufacturing, transportation, and warehousing employment (31 percent) compared to University (9 percent). Overall, the most significant percentage of jobs in both plan areas were in the professional, scientific, technical and management services with 39 percent in Mira Mesa and 24 percent in University.

Figure 3 – Employment Mix Comparison

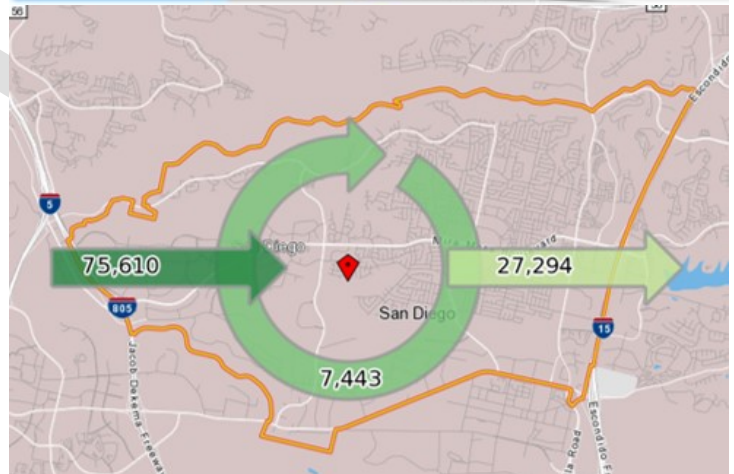
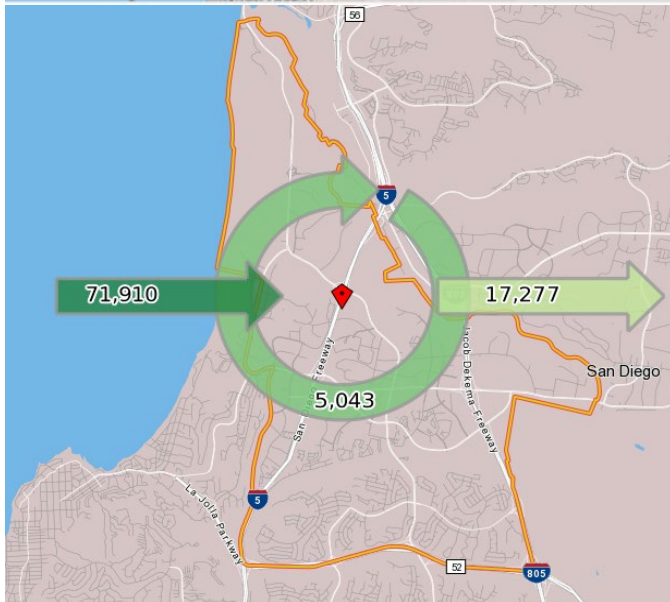
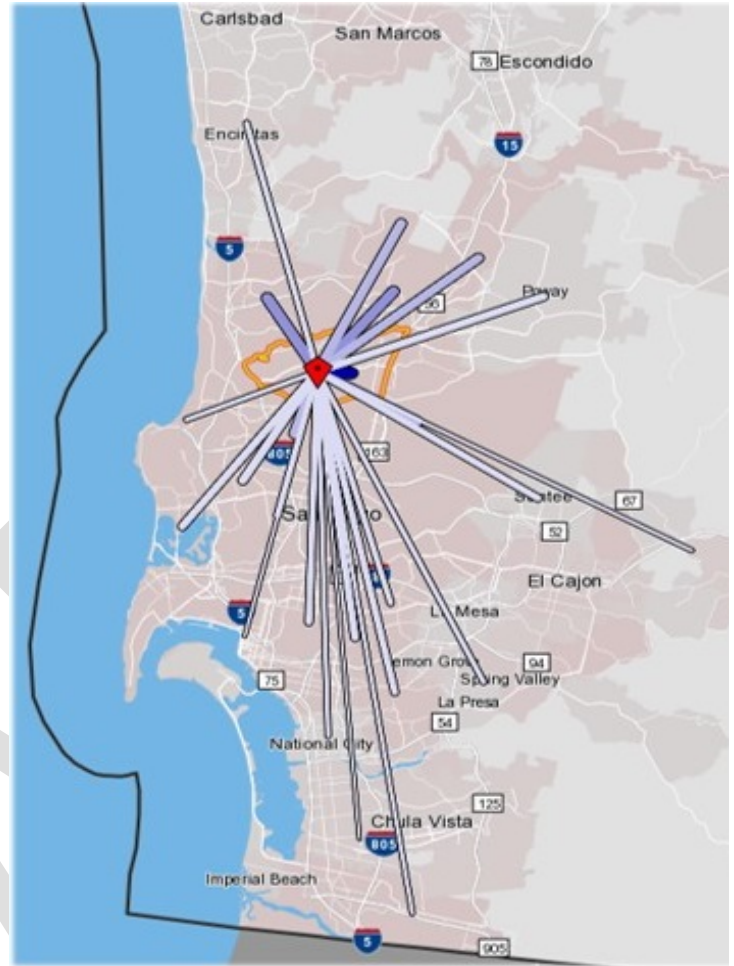
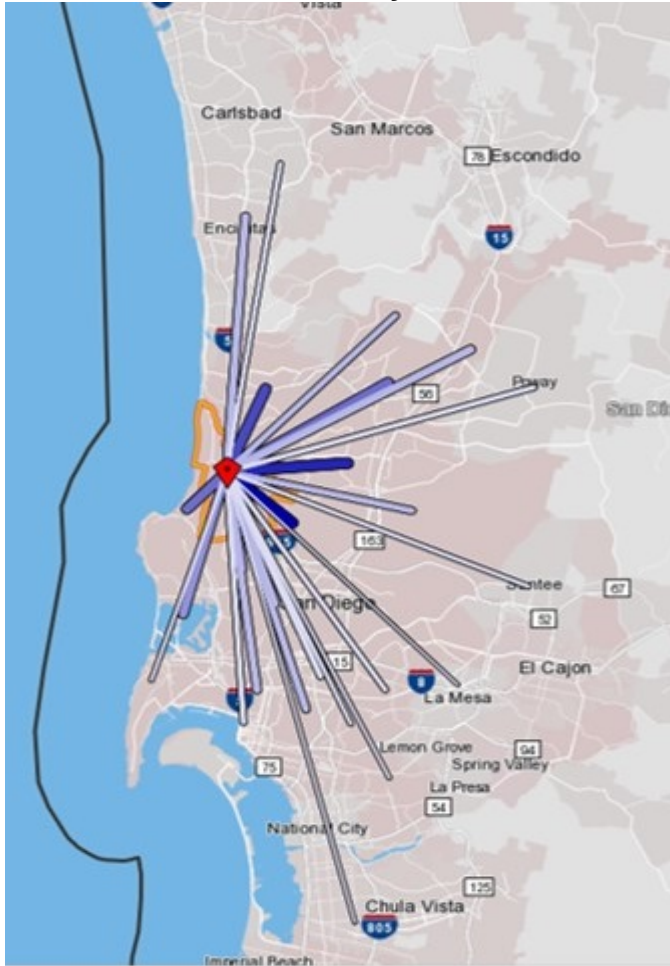


Employee Commute Pattern

The concentration of employment in the Mira Mesa and University CPAs attract workers from all over the region. As illustrated in Figure 4, people commute from all over the region, creating high volumes of traffic. Over 147,520 workers commute from outside the CPAs during the work week (1). However, a significant number of people live and work within the plan areas with 22.6 percent (5,043 people) in University and 21.4 percent (7,443 people) in Mira Mesa.

University

Mira Mesa



Note: Overlay arrows do not indicate directionality of worker flow between home and employment locations.

- ➡ Employed and Live in Selection Area
- ➡ Employed in Selection Area, Live Outside
- ➡ Live in Selection Area, Employed Outside

Figure 4 – Commuter Flow (Top 25 ZIP Codes) & Workers Inflow/Outflow

LAND USE POLICY AND REGULATION

Within each CPA, there are several existing land use policies and regulations related to Airport Land Use Compatibility, Prime Industrial Land, and the City's Climate Action Plan (CAP), which are briefly discussed below. In addition, the City's Coastal Height Limit of 30 feet applies in the University Planning Area west of Interstate-5.

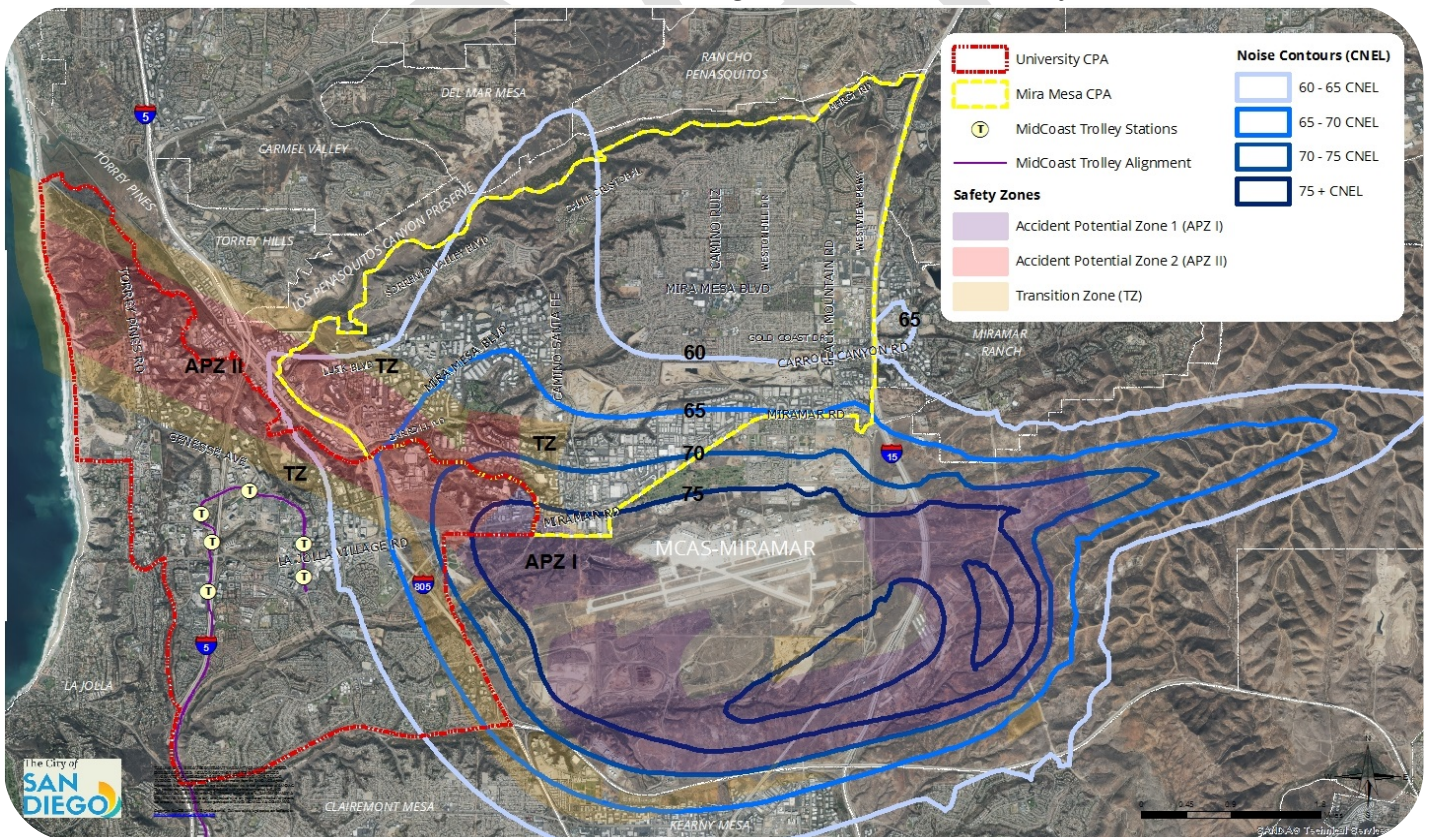
Airport Land Use Compatibility Plan (ALUCP)

The 2008 ALUCP for MCAS Miramar establishes land use compatibility policies and development criteria to protect airport operations and minimize the public's exposure to excessive noise and safety hazards. The MCAS ALUCP **does not allow:**

- Residential use in noise contour above 65 CNEL and Accident Potential Zone (APZ) I and Clear Zone;
- Density greater than 2 dwelling units per acre or non-residential intensity greater than 50 people per acre within Accident Potential Zone APZ II;
- Density greater than 20 dwelling units per acre or non-residential intensity greater than 300 people per acre within Transition Zone (TZ).

Within each noise exposure range, different land use types are considered either "incompatible," "conditional," or "compatible." Moreover, the Federal Aviation Administration (FAA) regulates additional safety factors to protect the approach, departure and circulating airspace near airports. Figure 5 illustrates the airport safety zones and noise contours for Mira Mesa and University CPAs. The City of San Diego does not have any jurisdiction over airspace, only land use.

Figure 5 – MCAS-Miramar Safety Zones and Noise Contours



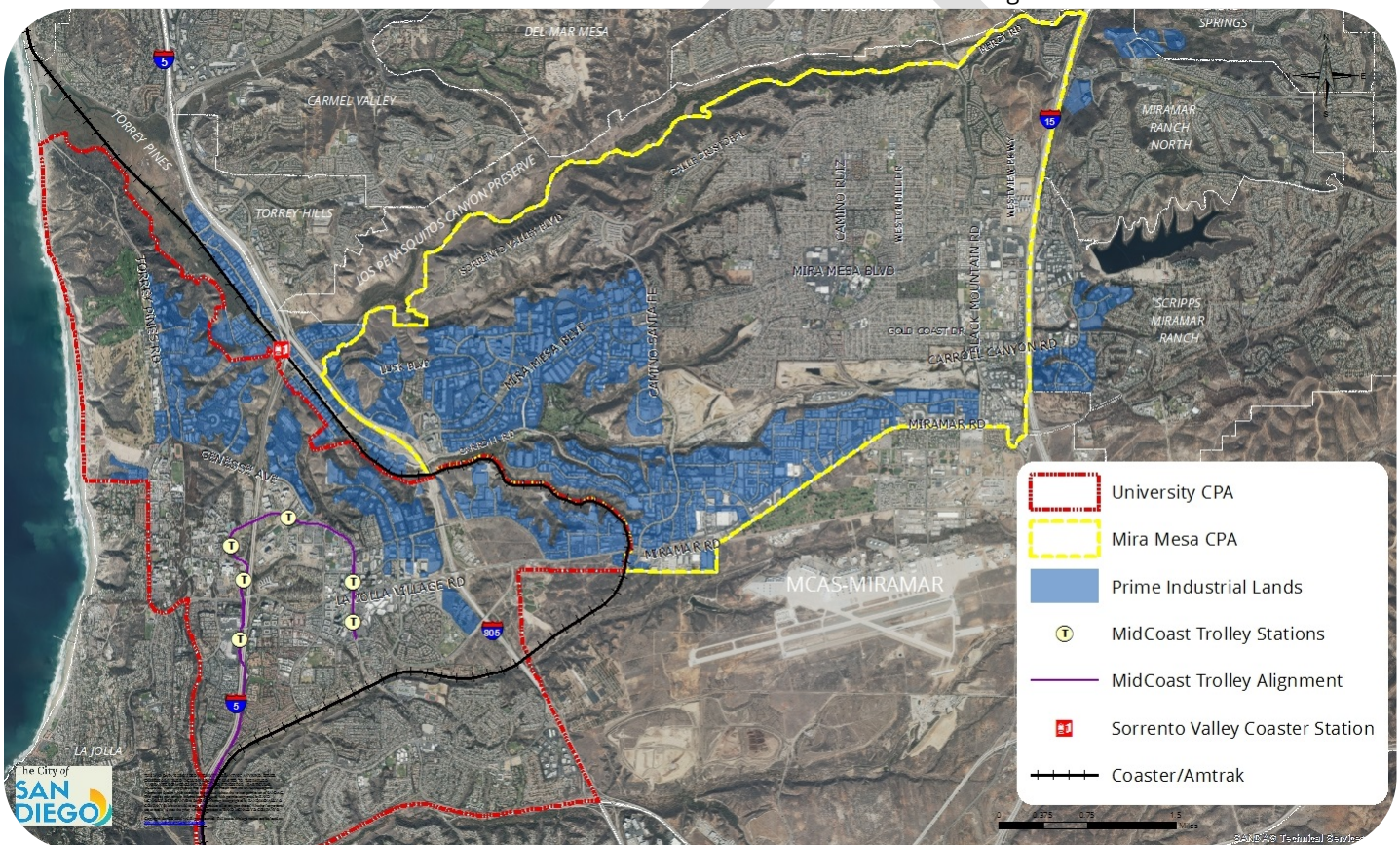
City of San Diego General Plan Prime Industrial Land

The 2008 General Plan (GP) identifies Prime Industrial Land (PIL) as land that supports export-oriented base sector activities such as manufacturing, research and development, warehousing, assembly and distribution. The GP includes policy direction to protect these lands through:

- Maintaining or expanding industrial land use designations
- Preserving or applying strict industrial zoning
- Limiting public assembly and sensitive receptor uses
- Providing incentives for job growth, and
- Requiring a GP amendment to remove properties from the PIL map

Residential use is not allowed within Prime Industrial Land to protect base-sector industries. Figure 6 highlight the location of Prime Industrial Land in Mira Mesa and University CPAs.

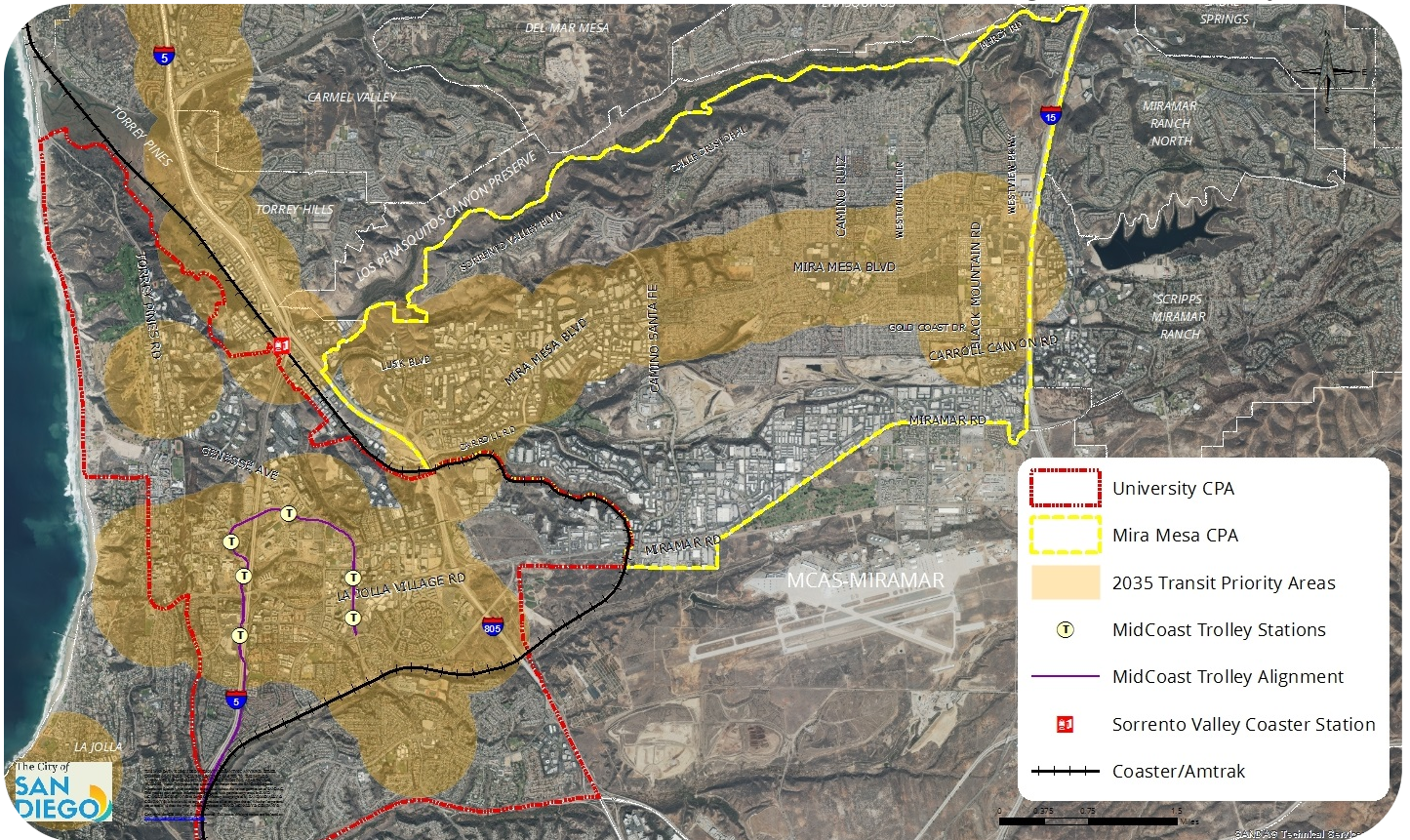
Figure 6 – Prime Industrial Lands



City of San Diego Climate Action Plan (CAP) – Transit Priority Areas (TPAs)

The City's CAP, adopted in 2015, prioritizes the implementation of the GP's Mobility Element and the City of Villages Strategy in TPAs to increase housing near job centers and promote the use of transit, walking, and biking to reduce greenhouse gas emissions. Meeting the CAP goals require achieving better walkability and transit-supportive density by locating majority of new residential housing within the TPAs. Figure 7 illustrates the 2035 Transit Priority Areas in Mira Mesa and University CPAs.

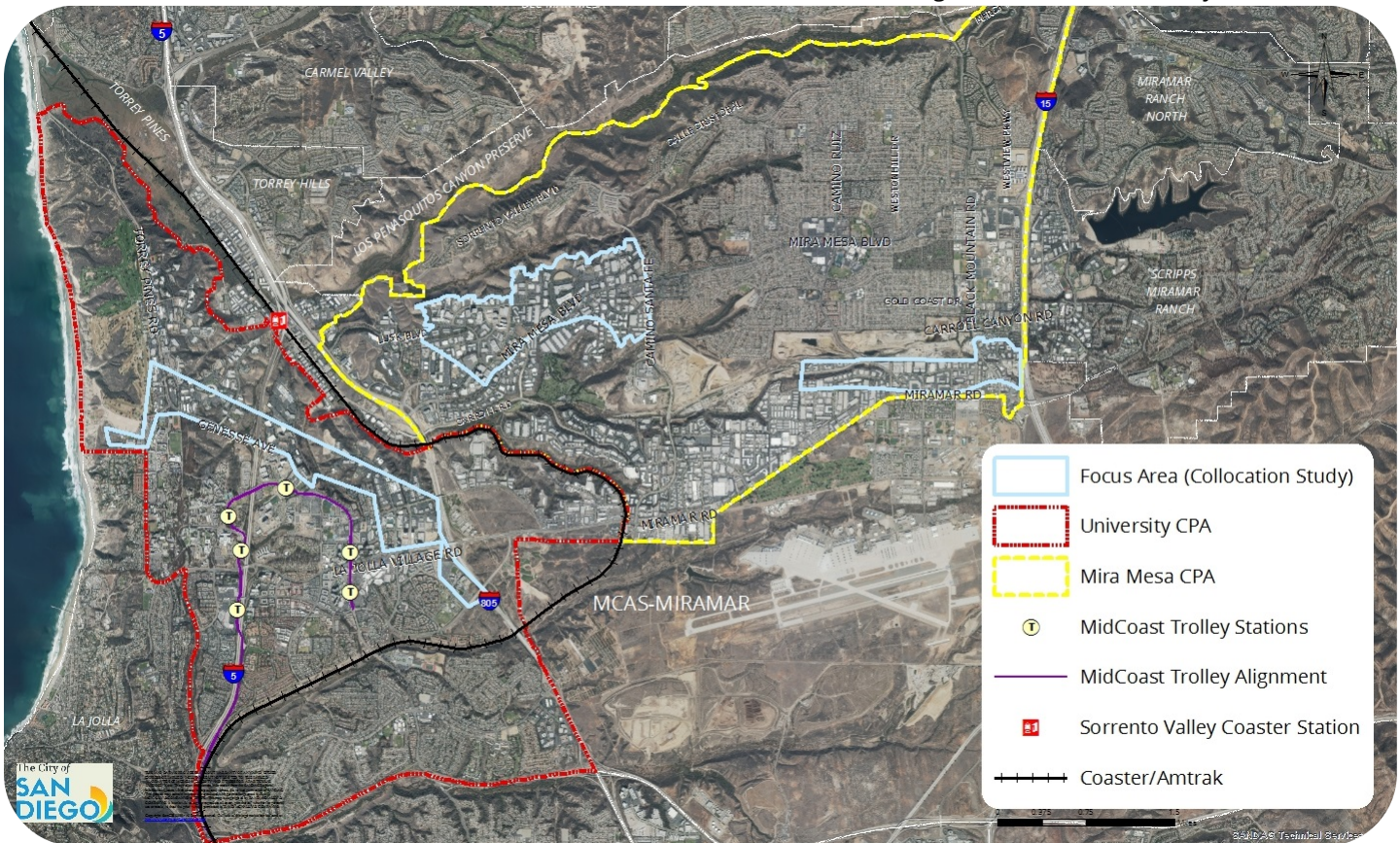
Figure 7 – Transit Priority Areas



Construction of Mid-Coast Trolley line in University CPA

FOCUS AREA - COLLOCATION

Figure 8 – Collocation Study Focus Area



During the existing conditions analyses, five criteria were used to identify the collocation study focus areas – University, Sorrento Mesa, and Miramar Gateway. A focus area must be:

1. Outside Noise Contours >65 CNEL;
2. Outside Accident Potential Zone I and II;
3. Outside Open Space Area;
4. Within Transit Priority Areas; and
5. Contains Prime Industrial Land.

The City's GP recommends evaluating the designation of Prime Industrial Lands during a comprehensive community plan update. Where a project would change the land use designation of industrial lands to non-industrial uses, the GP requires several factors to be analyzed to ensure that viable industrial areas are protected from encroachment and conversion to non-industrial uses. GP policy EP-A.12 of the City's Economic Prosperity Element contains the following requirements for any justification to change Prime Industrial with residential, commercial, institutional, mixed-use, public assembly, or other sensitive receptor land uses:

- Evaluate the prime industrial land criteria in Appendix C, EP-1
- Analyze the Collocation/Conversion Suitability Factors in Appendix C, EP-2
- Study the potential contribution of the area to the local and regional economy

A separate land use suitability analysis is being prepared for each focus area. Three collocation study focus areas – Sorrento Mesa, Miramar Gateway, and University – are briefly illustrated.

Sorrento Mesa Focus Area



The Sorrento Mesa Focus Area is 711.5 acres within the Mira Mesa CPA. The study area contains 187 parcels with a median parcel size of 2.51 acres and a median Floor Area Ratio (FAR) of 0.36. The total floor area is 10.74 million square feet. Typical building area within this focus area is relatively small, with a median floor area of 38,952 square feet. The area contains approximately 736 businesses, which employ 16,822 people (2015), the latest year of available data. Overall, 585.92 acres - 82.4 percent of the total land area - are designated Prime Industrial and 20.95 acres - 2.9 percent of the total land area - is Commercial / Retail use. The top three largest landowners are Qualcomm (90.77 acres), Gen-Probe Incorporated (36.70 acres), and Sequence Tech Center CA, LLC (26.26 acres).



Building in Sorrento Mesa Focus Area (Qualcomm)

Miramar Gateway Focus Area

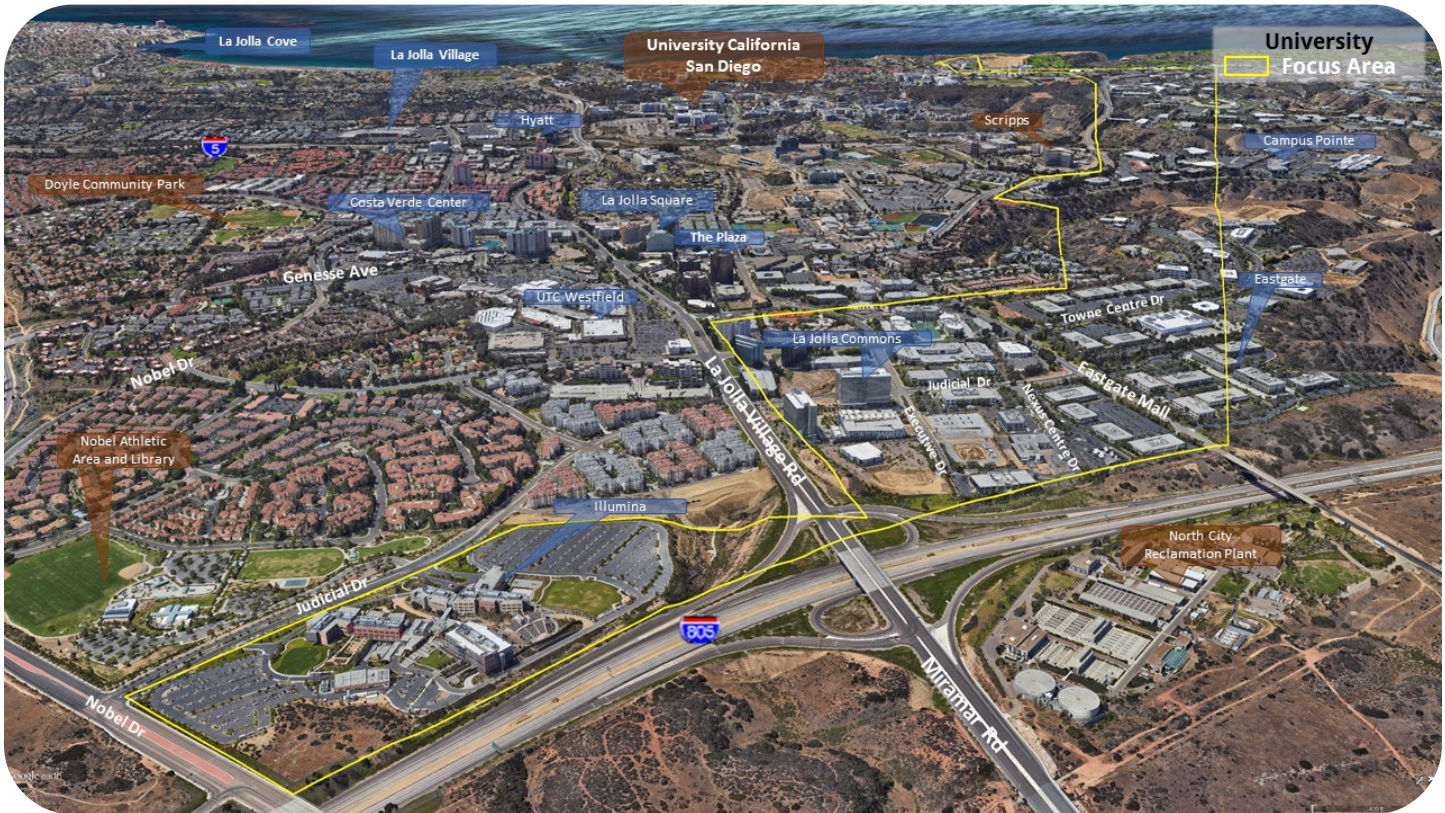


The Miramar Gateway Focus Area is 268 acres within the Mira Mesa CPA and contains 114 parcels with a median parcel size of 1.59 acres and median FAR of 0.32. The total floor area is 3.87 million square feet. Typical building size within this focus area is relatively small, with a median floor area of 22,773 square feet. The area contains approximately 642 businesses, which employ about 3,921 people (2015), the latest year of available data. Overall, 137.64 acres - 51.4 percent of the total land area - is designated Prime Industrial. The top three largest landowners are Opera Holdings, LLC (16.67 acres), Rexford Industrial Realty LP (16.39 acres), and Carroll Canyon Business Park Owners Association (16.33 acres). Open space area within the Miramar Gateway Focus Area will remain protected, and the modification of boundary will occur in the future to more accurately reflect only developable land.



Building in Miramar Gateway Focus Area

University Focus Area



The University Focus Area is 637.66 acres within the University CPA and contains 141 parcels with a median parcel size of 2.72 acres and median FAR of 0.47. The total floor area is 5.78 million square feet with a median floor area of 62,412 square feet. The area contains approximately 329 businesses, which employ about 5,274 people (2015), the latest year of available data. Overall, 351.36 acres - 55.1 percent of the total land area - is designated Prime Industrial Land. The top three largest landowners are City of San Diego (75.34 acres), Irvine Eastgate Office, LLC (49.34 acres), and Illumina Inc. (26.33 acres). Open space area within the University Focus Area will remain protected, and the modification of boundary will occur in the future to more accurately reflect only developable land.



Building in University Focus Area (Eastgate Terrace)

TRENDS, CHALLENGES, AND OPPORTUNITIES

In addition to the profile of the area, a literature scan of national, state, and local research on economic development and real estate trends was conducted to prepare a high-level overview of major employment trends. The identification of challenges and opportunities results from Phase One of the University and Mira Mesa Community Plan Updates.

Trends

- Talent war is a driving force for economic growth & innovation (6)
- High-growth companies are flocking to neighborhoods that are more vibrant, connected, diverse, dense, and transit-accessible, whether in urban or suburban centers (7)
- Life science is one of the fastest-growing sectors of the U.S. economy, driven by a combination of technological advancements and an aging population (8)
- Diversifying industry mix and building on local clusters and ecosystems are critical to economic development (9, 10)
- 75% of the workforce will be millennials in the next 7 years (6)
- 62% of Millennials and 55% of Seniors prefer walkable communities and short commutes, even if it means living in an apartment or townhouse (11)
- San Diego has the 3rd highest shares of millennials in the nation (12) & more than 400 new startups are created every year (13), including two “unicorn” software companies with a valuation of more than \$1 billion (9)

Challenges	Opportunities
<ul style="list-style-type: none"> • Traffic, congestion and travel time • Transportation accounted for 54 percent of the City's GHG and rising (14) • Lack of convenient, comfortable and accessible transit and active transportation infrastructures (i.e. difficult access to Coaster) • Lack of affordable housing • Shortage of walkable mixed-use neighborhoods (15) • Lack of areas zoned for mixed-use and housing in job-rich areas • The rising cost of labor, land, and raw materials • Potential economic slowdown 	<ul style="list-style-type: none"> • Completion of \$2 billion light rail investment in University connecting to downtown and North Coast Corridor Program (e.g., I-5 HOV lane) • Potential to improve regional transit connection and enhance pedestrian and bike network and facilities (e.g., connect University and Mira Mesa via Skyway) • Emerging electric, shared, autonomous, and micro-mobility solutions • Potential to add new housing near job centers to facilitate mode shift from single occupant vehicles to walking, biking, and transit use • Potential to add new mixed-use areas to encourage redevelopment of outdated shopping centers, office buildings, and parking lots • Continued strong growth anticipated for SD tech and life science sectors

DRAFT EVALUATION MATRIX

Based on the preliminary literature scan, a draft evaluation matrix was developed to explore benefits, costs, and trade-offs between maintaining the existing Prime Industrial Land (PIL) designation or allowing strategic collocation of housing & appropriate mixed-use within the identified focus areas.

ELEMENT	BENEFIT & COST	LAND-USE STRATEGY & TRADE-OFF		COMMENTS
		Maintain Prime Industrial Restriction	Allow Collocation in Focus Areas	
ECONOMIC PROSPERITY	Attract new high-growth companies (7)	Δ	o	PIL has successfully supported base sector industries, but due to the lack of employee housing options & amenities, the focus areas may experience competitive disadvantage relative to other metropolitan areas and local submarkets to attract innovative high-growth companies in the future.
	Enhance economic agglomeration effect (16)	o	o	
	Improve accessibility (17)	x	o	
	Attract new small businesses	Δ	o	
	Protect existing base sector industry	o	Δ	
	Support expansion of existing industry	o	Δ	
	Attract and retain Millennial and Gen Z (current & future workforce) (6)	Δ	o	
	Increase competitiveness with other Innovation Centers (18)	Δ	o	
HOUSING	Increase new market rate and affordable housing units	x	o	High housing cost impacts employee retention and recruitment, especially younger workers and families.
	Improve housing-productivity nexus by adding housing near innovation centers (19)	x	o	
	Reduce household housing cost - inclusionary zoning (17)(20)	x	o	
MOBILITY	Reduce single occupant vehicle work commute (17)(20)	x	o	Providing housing in a job-rich area gives people options to walk, bike, and take transit to work, which reduces: car dependency, traffic, and household transport budget.
	Increased non-auto mode share (walk, bike, transit) (17)(20)	x	o	
	Reduce Vehicle Miles Traveled (VMT per capita) (17)(20)	x	o	
	Reduce household transport cost (17)(20)	x	o	
	Accelerate street and transit infrastructure investment	Δ	Δ	
	Increase transit infrastructure return on investment	Δ	Δ	
ENVIRONMENT	Reduce transport GHG emissions (17)(20)	x	o	High density places have lower carbon footprint per capita.
	Reduce resource & energy consumption per capita (17)(20)	x	o	
HEALTH, SAFETY & PUBLIC SERVICE	Improve health & safety outcomes (21)(22)	Δ	Δ	A walkable, dense, mixed-use neighborhood improves people's health and safety outcomes, reduces public infrastructure maintenance cost per capita, and increase municipal and community revenue.
	Reduce exposure to noise, smell, hazardous materials, etc.	o	Δ	
	Require new investment in public facilities	Δ	o	
	Increase new public space	x	o	
	Reduce public infrastructure maintenance cost per capita (17)	Δ	o	
	Increase public and community revenue	Δ	o	
	Improve government fiscal responsibility	Δ	o	

O = Yes, Δ = Maybe, x = No

CONCLUSION

The employment areas in the Mira Mesa and University CPAs are hubs for life science, high tech, cyber security, health care, and light manufacturing industries, that contain 24 percent of the city's jobs (166,000+ jobs). The growth of UCSD and major research institutions, and supportive land use policies have fostered the rise of the San Diego region as a premier center for life science, information and communication technology, and craft brews.

Today, the planning area faces significant challenges related to traffic and congestion, housing affordability, and a lack of convenient, comfortable, and accessible transit and active transportation infrastructures. The completion of the Mid-Coast trolley line in University will significantly enhance the desirability of the area by helping to shift the car-dependent land use pattern, but there is a further need to enhance the regional transit connection to link major activity centers.

Manufacturing jobs are forecasted to decline in the future (23) and the industry is rapidly shifting to automation and robotic technology, slowing the need for additional workers (24). Despite these trends, the presence of MCAS Miramar will continue to protect large areas for light manufacturing and craft industries.

Prime Industrial Land policy has been successful in maintaining and expanding base sector industries. However, due to the lack of employee housing options and other amenities, these employment areas may experience competitive disadvantage relative to other metropolitan areas to attract innovative high-growth companies in the future. A win-win solution might be to leverage the recent transit investments by allowing diversity in land uses to create a more walkable, compact, and connected places.

Potential Questions for Stakeholders:

- What are each plan areas' strengths and weaknesses in the context of attracting, diversifying, and retaining its business base?
- What types of commercial/office/industrial tenants in the region can the plan areas capture?
- What are the desired types of housing development for employees in these areas?
- What are the amenities needed to create a holistic live/work/play environment?
- Are there any specific reasons not to introduce collocation (residential) in identified focus areas?
- How could the industry mix be diversified, while continuing to build on local clusters and ecosystems that are critical to economic development?
- What aspects of the City's current policies and regulations (Economic Development, General Plan, zoning, etc.) have had a positive impact? What aspects could the City improve?
- Are there any additional trends, challenges, and opportunities your organization is facing that are not reflected in this document?

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