

JACOBS
CENTER FOR
NEIGHBORHOOD
INNOVATION

BROWNFIELDS
AREA-WIDE
PLANNING
ACTION PLAN



The Village at Market Creek



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OVERVIEW

The Jacobs Center for Neighborhood Innovation (JCNI) was awarded a Brownfields Area-Wide Planning Pilot Program Grant from the United States Environmental Protection Agency to study and develop strategies for remediation and land for specific brownfield sites owned by JCNI. This project provides funding for the entity to conduct area-wide planning for the Diamond neighborhoods located in Southeastern and Encanto Community Planning Areas in San Diego. The Jacobs Center will continue their mission of resident-led change to utilize existing partnerships with residents, community groups, private agencies and government agencies and to expand the land use planning process launched in early 2010 for an area-wide Village at Market Creek plan to more specifically address brownfields mitigation and land reuse.

**THE VILLAGE AT MARKET CREEK
BROWNFIELDS AREA-WIDE PLANNING ACTION
PLAN**

JACOBS CENTER FOR NEIGHBORHOOD INNOVATION

NOVEMBER 1, 2012

U.S. ENVIRONMENTAL PROTECTION AGENCY
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“The Diamond Neighborhoods residents must create the vision, lead the planning, and own the assets developed in their community.”

Joe Jacobs, Founder
Jacobs Family Foundation/JCNI

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1.0 INTRODUCTION

The Jacobs Center for Neighborhood Innovation (JCNI) is located in the City of San Diego in the Encanto Community Planning Area. The Village at Market Creek, including the entirety of the Brownfields Area-Wide Planning Action Plan (BF-AWP) study area, is located within the Encanto Planning Area. The Encanto Community Planning Area and Southeastern San Diego Community Planning Area are immediately adjacent to each other and contain the ten Diamond Neighborhoods that JCNI relies on for the community process. Since 1992, these two community areas have had no less than 23 different planning efforts and processes. The concentration of these projects and attention by the City of San Diego has occurred due to the community interest, involvement, and education efforts supported by organizations such as JCNI.



The Village at Market Creek Study Area highlighted in blue

The BF-AWP is a culmination of JCNI's efforts to establish a standard of development as it relates to practices of productive land reuse and good environmental stewardship.

1.1 HISTORY

The Village at Market Creek is being built upon the belief that the residents who live in the Diamond Neighborhoods must create the vision, lead the planning, and own the assets developed in their community. This approach to community revitalization is to assure residents are the primary beneficiaries of development in their neighborhoods and gain the experience and expertise to make informed decision and sustain positive changes.

JCNI uses a network of teams called Voices of the Community of All Levels (VOCAL) to assure that residents are primary leaders in the development of The Village at Market Creek. These large resident-led teams are mobilized to build social networks and keep community benefit above self-interest in the planning. As plans are developed, smaller working teams are formed to guide the work and make sure it stays accountable to the larger community's goals. These teams implement the work, grapple with issues, and learn new skills. To create a comprehensive Village plan, the teams work in four inter-connected planning areas cutting across social, economic, physical, and civic life.

The team process has resulted in the vision of The Village at Market Creek as a large-scale effort to reclaim and develop approximately 60 acres of blighted land as a mixed use transit oriented development planned and owned by residents. The Village at Market Creek Plan includes two phases. Phase I of The Village at Market Creek Plan included community workshops to understand the communities' desires for the future. Phase II develops strategic elements for individual topics including mobility, urban design, land use, arts and culture, economic prosperity, public services, recreation, conservation, sustainability, noise, historic preservation, community health and wellness, education and safety. Each element consists of a vision statement, goals, objectives, and indicators.

Once the plan is completed, JCNI will work with the community and City officials to make sure the property is rezoned for Smart Growth land use options and the community plan is updated. During the rezoning and update, JCNI will market the projects to potential developers and tenants. JCNI will provide a development plan for each project that includes infrastructure funding, project financing, and marketing. The development plan will include resident engagement during this process.

2.0 EXECUTIVE SUMMARY

2.1 THE VILLAGE AT MARKET CREEK

The Village at Market Creek casts a vision to establish a commercial, residential, and transit hub for southeastern San Diego. The Jacobs Center for Neighborhood Innovation (JCNI) plans through a community-led planning process to actively integrate residents to the projects that will shape the surrounding neighborhoods

2.2 BROWNFIELDS AREA-WIDE ACTION PLAN (BF-AWP)

JCNI is currently leading several processes to implement the developments outlined in this study. The BF-AWP is only one step to activating the Village at Market Creek, however, it is a critical one. The vision for The Village at Market Creek is to construct over 1.7 million square feet of new construction which will bring more than \$300 million in construction contracts, attract over 250 new businesses, and create 2,000 jobs. The Village in its completed stages will establish 1,000 homes, restore 5,500 feet of linear wetlands, and transform this area into a thriving commercial and residential center.

Within The Village, there are eleven brownfield sites that have been identified through a preliminary Phase 1 EPA Brownfield Assessment. The BF-AWP looks at seven key sites within The Village that have contaminants and need to be treated before development can continue. The seven sites are shown on page 13.

2.3 COMMUNITY PROCESS

The community process for the BF-AWP was extensive because the residents were concerned for the health of current residents as well as future generations. JCNI incorporates a community planning process called VOCAL which stands for Voices of the Community of All Levels. The VOCAL group assures that residents are the primary leaders of any JCNI planning process and certainly for the BF-AWP. The community process includes an overview meeting series to introduce the topic of brownfields, how they were created, where they are located and a history of the study area.

In addition the VOCAL group also attended and participated in a workshop series that included the topics of reuse planning, assessment and remediation strategies, remediation and health impacts, infrastructure support, economic redevelopment, and next steps and a resource plan. A total of six workshops were directly related to the brownfield effort. However, the community process also involved an extended health impact assessment process that was a part of a separate planning effort.

The community process for the brownfield area plan began with an existing conditions overview and an initial analysis for each development site. Each site was assessed and discussed in terms of future reuse opportunities, environmental remediation required and potential costs, health impacts, infrastructure impacts, and economic opportunities. The VOCAL group then discussed the desired course of action in terms of future projects. The key focus through this work process was ensuring that remediation is adequately completed so as to not impact future generations.

The VOCAL group confirmed the desired land uses for the brownfield study area in Workshop 1: Reuse Planning. The land uses had previously been vetted through other community planning workshops and the VOCAL members did not see a reason to change any uses.

Workshop 2: Assessment & Remediation Strategies provided a review of the remediation processes and potential contaminants on each site. The VOCAL group was tasked with identifying a preferred level of remediation based on future use and cost. The VOCAL group initially desired full remediation for all sites but when faced with extensive costs that would prohibit future development, the VOCAL group considered remediation appropriate to the planned future use.

Workshop 3 focused on health. The workshop was titled Health and the Village. This first workshop focused on the effects of the potential contaminants identified by the remediation process. However, this workshop was also the beginning of a separate series of workshops specifically focused on how development and new projects can impact health of a community. Making future developments positively contribute to this community is a priority. The ultimate outcome from the Healthy Development Impact Workshop Series was a Healthy Development Checklist.

The 4th workshop, Reuse Infrastructure, looked at an assessment of infrastructure as it relates to vehicle, bicycle and pedestrian access, parks, storm water management, utilities access, public safety services, schools, and public transit. Due to the age of this area, there is general concern regarding the quantity of infrastructure deficiencies and condition of the infrastructure due to deterioration. In addition to the infrastructure analysis that looks closely at The Village at Market Creek. There is also a regional infrastructure assessment being completed by the Sustainable San Diego. The Village at Market Creek will work within that framework to address deficiencies.

Workshop 5, Economic Redevelopment, focused on the economic opportunities within The Village at Market Creek. In addition, three different development scenarios were looked at for each of the seven sites and the implementation strategy for each site. A key component of the BF-AWP is the ability for the sites to move forward through clean up and future development. The VOCAL group and JCNI are committed to that goal in order to accomplish the vision for The Village at Market Creek.

The final workshop focused on the topic of "Next Steps and Resources." The key component of this workshop was to provide an overall summary of the workshop process and provide an action plan on how to move the BF-AWP forward. The implementation strategies were reviewed by the VOCAL group at this time.

2.4 SITE SUMMARY

The BF-AWP examined seven sites and assessed the brownfield's impact to the potential development of the site. Each site is summarized below:

Site (Name)		Land Use	Reuse	Environmental Impacts	Health Impacts	Economic Development
1	Hillside Commercial	Light Industrial	Mixed use - Community Commercial	Lead Based Paint Asbestos Lead in Soil Contaminant Dust	Eating, Breathing in, Touching	Cost: \$21,580,000 ROI @ 9%: \$23,800,000 Program: 120K SF Retail Center 244 New Jobs
2	Northwest Village Commercial	Mixed Use - Neighborhood Village	Mixed Use - Community Village (higher intensity)	Lead Based Paint Asbestos Lead in Soil Hydrocarbons Volatile Organic Compounds (VOCs) Burn Ash Contaminant Dust	Eating, Breathing in, Touching	Cost: \$7,055,000 ROI @ 9%: \$8,330,000 Program: 45K SF Retail Center 100 New Homes 104 New Jobs
3	MCP Festival Office Park	Commercial Use	Community Village	Hydrocarbons VOCs Contaminant Dust	Touching, Eating, Breathing in	Cost: unknown ROI @ 9%: unknown Program: 12K SF Office Building Park
4	Naranja Commercial	Light Industrial	Community Village	Metals Fill Materials/Burn Ash Hydrocarbons Contaminant Dust	Breathing in	Cost: \$2,138,000 ROI @ 9%: \$2,181,677 Program: 11K SF Retail 22 New Jobs
5	Market Street Light Industrial & Office	Industrial	light industrial/office	Burn Ash Freon in Soil Vapor Hydrocarbons	Breathing in, Touching, Eating	Cost: \$12,504,000 ROI @ 9%: \$13,090,000 Program: 85K SF Retail /Office Center 440 New Jobs
6	Guymon Mixed Use	Community Village	Neighborhood Village	Fill Material/Burn Ash Contaminant Dust	Touching, Eating, Breathing In	Cost: Unknown ROI @ 9%: Unknown Program: 24-60 New Homes depending on size
7	Southwest Village	Multi-Family Residential	Community Village	Lead Based Paint Asbestos Fill Materials/Burn Ash Pesticides Contaminant Dust	Eating, Breathing In, Touching	Cost: \$10,173,000 ROI @ 9%: \$10,109,880 Program: 53 New Homes

3.0 PROJECT SUMMARY



The Village at Market Creek Study Area

3.1 STUDY AREA

The Village is centered around a major transit hub consisting of a light-rail stop and major bus transfer station with 8 service routes that feed into the Euclid Ave Trolley Station. The Village at Market Creek will put approximately 60 acres of blighted land into productive use. It will replace substandard housing with nearly 1,000 quality, affordable homes, and restore nearly 5,500 linear feet of wetlands. Over 1.7 million square feet of new construction will bring more than \$300 million in construction contracts to the community, attracting over 250 new businesses and creating 2,000 jobs.

Over the next 15 years, The Village at Market Creek will be transformed into a thriving center for the Diamond Neighborhoods. It will be home to over 2,800 residents including 1,800 children. It will leverage an investment close to a billion dollars for a project that is considered to be a Smart-Growth, Transit Oriented Development, Silver LEED ND certified project that is resident-guided. It will serve as an example to other community revitalization efforts. The project represents a unique opportunity for residents, municipalities, and the philanthropic community to come together as partners in large-scale community planning.

Unfortunately, long before the vision for The Village at Market Creek was cast, The Village had been left with a burden of clean up. The previous uses within The Village area were from manufacturing and industrial companies that left large areas with environmental contamination. In addition, undocumented fill dirt was brought to the area decades ago from other locations. This illegal or undocumented dumping likely contained a range of chemicals. There are at least fourteen brownfield sites in this brownfields-impacted area; seven of these sites are considered for brownfield reuse planning activities through this project.

BROWNFIELDS AREA-WIDE PLANNING ACTION PLAN

Identified below are the brownfield sites that are within The Village at Market Creek BF-AWP Study Area. They are highlighted numerically and alphabetically. The parcels identified alphabetically are parcels that have committed uses and are moving forward with project plans. Parcels A through D are not being considered in this study because they are being processed through separate development plans.



Development Sites for the BF-AWP located in The Village at Market Creek Study Area

Parcel	Development Name	Acreage	Ownership	Current use	Planned Use
1	Hillside Commercial	5.00 ac	Diamond Mgmt. JCNI	Vacant	Mixed use
2	Northwest Village Commercial	3.23 ac	Northwest Village LLC	Vacant	Mixed use
3	MCP Festival Office Park	1.85 ac	West Side Creek	Vacant	Office/Open
4	Naranja Commercial	0.99 ac	Market Row JCNI	Vacant	Mixed use
5	Market Street Light Industrial & Office	1.06 ac	Youth Park JCNI	Vacant/Office	Office/ Industrial
6	Guymon Mixed use	0.14 ac	Guymon/Euclid P.	Vacant	Mixed Use / Residential
7	Southwest Village	2.56 ac	Southwest Village	Vacant	Mixed Use / Residential
8	Youth World	0.19 ac	Market Row JCNI	Vacant	Recreational/Commercial
A	Trolley Residential	1.66 ac	West Side Creek	Vacant	Residential
B	Northwest Village	1.63 ac	Northwest Village LLC	Strip Retail/Parking	Residential
C	Family Health Center/Commercial	1.54 ac	Market Creek Partners	Service/Office/Retail	Medical / Community Health

3.2 COMMUNITY PROCESS

A key project objective for the BF-AWP is to facilitate community involvement and education in the development of the area-wide plan. The community process was conducted through the VOCAL community group. The VOCAL group focused on four major areas of planning: physical, economic, family and social networks, as well as civic engagement.

The Proposed Land Use for The Village at Market Creek includes the following uses:

- Industrial Development = 123, 000 square feet
- Commercial Development = 428,000 square feet
- Office Development = 237,000 square feet
- Multi-Family Residential = 1,000 homes
- Other uses (e.g., health center, park, open pace, library, parking areas.) = 30,000 square feet and 8.5 acres

The BF-AWP process engaged approximately 40-80 members of the VOCAL group. These initial meetings included the following:

- Overview Meeting 1: What is a brownfield?
- Overview Meeting 2: Area Wide Planning with community partners/What are contaminated soils
- Overview Meeting 3: Bus Tour of the brownfield sites
- Overview Meeting 4: History of The Village and historical land use

These workshops were held to orient the community to the seven high priority brownfield sites and to discuss how each site became a brownfield. Following the orientation workshop series began a five part working group series that addressed land use, clean up strategies, and the development of the area wide plan for clean up. It was a key objective of this BF-AWP process to engage with VOCAL members and the community at large and to help them understand what is needed to make the vision of the identified redevelopment sites a reality.

- Workshop 1: Reuse Planning
- Workshop 2: Assessment & Remediation Strategies
- Workshop 3: Remediation & Health Impacts
- Workshop 4: Infrastructure Support
- Workshop 5: Economic Redevelopment
- Workshop 6: Next Steps & Resources Plan



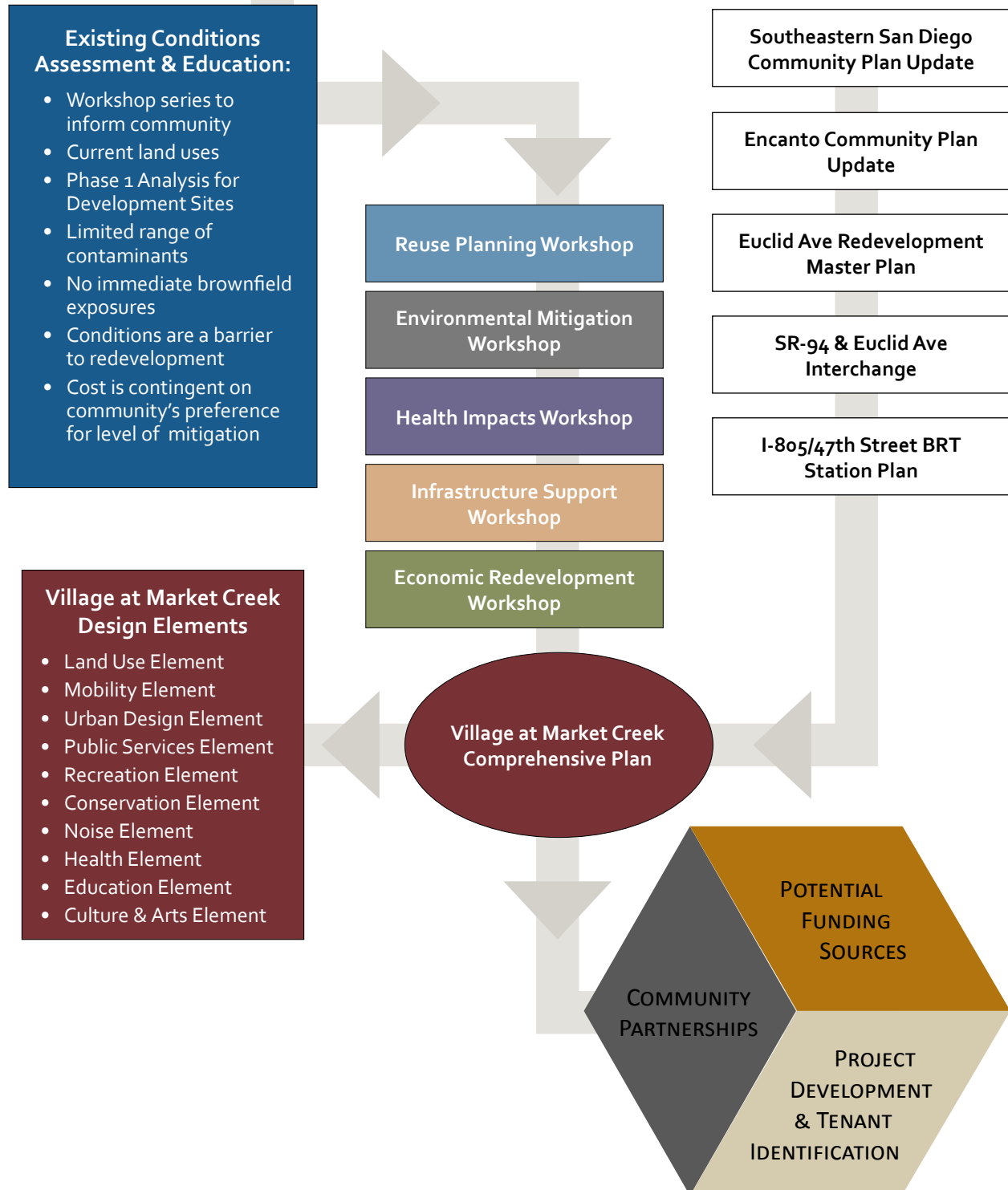
Introduction at Workshop Session



Workshop Topic Flow

THE VILLAGE AT MARKET CREEK VISION

VISION: A vibrant village which includes a large scale network of commercial cultural and residential projects that will create a landmark center for the Diamond Neighborhoods - planned, designed, built, managed, serviced, and owned by the community.



4.0 PUBLIC INPUT

4.1 COMMUNITY PROCESS: WORKSHOP SERIES

JCNI held a series of six workshops and community input sessions, totaling 20 community meetings, for the BF-AWP process. These workshops were an opportunity for the community learning as well as to gain input from the VOCAL group regarding how remediation would be addressed for revitalization within The Village study area. This input was used to explore different remediation options and for the community to understand the cost of remediation and how it impacts development costs. Ultimately, the VOCAL groups' input was used to inform the remediation strategy and potential land reuse for each site.

4.2 WORKSHOP 1: REUSE PLANNING

Objectives of the workshop included a general review of the current planned land uses and additional site planning efforts that had been conducted for the seven development sites. The objective of the land use process was to integrate land use with brownfield conditions through the following strategies:

- Maximize potential land use opportunities while minimizing risk and exposure
- Reconsider land uses on sites where clean up costs may be excessively high
- Determine when a full site cleanup is essential to development of The Village as a whole

The Village at Market Creek is included in the City of San Diego's Encanto Community Planning Area. The Encanto Community Planning Area is included in the Southeastern San Diego Community Plan. The Plan was last amended in 2009 and is currently being updated. The majority of the Village at Market Creek Study Area is planned for mixed-use development. However the vision for The Village at Market Creek identifies how each site will be developed in the future. This BF-AWP will inform future land use planning concepts.

The first workshop focused on the impact of brownfields on the current Village at Market Creek Vision. The Vision for The Village established the land uses. However, it was key for the community to understand what approach to remediation would be taken for each site. Because education was a key part of the process, the Workshop focused on the requirements for clean up when different uses are planned. Two assumptions were made: residential land use generally requires soil and groundwater to meet the strictest cleanup goals; commercial/Industrial land uses generally require environmentally impacted properties to receive less mitigation due to potentially limited human health exposure.

As land use becomes more intensive or involves longer periods of human occupied space, the clean up efforts will generally increase. In addition, any development site that requires a change in land use will require more extensive study and further mitigation.



Large retail anchor with shops along the street

The workshop began with KTU+A, a member of the professional team, leading an overview of the process of the BF-AWP. The VOCAL group was given the opportunity to review each site and the planned land uses associated with each site. In addition, the potential contaminants were identified per each site. The participants were then asked to comment about the strategy being pursued at each site.

BROWNFIELDS AREA-WIDE PLANNING ACTION PLAN

-  47th St Station 3/4 mi. Transit Shed
- Euclid + Market Land Use & Mobility Study
-  Southeastern San Diego Community Plan
- MIXED USE**
-  Community Commercial
-  Community Village
- COMMERCIAL AND OFFICE**
-  Commercial
-  Office
- RESIDENTIAL**
-  Single Family
-  Mobile Homes
-  Multiple Family
- INDUSTRIAL**
-  Light Industry
- PUBLIC FACILITIES AND UTILITIES**
-  Transportation, Communications, Utilities
-  Institutions and Education
- PARKS AND RECREATION**
-  Cemetary
-  Open Space, Parks, Recreation
- AGRICULTURE**
-  Intensive Agriculture
- UNDEVELOPED**
-  Vacant, Undeveloped



Existing Village at Market Creek Land Uses



Southeastern Community Plan Land Use Plan (First adopted 1987, amended 2005)



Proposed Euclid + Market Land Use & Mobility Land Use Plan

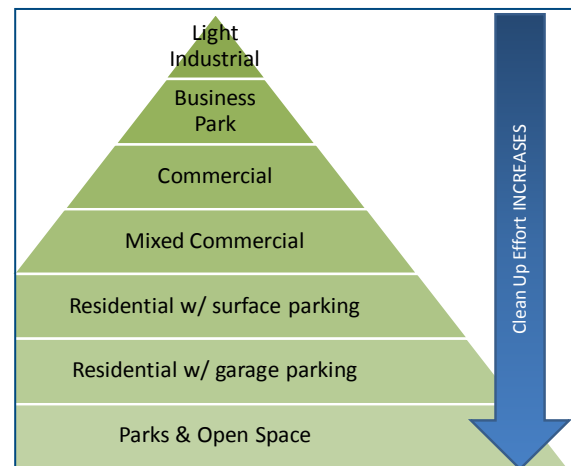
In general, concern was expressed over the statement that not all sites are required to be mitigated. A few in the VOCAL group felt that all sites should be cleaned up regardless of the land use or the costs. However, when a question was asked about the gap between mitigation required by law and completely “clean” land, the majority of the VOCAL group felt that the level of mitigation required by law was adequate and satisfactory.

The VOCAL group also voted on a number of different images. As a whole, the group liked the “main street” type shops. There was concern regarding accessibility primarily because of concern about how small the site is, the fact that it is across a busy road and this area may not be that walkable given the traffic on Euclid. Those that preferred the main street type indicated it seemed better because it could support smaller start up businesses. Overall, the group felt that the planned land uses should remain and that whatever mitigation was required should be pursued.

4.3 WORKSHOP 2: ASSESSMENT & REMEDIATION STRATEGIES

The Environmental Assessment workshop began with a review of Phase 1 assessments by the consultant team. Phase 1 reports were generated on the brownfield sites through a separate process and that information was addressed in this BF-AWP. Each site was reviewed for Phase 1 assessment and potential contaminants were identified and their respective remediation strategies.

Objectives of the environmental assessment workshop included identifying potential contaminants and their impacts, educating the community on how environmental assessments are made and deciding what an appropriate level of remediation means to the community. Strategies for moving forward with remediation will be discussed in this BF-AWP report. More specifically the environmental impacts to community health and economic development will also be discussed in direct relation to environmental assessment.



Relationship between land use & required mitigation

The Assessment & Remediation Strategies Workshop began with an overview of the assessment process for a brownfield site and the different remediation strategies. RINCON, another professional consultant, reviewed each site and the specific contaminants found on each site and the recommended remediation strategy. The remediation strategies that were reviewed were:

- Burial & cap
- Bioremediation
- Phytoremediation
- Thermal treatment
- Soil vapor extraction
- Dig & haul

The VOCAL group members were tasked with identifying a specific remediation strategy for each site. This was an exercise to gauge the community’s desire for the level of mitigation rather than a specific strategy. The community consistently selected remediation strategies that were more intensive clean ups than the land use required.

4.4 WORKSHOP 3: HEALTH AND THE VILLAGE

Health extends beyond The Village at Market Creek. Recognizing this, JCNi incorporated the results of the health needs assessment for southeastern San Diego completed by San Ysidro Health Centers (2010), funded by The California Endowment, into the BF-AWP process through identification of key health indicators. The health

workshop examined access to and the adequacy of health care delivery systems in the area. Intensive interviews were conducted with Elizabeth Bustos and Ed Martinez at San Ysidro Health Center; health care providers at Family Health Centers of San Diego; and Paula Guerra, Director of Programs, at Home Start. In addition, for a base of information over a 1,000 resident surveys were collected within the Southeastern San Diego and Encanto Planning Areas to understand the community's feelings about their own health and the resources available to them.

The health objectives for this BF-AWP process focused on understanding the health impacts from the environmental assessment. However, improving public health in the community is a foremost concern for area residents. Thus, connecting health issues generated by environmental mitigation with The Village at Market Creek Design Elements, and the physical environment is a key objective as well. The primary strategy for improving public health includes having a neighborhood-level baseline of health indicators that can be measured over time and a checklist to evaluate the health impact for each development.

Workshop 4 was a critical session for the community. One of the key concerns about the contaminants on the site is not only how it impacts current residents but how it will impact future generations if left in the sites in any capacity.

RINCON and Raimi and Associates, two of the professional team, joined efforts to review each site and the potential health impacts of the contaminants, potential ways that exposure could occur, and who could be exposed. The major sources of exposure were contact, ingestion, and air. Upon preliminary assessment, the consultant team believes that as long as the site is appropriately controlled by industry work standards, there is limited risk of exposure.

4.5 WORKSHOP 4: REUSE INFRASTRUCTURE

The infrastructure analysis is a regional assessment that is being completed to understand what infrastructures in terms of roads, conditions for pedestrians, bicyclists, community assets, and wet and dry utilities could potentially impact future development. The Southeastern San Diego and Encanto Planning Areas have not received any significant infrastructure upgrades in some time and there is a questions as to whether the area can even handle the intensity of development that is planned in the vision for The Village at Market Creek.

The objective of the analysis was to evaluate the adequacy of existing infrastructure to accommodate approximately 1,000 dwelling units and 800,000 square feet of proposed new development in The Village. The infrastructure analysis will be reviewed at the end of the document due to its comprehensive nature. Preliminary findings show that out of 25 key infrastructure categories, twelve categories are likely to be inadequate in condition for future development and in nine categories the adequacy of the listed item is uncertain.

INFRASTRUCTURE CATEGORIES

Inadequate

- Freeways
- Major Streets
- Collector Streets
- Local Streets/Off Street Paths
- Bicycle Access to Transit
- Motor Vehicle Access to Transit
- Sidewalks
- Crosswalks
- Bikeways
- Public Parks
- Chollas Creek/Trail Improvement
- Storm Drain Culvert

Likely Adequate

- Electric
- Telephone
- Cable
- Libraries

Adequacy Uncertain

- San Diego Trolley
- Bus Service
- Wastewater & Water
- Gas
- Schools
- Fire Services & Police Services
- Misc. Community Facilities



PHYSICAL PLANNING INCLUDES

- Transportation access and safety
- Mix of land uses
- Parks and open space
- Healthy and affordable housing

ECONOMIC PLANNING

- Jobs & Local ownership
- Healthy food access
- Neighborhood serving businesses
- Education, professional development & training



FAMILY & SOCIAL NETWORKS PLANNING

- Public safety
- Social connections, Community engagement
- Health
- Access to appropriate health and social services

CIVIC AND CULTURAL ARTS PLANNING

- Cultural identity and sharing
- Opportunities for creative expression
- Public art
- Social events

The Reuse Infrastructure Workshop was led by Rick Engineering, a member of the professional consulting team. The workshop provided a review of what infrastructure is in place within The Village at Market Creek. The consultant focused on education and the broad topic areas included in infrastructure. The estimated total cost of updating the existing infrastructure up to standards for additional use and development within The Village is over \$12.5 million.

JCNI is working within a regional framework, Sustainable San Diego, to address assets and defects in disadvantaged communities such as parks, public service, dry and wet utilities, and transportation options. The workshop included an overview of what infrastructure means to the community as well as funding mechanisms to update infrastructure in The Village.

4.6 WORKSHOP 5: ECONOMIC REDEVELOPMENT

Several development scenarios were evaluated for each of the seven sites as directed by the vision of The Village at Market Creek. Each site was evaluated in terms of economic viability and impact for uses ranging from strip retail center to flex industrial. The economic impacts to each site are impacted by a sites remediation strategies and the extra effort and cost it would require to develop the parcel. Each site was assessed for most realistic development scenario based on The Village at Market Creek Vision. Each development scenario examined development costs, gross sales/net operating income and residual land value, and illustrated potential direct job generation for each site.

The objective of the economic development is to understand how environmental assessment impacts the ability of The Village at Market Creek Vision to move forward from a potential future development viewpoint. The details of the economic analysis can be found at the end of this BF-AWP. Kaiser Marston (KMA), another consultant from the professional team presented a typical pro-forma or development cost scenario to the community and talked about the various components of it. In addition, KTU+A led a game based on Family Feud to help the community understand the balancing of cost within a pro-forma.

Workshop 5 also provided an opportunity to have a summary of the previous four workshops. KTU+A led the review of the effort to date and provided community members an opportunity to provide any additional information and redirection about the development strategy for each site. The community was satisfied with the progress and looked forward to the final report.

4.7 WORKSHOP 6: NEXT STEPS & RESOURCES

The last workshop focused on the next steps (action plan) and identifying strategies to fund the area-wide brownfield remediation and infrastructure changes. A key component of this workshop was addressing options to have the community lead or support the remediation rather than just hiring outside contractors. This could potentially lead to on-site job training and additional career opportunities.

5.0 SITE ASSESSMENT

5.1 SITE 1: HILLSIDE COMMERCIAL CONTEXT

This is an 8.07 acre site on the north side of Market Street, directly east of 47th Street. It is labeled as the Hillside Commercial Site by the community. The Hillside Commercial Site consists of three apartment buildings within the southern portion of the property and a large vacant lot, which formerly housed one residential structure, comprising the majority of the site area.

LAND USE

This site is currently identified for Light Industrial use per the City of San Diego. However, through current updates, the site is proposed to be changed to a mixed-use land use as Community Commercial. The proposed land use would allow for residential development up to 44 dwelling units per acre and larger commercial development that would support the neighborhood and surrounding communities.

CURRENT VISION INCLUDES

- Large retail anchor with small retail shops
- Parking garage

RECOMMENDATIONS

- Incorporate residential homes as a part of the site plan to buffer existing residential from proposed commercial development

CITY OF SAN DIEGO IDENTIFIES

- Land Use: Community Village to Community Commercial
- Density: 30-44 DU/AC
- Mixed Use, Retail, Residential

POTENTIAL ISSUES

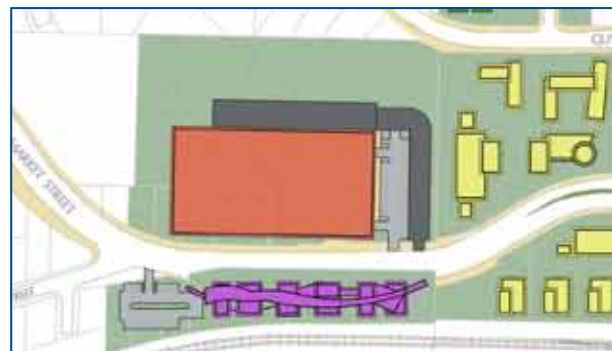
- Traffic/parking increase
- Transition from retail to residential homes



Locator Map



Photograph of Site



Site Plan

ECONOMIC DEVELOPMENT AND IMPLEMENTATION PLAN

These are the basic assumptions for pursuing the development of Hillside Commercial. JCNI owns a Limited Liability Corporation which has purchased several parcels and consolidated them as the site 1 over the last five years. This site includes the addresses of 4822 to 4838 Market Street. The total project site consists of seven properties of which five have been purchased and two are required to complete the large anchor retail ("big box", such as a Wal-Mart, Target, Home Depot, etc.) development. The purchased properties consist of the following:

- 4838 Market St., a seven-unit apartment building which is approximately 6816 square feet of land
- 4844 Market St., a duplex which is approximately 8,459 square feet of land.
- 4744 Market St., vacant land which is approximately 304,049 square feet of land.
- 4850 Market St., a seven-unit apartment building which is approximately 8,398 square feet of land.
- 4858 Market St., a vacant lot previously had apartments demolished several years ago, approximately 8,398 square feet of land.

The total land area necessary to satisfy the land requirements for a retail anchor, such as Wal-Mart, is 354,478 square feet of land or 8.14 acres of land at an estimated original land cost \$6,511,762. In addition to land cost, this project incurs demolition costs, possible cleanup costs, holding costs, property taxes during holding, marketing and on-site costs for constructing utilities. The total cost to meet the requirements of the user lease is estimated to be approximately \$9,100,000.

As previously discussed in the economic development workshop, several different development alternatives were considered and are detailed in the appendices. Development Scenario 1 illustrates the development cost and residual land value for a 120,000 sf Community Retail Center. The projected warranted investment based on an expected Return on Investment (ROI) of 9.0% is \$23,800,000. After deducting development costs of \$21,580,000, the residual land value is \$2,220,000. Development Scenario 2 tests low-rise multi-family apartments for rent. This scenario generates a negative residual land value after deducting development costs from the warranted investment based on appropriate Return on Investment (ROI). Development Scenario 3 tests flex-industrial as the land use. This scenario also generates a negative residual land value. A key issue would be the estimated site development costs due to the site's unique terrain. An estimated cost of \$10/sf was used for illustration purposes to address the terrain.

The Hillside Commercial has the opportunity to generate approximately 240 jobs through commercial development. An additional 4 jobs could be created through various positions related to multi-family housing. This would yield an additional 244 jobs for The Village and surrounding community members.

DRIVERS:

- JCNI has identified a potential large retail user that is ready, willing and able to lease the property, pay for construction of a compact, 2 story retail facility, and operate the site as a commercial/mixed use development.
- JCNI has conducted numerous reuse planning meetings about this user with the community and have outlined the general framework for which a deal can be negotiated.
- JCNI has conducted extensive discussions with the potential user including the execution of a Letter of Intent and the basic elements of the lease terms .
- No other use or users have been identified that are able to pay market rents.
- JCNI is motivated to expedite reuse of the property to reduce the continuing cash flow drain on the organization (approximately \$500,000 annually), that could ultimately result in loss of capital and assets (property), which is not a model for sustainability.

OPPORTUNITIES:

- Many key opportunities are the same as some of the drivers, such as an executed LOI, reducing the cash drain on the organization and a market rate user.
- Commercial land value will increase over time, making land within the Village at Market Creek footprint more valuable and allowing residents to become more selective about the tenant mix.
- The user will generate additional commercial traffic and that traffic and proximity to the large retail center will attract additional market rate paying users, creating opportunities for local businesses and reduced rental amounts for smaller local businesses locating within the Village.

CHALLENGES:

- Two Hillside parcels are currently zoned light industrial and the other four parcels plus the two additional parcels required for the large retail development are currently zoned residential. The development plan will require a community plan amendment and land use rezone through the City of San Diego, a process that could take 18 to 36 months.

CONSIDERATIONS:

- Site clean-up could be costly and delay the project
- A big problem with marketing the neighborhood is that residents have the habit of spending their discretionary income outside their community. The Village at Market Creek has not established itself as a location where residents and others are used to spending their retail dollars. Most area residents identify Broadway in Lemon Grove, College Grove, Mission Valley, Plaza Boulevard in National City or Sweetwater road in Spring Valley as places of commerce where they can purchase all their goods and services. However, with an operating "big box", residents, visitors and other users will visualize The Village at Market Creek as a place of commerce and retail and a place to invest consumer dollars.
- The increase in commerce will provide an immediate increase in employment with the potential to create 275 new job opportunities.

IMPLEMENTATION STRATEGIES:

- Apply to US EPA for Targeted Assessment Grant and Brownfields Cleanup Grant
- Conventional bank financing and retail tenant investment in development

ENVIRONMENTAL ASSESSMENT

Lead based paint (LBP) and asbestos may be present in some of the previous building materials. In addition, LBP and pesticides may be present in the shallow soils surrounding the current and former residences as a result of these building materials but further testing is required. Because the proposed plan for this property includes construction of a large retail store, parking garage, and large retaining wall, reuse would involve movement of large quantities of soil.

The assessment and remediation work plan and estimated costs to develop this site (as proposed) would include the following tasks:

- \$5,000 Survey for LBP and Asbestos in the three remaining on site structures
- \$15,000 Abatement of LBP and asbestos
- \$3,000 Phase I ESA for the northern portion of the site
- \$10,000 Phase II ESA

The costs to assess this site would be approximately \$33,000. Additional costs would be incurred if impacted soils are encountered during completion of the Phase II ESA and were remediated during development of the project. If site remediation were conducted with San Diego County Department of Environmental Health (DEH) Voluntary Assistance Program (VAP) oversight, additional consultant and agency fees would be incurred.

It should be noted that this estimate is based on a 2011 Phase I ESA of the southern portion of the subject property and LBP and pesticide impacted soils may not be present on site.

HEALTH IMPACTS

The potential health impacts from the environmental mitigations are minimal for Site 1. Currently for health impacts, the greatest concern is travel through dust. Proper containment will be a key focus.

POTENTIAL IMPACTS

- Small volumes of lead or burn-ash impacted soil

RECOMMENDATIONS

- Dig & haul lead or burn-ash impacted soil to a landfill/recycling facility

Project Phase	Potential Contaminants	Exposure Route	Exposed Population
<i>Demolition, Remediation, Construction</i>	<i>1. Lead Based Paint 2. Asbestos 3. Lead in soil 4. DUST (filled with above contaminants)</i>	<i>1. Eating 2. Breathing in 3. Touching and eating 4. Touching, eating, & breathing</i>	<i>- Workers / construction - Neighboring properties (if dust escapes from site and residents breathe it in)</i>
<i>Post-construction / Post remediation</i>	<i>None</i>	<i>None</i>	<i>None</i>

SITE 1: HILLSIDE COMMERCIAL SWOT RESULTS				
	STRENGTH	WEAKNESSES	Opportunities	THREATS
LAND USE	<ul style="list-style-type: none"> Currently a vacant site. 	<ul style="list-style-type: none"> Surrounding areas are established residential communities with great views. 	<ul style="list-style-type: none"> Large site available for redevelopment. 	<ul style="list-style-type: none"> Additional traffic would negatively impact Market St & Euclid Ave signal.
ENVIRONMENTAL	<ul style="list-style-type: none"> Minimal levels of contamination is suggested by preliminary findings. 			<ul style="list-style-type: none"> Moving soil for a parking garage could increase clean up costs.
HEALTH			<ul style="list-style-type: none"> Site design could encourage north - south pedestrian & bicycle connectivity from Guymon to Market. 	<ul style="list-style-type: none"> Contaminated dust from soil removal & impact on residents living adjacent to site.
ECONOMIC	<ul style="list-style-type: none"> Project will identify the area as a commercial destination. Centrally located between two major intersections. 	<ul style="list-style-type: none"> Tenant may not be willing to consider more innovative design forms and better use of land. 	<ul style="list-style-type: none"> Economic downturn can encourage better design. Large tenant interest Jobs creation. 	<ul style="list-style-type: none"> Carrying costs on 9 ac site are significant.
Infrastructure		<ul style="list-style-type: none"> Site does not currently have sidewalks along Market Street. Streets may not be able to handle traffic. 		<ul style="list-style-type: none"> Surrounding utilities infrastructure is unlikely to be adequate to support additional intensity.
OTHER	<ul style="list-style-type: none"> High Visibility 	<ul style="list-style-type: none"> Significant amount of topography to address. 		<ul style="list-style-type: none"> Lack of funding to address infrastructure needs. Potential community "push back" to big box retailer.

5.2 SITE 2: NORTHWEST VILLAGE COMMERCIAL

CONTEXT

The Northwest Village (NWV) Commercial site is located on the northwest corner of Euclid and Market Street and consists of 372,002 square feet of land or approximately 8.54 acres. Today it consists of two retail structures within the eastern portion of the property with a vacant lot comprising the majority of the site area. One of the retail structures is operated as a fast food restaurant, Church's Chicken, while the other is a multi-tenant office. NWV Commercial consists of four projects or phases and will be discussed further in the Economic Development and Implementation Section.



Locator Map

LAND USE

The site is currently planned for mixed use, Neighborhood Village. However, it is anticipated that the site will be designated as Community Village, which includes the ability to have a higher intensity blend of uses on the site. The proposed land use would allow for a density of multi-family homes between 30-44 dwelling units per acre. In addition, retail and office would be encouraged. The site plan shows a number of freestanding retail buildings and includes trail additions and restoration of Chollas Creek. A Walgreens is planned for the northern portion of the site.



Photograph of Site

CURRENT VISION INCLUDES

- Walgreens
- Retail shops with office above or tall retail shops
- Chollas Creek restoration & enhancement
- Park, trails & footbridge incorporated at Creek

RECOMMENDATIONS

- Incorporate residential homes as a part of the site plan along the Chollas Creek or above retail spaces. Seek reduced parking requirements from the City of San Diego for Transit Oriented Development.



Site Plan

CITY OF SAN DIEGO IDENTIFIES

- Neighborhood Village to Community Village
- Density: 30-44 DU/AC
- Mixed Use, Retail, Residential

POTENTIAL ISSUES

- Traffic increase
- Intensity is limited by available parking
- Located within 100 yr. and 500 yr. flood zone

ECONOMIC DEVELOPMENT AND IMPLEMENTATION PLAN

The Northwest Village Commercial for implementation has been divided into four phases. The overall plan includes a Walgreens, retail and housing.

- Phase I is a Walgreens store
- Phase II is 45,000 square feet of retail
- Phase III is the NWV creek restoration and improvement
- Phase IV consist of 100 housing units (apartments)

NWV Creek (Phase III) must be completed before Phase II and Phase IV can begin. Portions of Phase II and Phase IV are located within what is designated by FEMA as a "100 Year Flood Plain", so restoration of the creek must be completed and approved before construction can be permitted.

The intended Walgreens site was purchased in June 2004 for approximately \$2,000,000. At that time the property was zoned only for industrial uses; in 2008 the land was rezoned to allow for retail and residential (mixed use) development.

Prior to 2000, the residents of the Diamond Neighborhoods expressed an interest in having a pharmacy on that site. The closet pharmacy to this area is located at Euclid and Federal (two miles away) and was built in 1959. In June 2011, Northwest Village LLC executed a lease with Walgreens Corporation requiring that it pay an initial annual rent payment of \$180,000 and construct a 14,490 square foot drug store on land owned by Northwest Village LLC. An additional driver for this development is the goal of to develop our community's busiest corner, Euclid Avenue and Market Street.

Development Scenario 1 according to KMA illustrates the development costs and residual land value for a 42,000 sf Community Retail Center. The warranted investment based on an expected Return on Investment (ROI) of 9.0% is \$8,330,000. After deducting development costs of \$7,055,000, the residual land value is \$1,275,000. Development Scenario 2 tests low-rise multi-family apartments. This Scenario generates a negative residual land value after deducting development costs from the capitalized net operating income. Development Scenario 3 tests flex-industrial as the land use. This scenario also generates a negative residual land value.

In terms of jobs creation, Site 2 has the second highest potential for new jobs. The opening of a pharmacy would create approximately 84 new jobs. In addition, jobs related to the multi-family residences would account for an additional 2 jobs and 18 jobs related to flex industrial for a total of 104 new jobs.

DRIVERS:

- National Credit Tenant –We have executed a lease with Walgreens and we are contractually obligated to deliver them the site.
- Residents have requested and planned for a pharmacy for over a decade; a new pharmacy has not been built in this community since 1959.
- Market Rents – We do not have a large commercial tenant in the foreseeable future ready, willing and able to pay market rents for that site.
- Asset Performance – Neither JCNI nor this community can continue to carry non-money producing assets that drain organizational and community resources.
- Current Economic Conditions and Timing -- during recessions we have less competition, therefore we have a greater ability to attract investment.
- Organizational credibility - JCNI can deliver on a promise to develop a pharmacy

OPPORTUNITIES:

- 35 employment or jobs opportunities will be created
- Pharmaceutical services to the community - close to residents
- Cash rents which is cash flow to community for 70 years with the opportunity to spend these resources
- Increase commercial property value which increase future resources to the community
- Visible project will create additional commercial interest

CHALLENGES:

- Governmental approval – City staff could deny approval for, delay or add cost to the project, so that it is not feasible.
- Walgreens terminates its commitment
- Inability to get a conventional loan to finance the construction of the site improvements

CONSIDERATIONS:

- Site clean-up can be costly and delay the project
- Increases in the cost of the project
- Government delays (permitting)
- The cost to build and maintain temporary drainage until the permanent creek project is built

IMPLEMENTATION STRATEGIES:

- Conventional bank and tenant financing partnerships to develop the site
- State funding (grants from Strategic Resources Council agencies) to restore and enhance the creek segment.

ENVIRONMENTAL ASSESSMENT

LBP and asbestos may be present in some of the building materials at the Northwest Village Commercial site. A residential building and a roofing company formerly occupied what is now the vacant portion of the site, and a gas / service station and automotive repair facility formerly occupied the southeast corner of the site. In addition, lead may be present in the shallow soils surrounding the current and former structures. Above ground storage tanks (ASTs) containing tar were observed during a 1999 site visit. If present, hydrocarbon (fuel and tar) impacted soil at the former service station/repair shop and the former roofing company may require monitoring and remediation. In addition, lead impacted burn-ash or fill material may be present on site and would require monitoring and remediation if these areas are disturbed. The proposed redevelopment plan for this property includes construction of a 2 to 3 story mixed commercial/retail and residential structure with surface parking.

The assessment and remediation work plan and estimated costs to develop this site as a mixed commercial/retail and residential property with surface parking would include the following tasks:

- \$5,000 Survey for LBP and Asbestos in the remaining on-site structures
- \$15,000 Abatement of LBP and asbestos
- \$40,000 Phase II ESA for lead, fill material, burn-ash, and hydrocarbons in on site soils

The cost to assess this site would be approximately \$60,000. Additional costs would be incurred if impacted soils are encountered during completion of the Phase II ESA and were remediated during development of the project. If site remediation were conducted with San Diego County Department of Environmental Health (DEH) Voluntary Assistance Program (VAP) oversight, additional consultant and Agency fees would be incurred.

HEALTH IMPACTS

POTENTIAL IMPACTS

- Small volumes of lead and burn-ash impacted soil,
- Shallow and deep hydrocarbon impacted soil
- Shallow and deep VOC impacted soil

RECOMMENDATIONS

- Dig & haul lead or burn-ash impacted soil to a landfill/recycling facility
- Dig & haul shallow hydrocarbon and lead impacted soil to a landfill/recycling facility
- Manage in Place deep hydrocarbon and lead impacted soil on site beneath grade level project

Project Phase	Potential Contaminants	Exposure Route	Exposed Population
<i>Demolition, Remediation, Construction</i>	<ol style="list-style-type: none"> 1. Lead Based Paint 2. Asbestos 3. Lead in soil 4. Hydrocarbons 5. Volatile Organic Compounds* 6. Burn ash 7. DUST (filled with above contaminants) 	<ol style="list-style-type: none"> 1. Eating 2. Breathing in 3. Touching & eating 4. Touching & eating 5. Touching, eating, & breathing 6. Touching & eating 7. Touching, eating, & breathing 	<ul style="list-style-type: none"> - Workers / construction - Neighboring properties (if dust escapes from site and residents breathe it in)
<i>Post-construction / Post remediation</i>	<i>- Limited soil contamination under new buildings & parking lot</i>	<i>- Touching, eating, & breathing if underground soil is exposed</i>	<i>- Utility repair workers</i>

SITE 2: NORTHWEST VILLAGE COMMERCIAL SWOT RESULTS				
	STRENGTH	WEAKNESSES	Opportunities	THREATS
LAND USE	<ul style="list-style-type: none"> • Site has high visibility. • Site plan is moving forward and tenants have been identified. 	<ul style="list-style-type: none"> • Market & Euclid intersection has traffic back ups due to the trolley. Additional intensity would only worsen the situation without some traffic changes. 	<ul style="list-style-type: none"> • If Site shared parking w/ Euclid Trolley Station & Market Street Light Industrial Office Park (Site 5), there is an opportunity for additional density. 	<ul style="list-style-type: none"> • Additional traffic would negatively impact Market St & Euclid Ave signal.
	<ul style="list-style-type: none"> • Site will be cleaned up per requirements of the tenants. 	<ul style="list-style-type: none"> • Due to previous uses on site, additional assessment is needed. 		
ENVIRONMENTAL				
	<ul style="list-style-type: none"> • The addition of a pharmacy is a desired community health asset. 		<ul style="list-style-type: none"> • 15' Sidewalk connections along Euclid and Market would greatly enhance the walking environment on both streets. 	
HEALTH				
	<ul style="list-style-type: none"> • Centrally located. • Project would reinforce the Market Creek Plaza as a place of commerce. 		<ul style="list-style-type: none"> • Potential for Jobs creation • Economic downturn can encourage better design. 	<ul style="list-style-type: none"> • Funding and costs for transportation infrastructure.
ECONOMIC				
	<ul style="list-style-type: none"> • Some surrounding utilities infrastructure will be addressed per the Northwest Village site plan. 	<ul style="list-style-type: none"> • Transportation infrastructure requires upgrade and would increase cost burden to project. 	<ul style="list-style-type: none"> • 15' Sidewalk connections along Euclid and Market would improve community connectivity. 	<ul style="list-style-type: none"> • Surrounding utilities infrastructure is unlikely to be adequate to support additional intensity.
INFRASTRUCTURE				
OTHER				

5.3 SITE 3: MCP FESTIVAL OFFICE PARK

CONTEXT

The MCP Festival Office Park site is a total legal parcel is approximately 80,934 square feet. Site 3 consists of land located at the southwest corner of the Market Creek Plaza shopping center. For future plans, there are two components to this site: park and office. Festival Park is currently being designed through the community engagement process and will move into the construction phase in the near future.

LAND USE

The MCP Festival Office Park site is currently identified as Commercial Use. The proposed land use would accommodate the vision of a small office building but would not formally recognize the park component of the site. The office park will be located next to the restored Chollas Creek and will incorporate an active park. It is recommended that in the community plan update, the parcel be identified as commercial.

CURRENT VISION INCLUDES

- 1 office building with small business incubators
- An active park that connects to Chollas Creek
- Additional parking provided

RECOMMENDATIONS

- Count the area as park for development requirements

CITY OF SAN DIEGO IDENTIFIES

- Community Village
- Retail, Office Park

POTENTIAL ISSUES

- Additional traffic through the retail area
- Impacts to the creek
- Integral land use of office park with active community park



Locator Map



Photograph of Site



Site Plan



Community Developed Site Plan

ECONOMIC DEVELOPMENT AND IMPLEMENTATION PLAN

The MCP Festival Office Park has two projects or phases. The Festival Park project consist of 36,842 square feet or 46% of the larger MCP Festival Office Park. Festival Park includes the development, design, construction and maintenance of a public neighborhood park. The park will consist of 10 cultural houses, several trees, a shade structure, basketball court, two tot lots with gym equipment, game tables, benches, lighting, walking trails and barbeque pits.

The development plans for the balance of the site includes the development of a 12,000 square foot office building that can generate revenues and reduce the land cost. The residents have always designated this site and we currently use this site a public park space, so when the opportunity presented itself, i.e. receiving 80% funding from the city, we leaped at the opportunity. Beside the land issues, an immediate challenge is raising the additional 20% or \$272,000 of funding required for construction of the park and the construction start date is scheduled to occur by the end of 2012.

DRIVERS:

- Since 1999, the recreational area within the park has been approved in the community plan for playgrounds, green space, and other uses.
- The community has planned and prioritized development of new park land with The Village at Market Creek through multiple surveys and public meetings.
- The City of San Diego has received state funding (\$846,000 grant) and allocated it to JCNI to develop the public park.

OPPORTUNITIES:

- The office building portion of Festival Park potentially will be a compatible use with the park such as JCNI headquarters, Tubman-Chavez Community Center or a child development center.
- The office building site may also be used for a community garden site if funds are raised to purchase the land from MCP.
- JCNI may also receive park credit toward the development of housing units located in the Village at Market Creek.

CHALLENGES:

- The state grant covers 80% of park development; additional funds to complete the project must be obtained from other sources, such as private philanthropy.
- The recreational portion of the land will be maintained and operated as a public park for ten years after development of recreational amenities.
- Keeping the land restricted for park use in perpetuity will require stakeholders' and community consensus (MCP).
- Festival Park is located on land owned by Market Creek Partners (MCP) but JCNI has a long term land lease.
- Funding maintenance of the park requires additional ongoing resources after development.

CONSIDERATIONS:

- How do we pay for the land if it is to kept as a park beyond ten years and how do we address the decreased value of the land.

IMPLEMENTATION STRATEGIES:

- Public grant funding to develop park
- Philanthropic funding to complete the park project
- Public/private funding to purchase the land for permanent park use and/or create community garden on office site portion
- Conventional financing, HUD CDBG grants, other public/private sources to develop office building

ENVIRONMENTAL ASSESSMENT

The site is a small portion of the former Fleet Aerospace/Langley Corporation facility, an aerospace manufacturing company that operated until 1998. The former Fleet Aerospace/Langley Corporation facility was remediated in 1999. The presence of two soil piles of unknown origin and the potential presence of burn-ash (metals), hydrocarbons, and volatile organic compounds (VOCs) in the soil piles are a concern at this site. In addition, low concentrations of VOC impacted groundwater may be present between 88 -103 feet below grade. The proposed plan for this property includes construction of one office building and a pedestrian park/plaza area. Based on the type of construction planned for this site, groundwater is not expected to be a concern for future development.

The assessment and remediation work plan and estimated cost to develop this site with one office building and park/plaza would include the following tasks:

- \$5,000 Phase II ESA for metals, VOCs, and hydrocarbons in on site soil piles
- \$10,000+ Remediate lead, metals or hydrocarbon impacted soil (if necessary)

The approximate cost to assess and remediate this site for commercial/park development would be approximately \$15,000. If site remediation were conducted with San Diego County DEH VAP oversight, additional consultant and Agency fees would be incurred. This estimate is based on the 1999 and 2011 Phase I ESAs completed for the subject property.

HEALTH IMPACTS

POTENTIAL IMPACTS

- Hydrocarbon impacted soil in soil piles
- VOC impacted groundwater (deep)

RECOMMENDATIONS

- Landfill/recycling facility disposal of soil pile
- Health Risk Assessment for VOCs remaining in place in groundwater

Project Phase	Potential Contaminants	Exposure Route	Exposed Population
Demolition, Remediation, Construction	1. Hydrocarbons / VOCS in soil piles/fill (unknown.) 2. VOCs in groundwater (deep) 3. DUST (filled with above contaminants)	1. Touching, eating, & breathing 2. Touching, eating, & breathing 3. Touching, eating, & breathing	- Workers / construction - Neighboring properties (if dust escapes from site & residents breathe it in)
Post-construction / Post remediation	- VOCs in Groundwater	- Breathing in vapors	- Utility repair workers

BROWNFIELDS AREA-WIDE PLANNING ACTION PLAN

SITE 3: MCP FESTIVAL OFFICE PARK SWOT RESULTS				
	STRENGTH	WEAKNESSES	Opportunities	THREATS
LAND USE	<ul style="list-style-type: none"> • Site is currently being designed & construction planned. • Adjacency to Market Creek Plaza & JCNl. 	<ul style="list-style-type: none"> • Small footprint does not accommodate much office and parking space. 	<ul style="list-style-type: none"> • Could increase foot traffic through the Market Creek Plaza to the Park. 	<ul style="list-style-type: none"> • Could potentially add parking numbers to the Market Creek Plaza.
	<ul style="list-style-type: none"> • Permitting for park is complete. 	<ul style="list-style-type: none"> • More clean up in this area should be considered since the land will become a park and be utilized as office space. 	<ul style="list-style-type: none"> • Additional park area will increase permeable area and encourage better stormwater management. 	
HEALTH	<ul style="list-style-type: none"> • Park can connect to area-wide trail system. • Park can incorporate active & passive play standards. 	<ul style="list-style-type: none"> • Additional park space is a needed community asset. 	<ul style="list-style-type: none"> • Jobs creation thru construction & maintenance efforts. • Project design will increase play, bicycle and pedestrian activities. 	<ul style="list-style-type: none"> • The park is tucked away and nighttime visibility/access and safety should be a key priority in design.
	<ul style="list-style-type: none"> • \$845,000 state grant obtained for park development. • The MCP Festival Office Park will solidify the Market Creek Plaza as a place of commerce. 		<ul style="list-style-type: none"> • Economic downturn can encourage better design. 	
Infrastructure	<ul style="list-style-type: none"> • Connects to recreation Creek trails. 	<ul style="list-style-type: none"> • The trail system is currently disjointed along Chollas Creek. 		<ul style="list-style-type: none"> • Surrounding utilities infrastructure is unknown if adequate to support additional intensity.
		<ul style="list-style-type: none"> • Maintenance funding plan for park as a public asset is needed. 	<ul style="list-style-type: none"> • Universal access connections should be planned for to connect to the Southwest Village Site (Site 7). 	
OTHER				

5.4 SITE 4: NARANJA COMMERCIAL CONTEXT

The Naranja Commercial project is located on approximately 42,000 square feet on the Northeast Corner of Naranja Street and Euclid Avenue. The Naranja Commercial site consists of a vacant lot that has reportedly been undeveloped since at least 1928. This is a 1.00 acre site on the east side of Euclid Avenue directly south of the MTS Trolley line.

LAND USE

The Naranja Commercial site is identified as Light Industrial in the current City of San Diego land use map. However, it is anticipated that this site will change over to Community Village. The Community Village designation would allow for mixed use including residential, office, and retail. The Village at Market Creek Vision calls for the site to be developed with minimum 5 freestanding retail structures.

CURRENT VISION INCLUDES

- Mixed use
- Previously discussed retail with office above or business incubator

CITY OF SAN DIEGO IDENTIFIES

- Land Use: Community Village
- Density: 30-44 DU/AC
- Mixed Use, Retail, Residential

POTENTIAL ISSUES

- Extremely small site limits development



Locator Map



Photograph of Site



Site Plan

ECONOMIC DEVELOPMENT AND IMPLEMENTATION PLAN

The land consists of two legal parcels purchased by JCNi within the last two years. The first parcel was a vacant lot and the second parcel consisted of 28 substandard apartment units of housing that was demolished for health and aesthetic reasons. The site is currently zoned for light industrial and the proposed re-use is retail commercial. Therefore, the development plan would require a community plan amendment and land use rezone through the City of San Diego, a process that could take 18 to 24 months.

Development Scenario 1 illustrates the development costs and residual land value for an 11,000 sf Community Retail Center. The projected warranted investment based on an expected Return on Investment (ROI) of 9.0% is \$2,181,667. After deducting development costs of \$2,138,000, the residual land value is \$43,667. Development Scenario 2 tests residential townhomes/duplex, for sale. This scenario generates a residual land value of \$737,000 after deducting development costs of \$6,223,000 from the net sales proceeds of \$6,960,000.

Although the site is small, there is still an opportunity for jobs creation. There is a potential tenant/buyer for this site and any related retail business could create 22 additional jobs for the community.

DRIVERS:

- National Credit Tenants (tenants that banks will approve)
- Market Rents – Tenants able to pay a rental rate regardless of location
- New Market Tax Credits – Sources of equity are required to make a project move forward
- Current Economic conditions – During the recession, we have less competition for tenants.

OPPORTUNITIES:

- Interest has been expressed by national credit tenants
- Prospective tenants can pay market rents
- National tenants could pay 61% of the rents to sustain the center while occupying only 43% of the 9,726 square feet comprising the site. This development plan provides opportunities to support lower rents for local tenant businesses, increasing ownership in The Village area.
- NMTCs have been extended and legislation is pending to make them permanent, if approved.

CHALLENGES:

- Opportunity to capture national credit tenants may weaken as the economy recovers because retailers will have other options to invest their time and capital.
- Commitment of NMTCs (must have a commitment from lender and equity partner)
- Leasing the balance of the center at rents required by the pro forma
- Assessment and if needed cleanup of site for retail level usage
- Community acceptance or opposition can stop or delay tenant leases and development.
- Local leasing (ability to find local users willing, ready and able)

CONSIDERATIONS:

- Assuring that a commitment from national credit tenants is obtained depends on market timing, expediting community review/vetting of potential tenants

IMPLEMENTATION STRATEGIES:

- Apply to US EPA Region 9 for Targeted Assessment Grant
- Apply to Department of Toxic Substances Control (State) for EPA Revolving Loan fund for clean up resources, if needed
- Conventional bank financing with tenant investment in development, or
- Sale of land to future user/developer (retail or restaurant)

ENVIRONMENTAL ASSESSMENT

Based on the most recent 2010 Phase I ESA, it appears that soil piles are present on site and that the property is located adjacent to the railroad right-of-way. Based on this information, there is a potential for fill material and burn-ash to be present in the soil piles and hydrocarbon, pesticide, or metal impacted soil to be present along the adjacent railroad tracks to the north. The proposed plan for this property includes construction of a retail structure that will utilize currently available street parking. The assessment and remediation work plan and estimated cost to develop this site as proposed, would include the following tasks:

- \$10,000 Phase II ESA for lead, metals and hydrocarbons in soil piles and shallow soils
- \$15,000+ Remediate shallow impacted soils or soil piles (if necessary)

If a minimal volume of soil is impacted, the costs to assess and remediate this site as proposed would be approximately \$25,000. If site remediation were conducted with San Diego County DEH VAP oversight, additional consultant and Agency fees would be incurred. This estimate is based on a 2010 Phase I ESA of the subject property.

HEALTH IMPACTS

POTENTIAL IMPACTS

- Small volumes of metals or burn-ash impacted soil in debris/soil piles
- Small volumes of shallow metals and hydrocarbon impacted soil near railroad tracks

RECOMMENDATIONS

- Dig & haul metals or burn-ash impacted soil to a landfill/recycling facility
- Dig & haul shallow hydrocarbon and lead impacted soil to a landfill/recycling facility

Project Phase	Potential Contaminants	Exposure Route	Exposed Population
<i>Demolition, Remediation, Construction</i>	<ol style="list-style-type: none"> 1. <i>Metals (including lead) in soil</i> 2. <i>Fill material / burn ash</i> 3. <i>Hydrocarbons in soil (railroad)</i> 4. <i>DUST (filled with above contaminants)</i> 		<ul style="list-style-type: none"> - <i>Workers / construction</i> - <i>Neighboring properties (if dust escapes from site & residents breathe it in)</i>
<i>Post-construction / Post remediation</i>	<i>None</i>	<i>None</i>	<i>None</i>

SITE 4: NARANJA COMMERCIAL SITE SWOT RESULTS				
	STRENGTH	WEAKNESSES	Opportunities	THREATS
LAND USE	<ul style="list-style-type: none"> • Currently a vacant site. • Surrounding areas are established commercial and residential areas. 	<ul style="list-style-type: none"> • Small site limits development potential. 	<ul style="list-style-type: none"> • Site could immediately accommodate a convenience store or restaurant. 	<ul style="list-style-type: none"> • Additional traffic would negatively impact Market St & Euclid Ave signal.
ENVIRONMENTAL	<ul style="list-style-type: none"> • Minimal clean up would be required as site would largely be capped with concrete. 	<ul style="list-style-type: none"> • Clean up of the site could impact future users. 		
HEALTH		<ul style="list-style-type: none"> • Additional uses that support tobacco and alcohol are not encouraged by the community. 		
ECONOMIC	<ul style="list-style-type: none"> • Centrally located. • Project is located at a major street. 		<ul style="list-style-type: none"> • Economic downturn can encourage better design . • Project could create jobs. 	
Infrastructure		<ul style="list-style-type: none"> • Current sidewalk connections in this area are minimal. 	<ul style="list-style-type: none"> • Widened sidewalks could enhance the pedestrian environment. • Tenant/buyer interest. 	<ul style="list-style-type: none"> • Surrounding utilities infrastructure is unlikely to be adequate to support additional intensity.
OTHER				<ul style="list-style-type: none"> • Lack of funding to address infrastructure needs.

5.5 SITE 5: MARKET STREET LIGHT INDUSTRIAL & OFFICE

CONTEXT

This is a 7.06 acre site east of Euclid Avenue directly south of Market Street. The Market Street Light Industrial and Office site consists of one industrial building as well as two adjacent and vacant contiguous parcels.

The proposed plan for this property includes continued use of the industrial building currently present on site and construction of a partially below grade parking structure with office and light industrial structures at street level.



Locator Map

LAND USE

The current land use for this site is designated as industrial but The Village at Market Creek Vision sees this area as a light industrial use or business park setting with business incubators. One of the key goals for this area is job generation. There is an opportunity to bring in new economic interests and job potential resulting from new businesses and employers.



Photograph of Site

CURRENT VISION INCLUDES

- 1 office building/light Industrial space
- Chollas Creek restoration & trails connections
- Additional parking provided

CITY OF SAN DIEGO IDENTIFIES

- Light Industrial

POTENTIAL ISSUES

- Additional traffic at Market & Euclid
- Impacts to Chollas Creek if Chollas Creek is not restored as a part of the business park redevelopment



Site Plan

ECONOMIC DEVELOPMENT AND IMPLEMENTATION PLAN

The Market Street Light Industrial and Office site consists of seven legal parcels, 548-040-06 thru 12. Two parcels, 548-040-06 & 07 are owned by Youth World LLC, purchased in June 2000 and the remaining five parcels are owned by MJB Partners and were purchased in January 2002. The total site consists of approximately 307,534 square feet or 7.06 acres of land. On approximately 2.5 acres of the eastern portion of the site, a 45,000 square foot office/warehouse is located. The building is divided into 10,000 square feet of office (business incubator space) and 35,000 square feet of industrial warehouse space. Incubator space is used to provide supportive, inexpensive and small office and industry space for upstart businesses. Businesses can get started by investing a small amount of capital and a shorter period and commitment of time until their business is up and sustainable.

On the southern portion of the site is a trail, segment of Chollas Creek and open space easement of approximately 2 acres. This space has been improved in partnership with the City of San Diego and JCNi. Consisting of two acres of open space, this site includes an 850 lineal foot decomposed gravel creek trail, benches and interpretive signage.

There is approximately 2.5 acres remaining for a new development. The site will be approximately 600 lineal feet by 180 lineal feet. The longest portion of the site is along Market Street, so the building will be visible along Market Street. Development will consist of a three story office building with 60,910 square feet of office space. JCNI intends to market the space to a "green industry" user looking to start or expand in that industry, thereby producing opportunities for local living wage jobs and employment. A 23,470 square foot industry building is proposed in this development plan as well, the industrial space will provide small local businesses an opportunity to grow and expand as well as hire local residents. In addition a parking structure with 177 parking spaces is proposed for this development. The proposed development will be connected to the restored creek to offer workers a campus-like feel and recreational resource.

Development Scenario 1 illustrates the development costs and residual land value for a 66,000 sf Strip Retail Center. The projected warranted investment based on an expected Return on Investment (ROI) of 9.0% is \$13,090,000. After deducting development costs of \$12,504,000, the residual land value is \$586,000. Development Scenario 2 tests multifamily apartments for rent. This scenario generates a negative residual land value after deducting development costs from the capitalized net operating income. Development Scenario 3 tests flex-industrial as the land use. Development Scenario 4 tests a low rise office building. Both scenarios generate a negative residual value.

Despite the negative residual value, Site 5 has the potential to generate 440 jobs in retail and industrial sectors. Partnerships with a community development corporation would achieve optimal job creation and on-site training.

DRIVERS:

- Potential for green jobs and development of a work center that is close to transit and TOD amenities
- Community consensus on redevelopment use for commercial/light industry
- Current zoning matches the community's reuse vision.

OPPORTUNITIES:

- Easy access to public transit and major highway (Martin Luther King/ 94 freeway)
- Area is historically used for manufacturing and office space

CHALLENGES:

- Site is suspected of having soils contamination (Freon, lead dust) but not yet assessed
- Obtaining brownfield cleanup resources
- Locating a green industry or commercial tenant/partner
- Infrastructure is incomplete and inadequate
- Lingering recession limits expansion to area for light industrial and office tenants

CONSIDERATIONS:

- Close proximity of site to school, library and civic/community facilities at Euclid/Market hub

IMPLEMENTATION STRATEGIES:

- Apply to US EPA Region 9 for Targeted Assessment Grant
- Apply to US EPA and/or Department of Toxic Substances Control (State) for EPA Revolving Loan fund for clean up resources, if needed
- Conventional bank financing with tenant investment in development, or
- Partnership with a community/workforce development agency or educational institution; or
- Sale of land to future user/developer (commercial or light manufacturing)
- Market site to green industry user
- Ability to use new market tax credits for the site

ENVIRONMENTAL ASSESSMENT

The areas of impacted soil are located within the limits of the current industrial facility and will likely not be disturbed during redevelopment: 1) former UST area, 2) clarifier sump area, and 3) Freon area. However, if the former UST area located in the southeast corner of the property or the clarifier/sump area located at the northeast corner of the existing site structure are disturbed during redevelopment, monitoring and remediation will be required. Freon was previously detected in soil vapor beneath the existing site structure, therefore, additional testing or remediation may be necessary in this area if it is disturbed during redevelopment. Additionally, if the current on site structure is demolished or remodeled, LBP and asbestos may be present in some of the building materials. The assessment and remediation work plan and estimated cost to 1) redevelop the existing structure and 2) develop the vacant areas of this site with a partially below grade parking structure with office and light industrial structures at the street level, would include tasks for redeveloping the existing structure and vacant area.

Redevelop Existing Structure

- \$5,000 Survey for LBP and Asbestos in the on-site structure
- \$20,000 Abatement of LBP and asbestos
- \$40,000 Remediate and assess hydrocarbon impacted soils (sump and clarifier)
- \$20,000 Monitor Freon impacted areas during demolition/construction
- Total cost to implement the assessment, remediation, and monitor tasks identified above = \$85,000.

Develop Vacant Area

- \$3,000 Phase I ESA for the western portion of the property
- \$15,000 Phase II ESA
- Total cost to assess for a below grade parking structure with office/light industrial structures = \$18,000.

Additional costs would be incurred if impacted soils are encountered during completion of the Phase II ESA and were remediated during development of the project. If site remediation were conducted with San Diego County DEH VAP oversight, additional consultant and Agency fees would be incurred. This estimate is based on a 2011 Phase I ESA and a 2011 Phase II ESA of the eastern portion of the subject property.

HEALTH IMPACTS

POTENTIAL IMPACTS

- Small volumes of metals or burn-ash impacted soil
- Freon in Soil Vapor
- Small volumes of hydrocarbon impacted soil

RECOMMENDATIONS

- Dig & haul metals or burn-ash impacted soil to a landfill/recycling facility
- Monitor Freon during grading at some locations
- Dig & haul shallow hydrocarbon impacted soil to a landfill/recycling facility

Project Phase	Potential Contaminants	Exposure Route	Exposed Population
Demolition, Remediation, Construction	1. Fill material / burn ash (unknown.) 2. Freon in soil vapor 3. Hydrocarbons in soil (fuels) 4. DUST (filled with above contaminants)	1. Breathing in 2. Touching & eating 3. Touching & eating 4. Touching, eating, & breathing	- Workers / construction - Neighboring properties (if dust escapes from site & residents breathe it in)
Post-construction / Post remediation	- Fill material / burn ash (unknown.) - Freon in soil vapor - Hydrocarbons in soil (fuel/clarifier/sump)	- Vacant areas – None - Bryco area – Touching & eating	- Vacant areas – None - Bryco area - Underground site workers

SITE 5: MARKET STREET LIGHT INDUSTRIAL & OFFICE SITE SWOT RESULTS				
	STRENGTH	WEAKNESSES	Opportunities	THREATS
LAND USE	<ul style="list-style-type: none"> Currently has light industrial and office uses in existing buildings. 		<ul style="list-style-type: none"> The large site and large topography change allows for additional intensity. 	<ul style="list-style-type: none"> Additional traffic would negatively impact Market St & Euclid Ave signal.
ENVIRONMENTAL	<ul style="list-style-type: none"> Minimal levels of contamination is suggested by preliminary findings. 		<ul style="list-style-type: none"> If kept as light industrial/office, minimal clean up efforts would be required. 	<ul style="list-style-type: none"> If a cap strategy were utilized, any additional clean up would not be addressed for future use.
HEALTH			<ul style="list-style-type: none"> Redevelopment would increase opportunities for non-motorized transportation. Redevelopment would offer live/work potential. 	
ECONOMIC	<ul style="list-style-type: none"> Centrally located. 		<ul style="list-style-type: none"> Economic downturn can encourage better design. Additional job opportunities would be created with new businesses. 	
Infrastructure	<ul style="list-style-type: none"> Proximity to the MTS Euclid Trolley Station. 	<ul style="list-style-type: none"> Site does not currently have sidewalks along Market Street. Street is unimproved along the frontage. 		<ul style="list-style-type: none"> Surrounding utilities infrastructure is unlikely to be adequate to support additional intensity.
OTHER				<ul style="list-style-type: none"> Lack of funding to address infrastructure needs.

5.6 SITE 6: GUYMON MIXED USE

CONTEXT

The Guymon site consists of a vacant parcel which has been developed as a temporary park since 2008. Currently the site is vacant but the area is used as an open field. The site is currently zoned for single-family residential and consists of approximately 19,023 square feet or 0.43 acres.

LAND USE

The site is currently identified as Community Village according to the City of San Diego. The Community Vision is to see a neighborhood park at this site. There have been new discussions to develop a mixed use project at this site as well.

CURRENT VISION INCLUDES

- Park or Mixed Use Development

CITY OF SAN DIEGO IDENTIFIES

- Community Village
- Density: 30-44 DU/AC
- Retail, Residential, Mixed Use

POTENTIAL ISSUES

- Immediate adjacency to highway limits vehicular access
- If park, safety concerns for children's' use
- If retail, traffic concerns for access



Locator Map



Photograph of Site



Site Plan

ECONOMIC DEVELOPMENT AND IMPLEMENTATION PLAN

The Guymon site is located at 704-740 Euclid Avenue, which is about 1000 feet north of Market Street on the west side of Euclid Avenue. This property was purchased in October 2004 and previously had multi-family units, which were removed due to the poor condition of the structure. During the planning process community residents identified this site as mixed use or park space and the city planning identified the site as mixed use. For any future use the community plan, land use and zoning would need to be changed. The rezoning of the property could take a minimum of two years and \$150,000.

The current vision for reuse consists of a mixed use project, a single structure building with retail on the bottom floor and residential units on the upper floors. The facility can be built up to three or four stories depending on the density and use. If the residential portion is used for large family units, it would support 8 units per floor for a total unit count of 24-27 units. However, if the project was used for senior living, an estimated 16-20 units per floor could be designed for a total of 32-60 units. Street level retail would include approximately 5,000 square feet of space and 25 parking spaces. This location is suited for senior housing located above retail or service providers (mixed use). Euclid Avenue traffic is intensive which could present a safety problem for tenants with children. Horton Elementary School is located on property adjacent to the Guymon site which would provide an opportunity for seniors to interact in a positive way with school children, including opportunities to volunteer as tutors for reading, to share computers, and participate in school and community events (for example, cultural storytelling). This location is ideal for seniors due to its close proximity to amenities that include a library, health services, public transportation, shopping, pharmacy and community centers, all located within walking to the development.

DRIVERS:

- High visibility of site along Euclid Avenue
- Holding and maintenance costs for temporary usage (as green recreational lot) without revenue generation

OPPORTUNITIES:

- Good potential for senior housing/commercial mixed use
- Close to amenities at Market Creek Plaza
- Proximity to freeway access and public transit

CHALLENGES:

- Community consensus on reuse (park, housing only, commercial only, or mixed use)
- Frontage on Euclid Avenue (traffic) and proximity to Horton Elementary School limit redevelopment
- Parking logistics
- Numerous public (schools, city as landowner) and private stakeholders affect decision-making and support for any project on the Guymon site.
- Funding for multifamily housing/mixed use is harder to obtain

CONSIDERATIONS:

- Residential blight and empty lots exist north of the Guymon site along Euclid Avenue.
- Community has become accustomed to temporary use of the site as park and recreational space.
- Location of the site to major traffic thoroughfares limit its safety and usefulness as active parkland.

IMPLEMENTATION STRATEGIES:

- Apply to US EPA Region 9 for Targeted Assessment Grant
- Apply to US EPA or California Department of Toxic Substances Control for EPA Revolving Loan fund for clean up resources, if needed
- Obtain grant funding (e.g., HUD) for senior housing and NMTCs if mixed use, or conventional bank financing with private investment via LIHTCs in development, or
- Sale of land to future user/developer (commercial, retail or residential)

ENVIRONMENTAL ASSESSMENT

Prior to use as a park, the parcel hosted multiple residences. Based on this past use, there is a potential for burn-ash (metals) or shallow lead (LBP) impacted soils to be present below grade near the former residences. The proposed plan for this property includes construction of a mixed use commercial structure with surface parking.

The assessment and remediation work plan and estimated costs to develop this site as a mixed use commercial structure with surface parking would include the following tasks:

- \$3,000 Phase I ESA
- \$10,000 Phase II ESA for LBP and metals in shallow soils
- \$20,000 Remediate lead and metal impacted soil (if present)

As indicated above, if a minimal volume of soil is impacted with lead or metals, the costs to assess and remediate this site for commercial development would be approximately \$33,000. If site remediation were conducted with San Diego County DEH VAP oversight, additional consultant and Agency fees would be incurred.

This estimate is based on the consultant’s, Rincon, review of historic aerial photographs, as other environmental reports were not available for this property.

HEALTH IMPACTS

POTENTIAL IMPACTS

- Small volumes of metals or burn-ash impacted soil

RECOMMENDATIONS

- Dig & haul metals or burn-ash impacted soil to a landfill/recycling facility

Project Phase	Potential Contaminants	Exposure Route	Exposed Population
<i>Demolition, Remediation, Construction</i>	<i>1. Fill material / burn ash (unknown) 2. DUST (filled with above contaminants)</i>	<i>1. Touching & eating 2. Touching & eating, breathing</i>	<i>- Workers / construction - Neighboring properties (if dust escapes from site & residents breathe it in)</i>
<i>Post-construction / Post remediation</i>	<i>None</i>	<i>None</i>	<i>None</i>

SITE 6: GUYMON MIXED USE SWOT RESULTS				
	STRENGTH	WEAKNESSES	Opportunities	THREATS
LAND USE	<ul style="list-style-type: none"> Currently a vacant site that is used as an open field. 	<ul style="list-style-type: none"> Adjacency to Euclid Ave limits vehicle access to site and poses a safety concern. Small site. 	<ul style="list-style-type: none"> Proposed park would decrease park requirements and increase opportunity for park uses in the community. 	<ul style="list-style-type: none"> Park may not be best and final land use.
	<ul style="list-style-type: none"> Mid levels of contamination is suggested by preliminary findings. 	<ul style="list-style-type: none"> If used as a park, the land would require more extensive clean up. If residential, commercial, or mixed use, the land require less clean up. 		
HEALTH	<ul style="list-style-type: none"> The site is actively used as a park. Walkable access to surrounding amenities. 	<ul style="list-style-type: none"> The sidewalk along Euclid Ave is narrow. 	<ul style="list-style-type: none"> Site's proximity to the trolley could increase ridership. 	
			<ul style="list-style-type: none"> Economic downturn can encourage better design. 	
Infrastructure	<ul style="list-style-type: none"> Proximity to the MTS Euclid Trolley Station. 			<ul style="list-style-type: none"> Surrounding utilities infrastructure is unlikely to be adequate to support additional intensity.
		<ul style="list-style-type: none"> Some amount of topography down to the trolley. 		<ul style="list-style-type: none"> Lack of funding to address infrastructure needs.
OTHER				

5.7 SITE 7: SOUTHWEST VILLAGE

CONTEXT

The Southwest Village site involves approximately 129,147 square feet of land and consists of a vacant hillside (formerly residential) with two vacant and unoccupied residences. This is a 2.96 acre site west of 49th Street and south of Noga Street. The site is used as a short cut to the Market Creek Plaza by Lincoln High School students.

LAND USE

The Village at Market Creek Vision includes a multi-family development for this site. There is a shortage of housing stock with affordable housing options. Currently the City of San Diego identifies this site as Multi-Family Residential according to the City of San Diego 5th Amendment adopted in 2009. However, current planning alternatives include this site as Community Village (mixed-use).

CURRENT VISION INCLUDES

- Residential units with access to community garden and park

CITY OF SAN DIEGO IDENTIFIES

- Land Use: Community Village
- Density: 30-44 DU/AC
- Mixed Use, Retail, Residential

POTENTIAL ISSUES

- Small site limits and parking requirements limit number of units
- Significant grade change provides universal access challenges



Locator Map



Photograph of Site



Site Plan

ECONOMIC DEVELOPMENT AND IMPLEMENTATION PLAN

The Southwest Village site is on a sloped hillside to the south of the Joe & Vi Jacobs Center building and overlooks the Encanto tributary of Chollas Creek. This site is currently zoned RM-3-7 and intended for family or senior housing. The project site, based on the current zoning, will allow 15-44 units per acre. The site is currently 2.96 acres and the number of housing units can range from 44 units to 130 units. The number of units to be built will depend on funding. For instance, if the project has the higher density, a parking structure would need to be built. The extra expense of the parking structure does increase the rents or revenues to the project; therefore the financing gap (funds needed) will grow larger.

In August 2012, JCNI released a Request for Proposal for a private Development Partner to assist in the development of this site as an implementation strategy. The Development Partner will provide the project financing through innovative and traditional affordable housing funding sources. These sources and organizational partnering could assist with the land cost, pre-development cost, property operations, asset management and on-site resident services.

Development Scenario 1 illustrates the development costs and residual land value for 53 low-rise multifamily apartments for rent. The projected warranted investment based on an expected Return on Investment (ROI) of 7.0% is \$10,109,880. After deducting development costs of \$10,173,000, the residual land value is negative \$63,120. Development Scenario 2 tests residential townhomes, for sale. This Scenario generates a residual land value of \$2,251,000 after deducting development costs of \$18,629,000 from the net sales proceeds of \$20,880,000.

Site 7 has very limited opportunities for job creation because the site is primarily dedicated to residential uses. However 2 jobs might be created in relation to the multi-family housing.

DRIVERS:

- Resident teams have approved the use of the property for multifamily, higher density housing.
- There is a lack of affordable housing for area residents.
- JCNI has committed to produce up to 1,000 units of affordable housing.
- Housing financing markets are restructuring and the costs of development are likely to increase.

OPPORTUNITIES:

- The property is zoned for higher density multifamily housing development.
- Strong interest has been expressed by experienced local affordable housing development organizations with the capacity to obtain financing and work within the community involvement and ownership guidelines established by JCNI.
- 9% Low Income Housing Tax Credits and bank financing are feasible for private financing (competition is lower because fewer projects are applying currently).

CHALLENGES:

- Redevelopment agency assistance and gap funding are gone.
- San Diego Housing Commission land ownership requirements for gap funding assistance do not allow for ownership opportunities by the local community.
- 4% LIHTCs are non-competitive for financing but create a greater local funding gap.
- Neighbors in single family residences may object to higher density development.

CONSIDERATIONS:

- Community's selection of development partners and consensus on the number of units (50 to 120 units are feasible) to be developed, density, affordability, neighborhood impact (including traffic) and architectural design may slow the development process.
- The site has not been assessed for contaminants (lower probability than other sites because of historical uses of the land).

IMPLEMENTATION STRATEGIES:

- Apply to US EPA Region 9 for Targeted Assessment Grant
- Apply to US EPA for a Brownfield Cleanup grant, if needed
- Partner with a local affordable housing developer to build multifamily rental units using developer partner's resources, tax credits, and conventional bank financing.

ENVIRONMENTAL ASSESSMENT

Based on the age of structures, LBP and asbestos may be present in some of the building materials. In addition, lead (LBP) and pesticide impacted soils may be present in the shallow soils surrounding the current and former residences. The proposed plan for this property includes mixed retail and residential development, including some underground parking with export of excess soil off site.

The assessment and remediation work plan and estimated costs to develop this site as a residential property with some underground parking would include the following tasks:

- \$5,000 Survey for LBP and Asbestos in the two remaining on site structures
- \$15,000 Remove LBP and asbestos
- \$25,000 Phase II ESA for lead (LBP) and pesticide impacted soils testing
- \$30,000+ Remediate LBP and pesticide impacted soils (if present)

If a minimal volume of soil is impacted with LBP and pesticides, the costs to assess and remediate this site for residential development would be approximately \$75,000. If site remediation were conducted with San Diego County DEH VAP oversight, additional consultant and Agency fees would be incurred. If the site development plans call for import of soil, rather than export, the remediation of lead impacted soil may be reduced.

This estimate is based on a 2005 Phase I ESA of a portion of the subject property and LBP and pesticide impacted soils may not be present on site.

HEALTH IMPACTS

POTENTIAL IMPACTS

- Small volumes of lead or burn-ash impacted soil
- Large and widespread volume of pesticide impacted soil

RECOMMENDATIONS

- Dig & haul lead or burn-ash impacted soil to a landfill/recycling facility
- Hotspot removal of pesticide impacted soil to a landfill/recycling facility
- Manage remaining pesticide impacted soil on site through grading

Project Phase	Potential Contaminants	Exposure Route	Exposed Population
<i>Demolition, Remediation, Construction</i>	<ol style="list-style-type: none"> 1. Lead Based Paint 2. Asbestos 3. Fill material / burn ash (unknown.) 4. Pesticides (unknown.) 5. DUST (filled with above contaminants) 	<ol style="list-style-type: none"> 1. Eating 2. Breathing in 3. Touching and eating 4. Touching and eating 5. Touching, eating, and breathing 	<ul style="list-style-type: none"> - Workers / construction - Neighboring properties (if dust escapes from site and residents breathe it in)
<i>Post-construction / Post remediation</i>	<i>None</i>	<i>None</i>	<i>None</i>

SITE 7: SOUTHWEST VILLAGE SWOT RESULTS				
	STRENGTH	WEAKNESSES	Opportunities	THREATS
LAND USE	<ul style="list-style-type: none"> • Currently a vacant site. 	<ul style="list-style-type: none"> • Surrounding areas are established residential communities with great views. 	<ul style="list-style-type: none"> • Large site available for redevelopment. 	
	<ul style="list-style-type: none"> • Mid levels of contamination is suggested by preliminary findings. 		<ul style="list-style-type: none"> • Site could be cleaned up for residential and open space use. 	
ENVIRONMENTAL	<ul style="list-style-type: none"> • There is a well worn path to the Market Creek Plaza through this site - indicates that residents use this path. 	<ul style="list-style-type: none"> • Topography makes ADA access a challenge. 	<ul style="list-style-type: none"> • Site design could encourage north - south connects from JCNI & Market Creek Plaza to the Southwest Village. • ADA access could be a creative solution. 	
	<ul style="list-style-type: none"> • Site has great views and close proximity to amenities. 	<ul style="list-style-type: none"> • Surrounding homes are largely multi-family and not in the best condition. 	<ul style="list-style-type: none"> • Economic downturn can encourage better design. 	<ul style="list-style-type: none"> • Uncertainty in financing options for affordable housing.
HEALTH				<ul style="list-style-type: none"> • Surrounding utilities infrastructure is unlikely to be adequate to support additional intensity.
		<ul style="list-style-type: none"> • Significant amount of topography to address. 		<ul style="list-style-type: none"> • Lack of funding to address infrastructure needs.
ECONOMIC				
OTHER				

6.0 APPENDICES

6.1 APPENDIX A: FUNDING SOURCES

The following table was created to assist the community with identifying potential funding sources for redevelopment projects in their neighborhood. Many of the funding sources require applications for approval and some are time sensitive, therefore contact information has been provided for each source. There are several funding sources available from the Environmental Protection Agency (EPA), Department of Toxic Substances Control (DTSC), and State Water Resources Control Board (SWRCB) that property owners, various agencies, communities, or nonprofit organizations may use to assist with the financial burden of redeveloping a Brownfields project.

EPA TARGETED BROWNFIELDS ASSESSMENT (TBA) PROGRAM

Provides funds to communities, redevelopment agencies and nonprofit organizations to conduct environmental investigations (Phase I & II Environmental Site Assessments) for Brownfields properties with redevelopment potential. Priority Sites No. 1 through 7 may be eligible for this program.

THE CALIFORNIA DTSC TARGETED SITE INVESTIGATION (TSI)

Program is a selective grant program for Brownfields sites to receive environmental assessment and investigation services through a competitive DTSC process. For the selected site, DTSC will oversee the investigation and develop a report at no cost to the applicant. The application period will begin in spring/summer 2012, and applicants must be a redevelopment agency or non-profit organization. Sites with hydrocarbon releases are included in this program. However, a site is ineligible if it is currently under enforcement action. Priority Sites No. 1 through 7 may be eligible for this grant program. Further, given the recent changes in redevelopment agencies, it is unclear how DTSC will manage this program.

THE CALIFORNIA DTSC REVOLVING LOAN FUND (RLF)

Program provides loans to eligible Brownfields projects for site cleanup costs. This requires that the initial environmental assessments and investigations be completed prior to application to the cleanup program. Priority Sites No. 1 through 7 could be eligible for this loan program following the environmental and assessment stage of the project.

CALIFORNIA DTSC CLEANUP LOANS ENVIRONMENTAL ASSISTANCE TO NEIGHBORHOODS (CLEAN)

Program provides low-interest loans for up to \$100,000 to conduct preliminary endangerment assessments, and low interest loans of up to \$2.5 million for the cleanup or removal of hazardous materials where development is likely to have a beneficial impact on the property values, economic viability and quality of life of a community. Priority Sites No. 1 through 7 may be eligible for this low-interest loan program.

THE CALIFORNIA SWRCB ORPHAN SITE CLEANUP FUND (OSCF)

A financial assistance program that provides financial assistance to eligible applicants for the cleanup of brownfields sites contaminated by leaking petroleum underground storage tanks (USTs) where there is no financially responsible party (current or past owner or operator of the UST). Priority sites No. 2 and 5 may be eligible for this program, however, both sites have closed LUST cases and any additional cleanup associated with leaking USTs may reopen the old LUST cases.

THE CALIFORNIA SWRCB UST CLEANUP FUND

The fund was created to provide financial reimbursement assistance for petroleum UST owners or operators to meet updated federal and state requirements and remediate contaminated soil and groundwater when a leak is discovered. To be eligible, the claimant must be a current or past owner or operator of the UST from which the unauthorized release of petroleum occurred. If there is an UST present on a Priority Site, the site may be eligible to receive these reimbursement funds.

AGENCY / ORGANIZATION	FUNDING SOURCES
FEDERAL	
Environmental Protection Agency (EPA)	Assessment Grants (via City as partner); Cleanup Grants, Revolving Loan Fund Grants, Job Training Grants, Targeted Brownfield Assessments, Technical Assistance Grants
Department of Housing & Urban Development (HUD)	Community Development Block Grants (via City as partner); HOME Funds; FHA Grants; Super-NOFA (Senior Housing) Grants
Department of Transportation (DOT)	TIGER grants (via SANDAG as partner)
Economic Development Administration (EDA)	Economic Development grants
Department of the Treasury	New Market Tax Credits (via Community Development Financial Institution)
STATE	
Department of Housing & Community Development (HCD)	Various housing grants; Low Income Housing Tax Credits; Housing Related Parks grant; Community Planning grant (city as partner)
Strategic Resources Council – Natural Resources Agency	Proposition 84 Urban Streams and Urban Greening grants
Integrated Regional Water Management (IRWM)	Water quality and infrastructure grants (via SD-IRWM)
CalTRANS	Environmental Justice grants; Safe Routes to School grants
CalEPA & Department of Toxic Substances Control	Revolving Loan Fund (Ca;REUSE); Grants/Loans for assessments and cleanup
State Department of Forestry	Parks and urban forest grants
Infrastructure Bank	Funds for community development infrastructure (via local municipal partner)
California State Water Resource Control Board (SWRCB)	Orphan Site Cleanup Fund grant; UST Cleanup fund grant
REGIONAL	
San Diego Association of Governments (SANDAG)	Smart Growth Incentive Funds (Planning & Capital); Transit and TOD related infrastructure funds (via City as partner)
San Diego - IRWM	Water management and flood control grants
County Supervisor's Office	Community grants
San Diego Workforce Partnership	Workforce job training grants/resources
LOCAL	
Civic San Diego	Potential CDBG; NMTCs; Redevelopment Financial Obligations
City of San Diego & Council Member's Office	Community grants; CDBG grants; Capital Improvement Projects (Infrastructure); Bonding authority
Private Investment	Business partners; foundation grants and Project Related Investments (PRIs); LISC

6.2 APPENDIX B: ECONOMIC ASSESSMENT

DEVELOPMENT PROTOTYPES - SITE 1
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION

Project Description	Scenario 1 Strip Retail Center		Scenario 2 Low Rise Multi-family Apartments		Scenario 3 Flex Industrial	
Site Area (Acres)	8.07		8.07		8.07	
Site Area (SF)	351,529		351,529		351,529	
Floor Area Ratio (FAR)	0.34				0.35	
Gross Building Area (GBA)	120,000		142,000 (1)		123,000	
Density	N/A		18.0		N/A	
Number of Stories	1		3		1 + Mezzanine	
Number of Units	N/A		145		N/A	
Parking Spaces	600		218		490	
Parking Ratio (per 1,000 SF)	5.0		1.5		4.0	
Type	Surface		Surface		Surface	
Development Costs						
Land	\$0 /SF	\$0	\$0 /SF	\$0	\$0 /SF	\$0
Sitework / Amenities	\$10 /SF	\$3,515,000	\$10 /SF	\$3,515,000	\$10 /SF	\$3,515,000
Parking	\$1,500 /Space	\$900,000	\$1,500 /Space	\$327,000	\$1,500 /Space	\$735,000
Shell Construction	\$75 /SF GBA	\$9,000,000	\$100 /SF GBA	\$14,200,000	\$60 /SF GBA	\$7,380,000
Tenant Improvements/FF&E	\$15 /SF GBA	\$1,800,000	\$20 /SF GBA	\$2,840,000	\$0 /SF GBA	\$0
Subtotal, Direct Costs	\$127 /SF GBA	\$15,215,000	/SF GBA	\$20,882,000	\$95 /SF GBA	\$11,630,000
Add: Indirects/Financing (2)	30% of Directs	\$4,565,000	30% of Directs	\$6,265,000	30% of Directs	\$3,489,000
Add: Permits and Fees (3)	\$15 /SF GBA	\$1,800,000	\$20,000 Per Unit	\$2,905,000	\$15 /SF GBA	\$1,845,000
Total Development Costs	\$180 /SF GBA	\$21,580,000	\$212 /SF GBA	\$30,052,000	\$138 /SF GBA	\$16,964,000

(1) Based on an average unit size of 850 SF, plus 15% for circulation.

(2) Excludes permits and fees.

(3) Estimate; not verified by KMA.

**RESIDUAL LAND VALUES - SITE 1
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION**

	<u>Scenario 1</u>		<u>Scenario 2</u>		<u>Scenario 3</u>	
	<u>Strip Retail Center</u>		<u>Multi-family Apartments</u>		<u>Flex Industrial</u>	
I. Gross Sales / Net Operating Income						
Gross Sales / Gross Scheduled Income @	\$ 1.75 /SF/NNN	\$ 2,520,000	\$ 1,700 /month	\$ 2,963,304	\$ 0.75 /SF/NNN	\$ 1,107,000
(Less) Vacancy	10.0% of GSI	\$ (252,000)	5.0% of GSI	\$ (148,165)	10.0% of GSI	\$ (110,700)
(Less) Operating Expenses	5.0% of GSI	\$ (126,000)	\$4,200 /Unit/Year	\$ (610,092)	5.0% of GSI	\$ (55,350)
Gross Sales / Net Operating Income		\$ 2,142,000		\$ 2,205,047		\$ 940,950
II. Residual Land Value						
Gross Sales / Net Operating Income		\$ 2,142,000		\$ 2,205,047		\$ 940,950
(Less) Cost of Sale						
(Less) Developer Profit						
Net Sales Proceeds						
Target Return on Investment (ROI)		9.0%		8.0%		9.0%
Warranted Investment		\$ 23,800,000		\$ 27,563,085		\$ 10,455,000
(Less) Development Costs		\$ (21,580,000)		\$ (30,052,000)		\$ (16,964,000)
Residual Land Value		\$2,220,000		\$ (2,488,915)		\$ (6,509,000)
\$/SF		\$ 6.32				

**DEVELOPMENT PROTOTYPES - SITE 2
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION**

<u>Project Description</u>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
	<u>Community Retail Center</u>	<u>Low Rise Multi-family Apartments</u>	<u>Flex Industrial</u>
Site Size (Acres)	3.89	3.89	3.89
Site Area (SF)	169,448	169,448	169,448
Floor Area Ratio (FAR)	0.25	0.40	0.35
Gross Building Area (GBA)	42,000	68,000 (1)	59,000
Density	N/A	18.0	N/A
Number of Stories	1	3	1 + Mezzanine
Number of Units	N/A	70	N/A
Parking Spaces	210	105	240
Parking Ratio (per 1,000 SF)	5.0	1.5	4.0
Type	Surface	Surface	Surface
<u>Development Costs</u>			
Sitework / Amenities	\$5 /SF	\$5 /SF	\$5 /SF
Parking	\$1,500 /Space	\$1,500 /Space	\$1,500 /Space
Shell Construction	\$75 /SF GBA	\$100 /SF GBA	\$60 /SF GBA
Tenant Improvements/FF&E	\$15 /SF GBA	\$20 /SF GBA	\$0 /SF GBA
Subtotal, Direct Costs	\$118 /SF GBA	\$9,165,000	\$80 /SF GBA
Add: Indirects/Financing (2)	30% of Directs	30% of Directs	30% of Directs
Add: Permits and Fees (3)	\$15 /SF GBA	\$20,000 Per Unit	\$15 /SF GBA
Total Development Costs	\$168 /SF GBA	\$13,315,000	\$120 /SF GBA

(1) Based on an average unit size of 850 SF, plus 15% for circulation.
 (2) Excludes permits and fees

RESIDUAL LAND VALUES - SITE 2 JACOBS CENTER FOR NEIGHBORHOOD INNOVATION

	<u>Scenario 1</u>		<u>Scenario 2</u>		<u>Scenario 3</u>	
	Community Retail Center		Multi-family Apartments		Flex Industrial	
I. Gross Sales / Net Operating Income						
Gross Sales / Gross Scheduled Income @	\$	1.75 /SF/NNN	\$	1,428,408	\$	0.75 /SF/NNN
(Less) Vacancy		10.0% of GSI		\$ (71,420)		10.0% of GSI
(Less) Operating Expenses		5.0% of GSI		\$ (294,084)		5.0% of GSI
Gross Sales / Net Operating Income				\$ 1,062,904		
						\$ 531,000
						\$ (53,100)
						\$ (26,550)
						\$ 451,350
II. Residual Land Value						
Gross Sales / Net Operating Income	\$	749,700	\$	1,062,904	\$	451,350
(Less) Cost of Sale						
(Less) Developer Profit						
Net Sales Proceeds						
Target Return on Investment (ROI)		9.0%		8.0%		9.0%
Warranted Investment	\$	8,330,000	\$	13,286,295	\$	5,015,000
(Less) Development Costs		(\$7,055,000)		(\$13,315,000)		(\$7,056,000)
Residual Land Value	\$	1,275,000	\$	(28,705)	\$	(2,041,000)
\$/SF		7.52				

Prepared by: Keyser Marston Associates, Inc.
 10/11 Rev. 11/12-5/18/2012

**DEVELOPMENT PROTOTYPES - SITE 4
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION**

<u>Project Description</u>	<u>Scenario 1</u>		<u>Scenario 2</u>	
	<u>Community Retail Center</u>		<u>Townhomes/Duplex</u>	
Site Size (Acres)	1.00		1.00	
Site Area (SF)	43,560		43,560	
Floor Area Ratio (FAR)	0.25			
Gross Building Area (GBA)	11,000		40,000 (1)	
Density	N/A		37	
Number of Stories	1		37	
Number of Rooms/Units	N/A			
Parking Spaces	60		74	
Parking Ratio (per 1,000 SF)	5.0		2.0	
Type	Surface		Deck/Structured	
<u>Development Costs</u>				
Land	\$0 /SF	\$0	\$0 /SF	\$0
Sitework / Amenities	\$5 /SF	\$218,000	\$5 /SF	\$218,000
Parking	\$1,500 /Space	\$90,000	\$0 /Space	\$0
Shell Construction	\$85 /SF GBA	\$935,000	\$100 /SF GBA	\$4,000,000
Tenant Improvements/FF&E	\$25 /SF GBA	\$275,000	\$0 /SF GBA	\$0
Subtotal, Direct Costs	\$138 /SF GBA	\$1,518,000	\$105 /SF GBA	\$4,218,000
Add: Indirects/Financing (2)	30% of Directs	\$455,000	30% of Directs	\$1,265,000
Add: Permits and Fees (3)	\$15 /SF GBA	\$165,000	\$20,000 Per Unit	\$740,000
Total Development Costs	\$194 /SF GBA	\$2,138,000	\$156 /SF GBA	\$6,223,000

(1) Based on an average units size of 950 SF, plus 15% circulation.

(2) Excludes permits and fees.

(3) Estimate; not verified by KMA.

**RESIDUAL LAND VALUES - SITE 4
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION**

	<u>Scenario 1</u>		<u>Scenario 2</u>	
	<u>Community Retail Center</u>		<u>Townhomes/Duplex</u>	
I. Gross Sales / Net Operating Income				
Gross Sales / Gross Scheduled Income @	\$	1.75 /SF/NNN	\$200 /SF	\$8,000,000
(Less) Vacancy		10.0% of GSI		N/A
(Less) Operating Expenses		5.0% of GSI		N/A
Gross Sales / Net Operating Income		\$196,350		\$8,000,000
II. Residual Land Value				
Gross Sales / Net Operating Income		\$196,350		
(Less) Cost of Sale			3.0% of Value	(\$240,000)
(Less) Developer Profit			10.0% of Value	(\$800,000)
Net Sales Proceeds				\$6,960,000
Target Return on Investment (ROI)		9.0%		N/A
Warranted Investment		\$2,181,667		\$6,960,000
(Less) Development Costs		(\$2,138,000)		(\$6,223,000)
Residual Land Value		\$43,667		\$737,000
Per Unit				\$19,919
Per SF Site		\$ 1.00		\$ 16.92

**DEVELOPMENT PROTOTYPES - SITE 5
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION**

<u>Project Description</u>	<u>Scenario 1</u> Strip Retail Center		<u>Scenario 2</u> Multi-family Apartments		<u>Scenario 3</u> Flex Industrial		<u>Scenario 4</u> Office	
Site Area (Acres)	5.06		5.06		5.06		5.06	
Site Area (SF)	220,414		220,414		220,414		220,414	
Floor Area Ratio (FAR)	0.30		0.35		0.35		0.50	
Gross Building Area (GBA)	66,000		89,000		77,000		110,000	
Density	N/A		18.0		N/A		N/A	
Number of Stories	1		3		1 + Mezzanine		2 sty	
Number of Units	N/A		91		N/A		N/A	
Parking Spaces	330		137		310		500	
Parking Ratio (per 1,000 SF)	5.0		1.5		4.0		4.5	
Type	Surface		Surface		Surface		Surface	
<u>Development Costs</u>								
Land	\$0 /SF	\$0	\$0		\$0		\$0	
Sitework / Amenities	\$5 /SF	\$1,102,000	\$1,102,000		\$1,102,000		\$1,102,000	
Parking	\$1,500 /Space	\$495,000	\$205,000		\$465,000		\$750,000	
Shell Construction	\$85 /SF GBA	\$5,610,000	\$8,900,000		\$4,620,000		\$11,000,000	
Tenant Improvements/FF&E	\$25 /SF GBA	\$1,650,000	\$1,780,000		\$0		\$2,750,000	
Subtotal, Direct Costs	\$134 /SF GBA	\$8,857,000	\$11,987,000		\$6,187,000		\$15,602,000	
Add: Indirects/Financing (2)	30% of Directs	\$2,657,000	\$3,596,000		\$1,856,000		\$4,681,000	
Add: Permits and Fees (3)	\$15 /SF GBA	\$990,000	\$1,822,000		\$1,155,000		\$1,650,000	
Total Development Costs	\$189 /SF GBA	\$12,504,000	\$17,405,000		\$9,198,000		\$21,933,000	

(1) Based on an average unit size of 860 SF, plus 15% for circulation.

(2) Excludes permits and fees.

(3) Estimate, not verified by KMA.

**RESIDUAL LAND VALUES - SITE 5
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION**

	<u>Scenario 1</u> Strip Retail Center		<u>Scenario 2</u> Multi-family Apartments		<u>Scenario 3</u> Flex Industrial		<u>Scenario 4</u> Office	
I. Gross Sales / Net Operating Income								
Gross Sales / Gross Scheduled Income @	\$ 1.75 /SF/NNN	\$ 1,386,000	\$ 1,700 /month	\$ 1,856,032	\$ 0.75 /SF/NNN	\$ 693,000	\$ 1.25 /SF/NNN	\$ 1,650,000
(Less) Vacancy	10.0% of GSI	\$ (138,600)	5.0% of GSI	\$ (92,902)	10.0% of GSI	\$ (69,300)	10.0% of GSI	\$ (165,000)
(Less) Operating Expenses	5.0% of GSI	\$ (69,300)	\$4,200 /Unit/Year	\$ (382,536)	5.0% of GSI	\$ (34,650)	5.0% of GSI	\$ (82,500)
Gross Sales / Net Operating Income		\$ 1,178,100		\$ 1,382,594		\$ 589,050		\$ 1,402,500
II. Residual Land Value								
Gross Sales / Net Operating Income		\$ 1,178,100		\$ 1,382,594		\$ 589,050		\$ 1,402,500
(Less) Cost of Sale								
(Less) Developer Profit								
Net Sales Proceeds								
Target Return on Investment (ROI)		9.0%		8.0%		9.0%		10.0%
Warranted Investment		\$ 13,090,000		\$ 17,282,430		\$ 6,545,000		\$ 14,025,000
(Less) Development Costs		\$ (12,504,000)		\$ (17,405,000)		\$ (9,198,000)		\$ (21,933,000)
Residual Land Value		\$586,000		\$ (122,570)		\$ (2,653,000)		\$ (7,908,000)
Per SF Site		\$ 2.66						

**RESIDUAL LAND VALUES - SITE 7
JACOBS CENTER FOR NEIGHBORHOOD INNOVATION**

	<u>Scenario 1</u>		<u>Scenario 2</u>	
	<u>Low Rise Multi-family Apartments</u>		<u>Townhomes/Duplex</u>	
I. Gross Sales / Net Operating Income				
Gross Sales / Gross Scheduled Income	\$1,700 /month	\$ 1,086,912	\$200 /SF	\$24,000,000
(Less) Vacancy	5.0% of GSI	\$ (54,346)		N/A
(Less) Operating Expenses	\$4,200 /Unit/Year	\$ (223,776)		N/A
Gross Sales / Net Operating Income		\$ 808,790		\$24,000,000
II. Residual Land Value				
Gross Sales / Net Operating Income		\$ 808,790	3.0% of Value	(\$720,000)
(Less) Cost of Sale			10.0% of Value	<u>(\$2,400,000)</u>
(Less) Developer Profit				\$20,880,000
Net Sales Proceeds				N/A
Target Return on Investment (ROI)		8.0%		
Warranted Investment		\$ 10,109,880		\$20,880,000
(Less) Development Costs		(\$10,173,000)		<u>(\$18,629,000)</u>
Residual Land Value		(\$63,120)		\$2,251,000
Per Unit				\$20,553
Per SF Site				\$ 17.46

ESTIMATED DIRECT JOBS JACOBS CENTER FOR NEIGHBORHOOD INNOVATION

Site 1		Direct	Total Direct
Direct Permanent Employment	Size	Multiplier (1)	Employment
Retail	120,000	2.0	240
Multi-Family Residential	145 Units	0.03 /Unit	4
Flex Industrial	123,000	2	246

Site 2		Direct	Total Direct
Direct Permanent Employment	Size	Multiplier (1)	Employment
Retail	42,000	2.0	84
Multi-Family Residential	70 Units	0.03 /Unit	2
Flex Industrial	59,000	2	118

Site 4		Direct	Total Direct
Direct Permanent Employment	Size	Multiplier (1)	Employment
Retail	11,000	2.0	22
For-Sale Townhomes	37 Units	N/A /Unit	N/A

Site 5		Direct	Total Direct
Direct Permanent Employment	Size	Multiplier (1)	Employment
Retail	66,000	2.0	132
Multi-Family Residential	91 Units	0.03 /Unit	3
Flex Industrial	77,000	2	154
Office	110,000	4.0	440

Site 7		Direct	Total Direct
Direct Permanent Employment	Size	Multiplier (1)	Employment
Multi-Family Residential	53 Units	0.03 /Unit	2
For-Sale Townhomes	110 Units	N/A /Unit	N/A

(1) KMA estimate

6.3 APPENDIX C: INFRASTRUCTURE ANALYSIS

EXECUTIVE SUMMARY

INFRASTRUCTURE CONDITIONS & ADEQUACY ASSESSMENT

Market Creek Village Plan Area

SYNOPSIS

This report evaluates the adequacy of existing infrastructure to accommodate approximately 780 dwelling units and 800,000 square feet of proposed new development in the Market Creek Village Plan Area. In carrying out the evaluation, the report:

- Describes existing infrastructure within the Market Creek Village Plan Area;
- Summarizes the proposed Market Creek Village development plan; and
- Evaluates the ability of existing infrastructure to meet the requirements of the proposed Market Creek Village development.

The report concludes that, overall, most existing infrastructure is inadequate to meet the demand of the proposed new development and/or the impact and cost was unknown at this time. Of the known costs, improvements were estimated at over \$12.5 million.

A. EXISTING INFRASTRUCTURE

The existing conditions portion of the report identifies:

1. *Circulation* –

- a. *Freeways* - State Route 94 runs north of, and Interstate 805 runs west of, the Project Area;
- b. *Major Streets* - Euclid Avenue, Market Street, and 47th Street are heavily trafficked, with Level of Service at local intersections compromised particularly during evening peak hours;
- c. *Local Streets* - Local streets primarily serve housing and lack adequate interconnections;
- d. *Transit* - The area generally is well-served by the San Diego Trolley and local and express bus service;
- e. *Pedestrian Network* - Narrow and sometimes absent sidewalks and lengthy walking distances are characteristics of the area;
- f. *Bicycle* – Only one bikeway exists and it's a Class III (shared travel lanes between bicycles and motor vehicles).

2. *Utilities* –

- a. *Wastewater* – Sewer lines exist throughout the area and two sewer upgrades are planned;
- b. *Water* – A network of water lines exists within the area and several improvements are anticipated; and
- c. *Dry Utilities* – Gas, electric, telephone, and cable services exist throughout the area.

3. *Community Facilities and Resources*

- a. *Parks and Recreation* – Eight public parks with a total of almost 77 acres exist within the area.
- b. *Schools* – Public schools include five Elementary schools, one Middle school, one High school, and one Middle/High School. A private Catholic school serves preschool through eighth grade.
- c. *Libraries* – There are three libraries: Malcolm X, Beckwourth, and San Pasqual.
- d. *Fire Protection* – The area is served by City of San Diego Fire-Rescue Department Station 12.
- e. *Police Services* – The area is served by the Southeastern Division Police Substation of the SDPD.
- f. *Other Community Facilities* include the Elementary Institute of Science, the Jacobs Center, and the Tubman/Chavez Multicultural Center.

B. VILLAGE DEVELOPMENT

Development proposed within the Market Street Village Plan area includes:

• Industrial Development	123,000 square feet
• Commercial Development	428,000 square feet
• Office Development	237,000 square feet
• Multi-Family Residential	777 Dwelling Units
• Other uses (e.g., health center, park, open space, library, parking areas.)	30,000 square feet and 8.5 acres

C. ADEQUACY ASSESSMENT

INFRASTRUCTURE ELEMENT		Likely Adequate	Adequacy Uncertain	Likely Inadequate	COMMENTS	Estimated Cost
1	Freeways			○	Undetermined upgrades needed.	TBD
2	Major Streets			○	Needs turning lanes, restriping, traffic signals, raised medians.	\$3 million
3	Collector Streets			○	Same as above.	\$2 million
4	Local Streets/Off-Street Paths			○	As required by City of San Diego	\$200,000
5	San Diego Trolley		●		SANDAG upgrades as growth occurs.	TBD
6	Bus Service		●		As determined by MTS.	TBD
7	Bicycle Access to Transit			○	Added with new development.	-
8	Motor Vehicle Access to Transit			○	Part of street upgrade, #2 above.	-
9	Sidewalks			○	Most is part of development cost	\$52,000
10	Crosswalks			○	As required by City of San Diego	TBD
11	Bikeways			○	Modest improvement cost.	\$25,000
12	Wastewater		●		As required in the future by MWWD plus current upgrades.	\$44,000
13	Water		●		As required in the future by SD Water Dept, plus current upgrades.	\$53,000
14	Electric	●				-
15	Gas		●		Only Guymon St needs upgrade.	TBD
16	Telephone	●				-
17	Cable	●				-
18	Public Parks			○	Park deficiencies will increase.	TBD
19	Schools		●		Housing will pay impact fee.	TBD
20	Libraries	●				-
21	Fire Services		●		As required by SD Fire Rescue Dept.	TBD
22	Police Services		●		As required by SDPD/	TBD
23	Misc Community Facilities		●		Impact unknown.	TBD
24	Chollas Creek/Trail Improvement			○	Portions of Creek upgrade needed.	\$7 million
25	Storm Drain Culvert			○	New storm drain lines in Market Street	\$100,000
TOTAL ESTIMATED COSTS						\$12.5 million