

# SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION

2010 - 2015

## FIVE YEAR STRATEGIC PLAN



May 2010





# **FIVE-YEAR STRATEGIC PLAN**

## **2010 TO 2015**

### **SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION**

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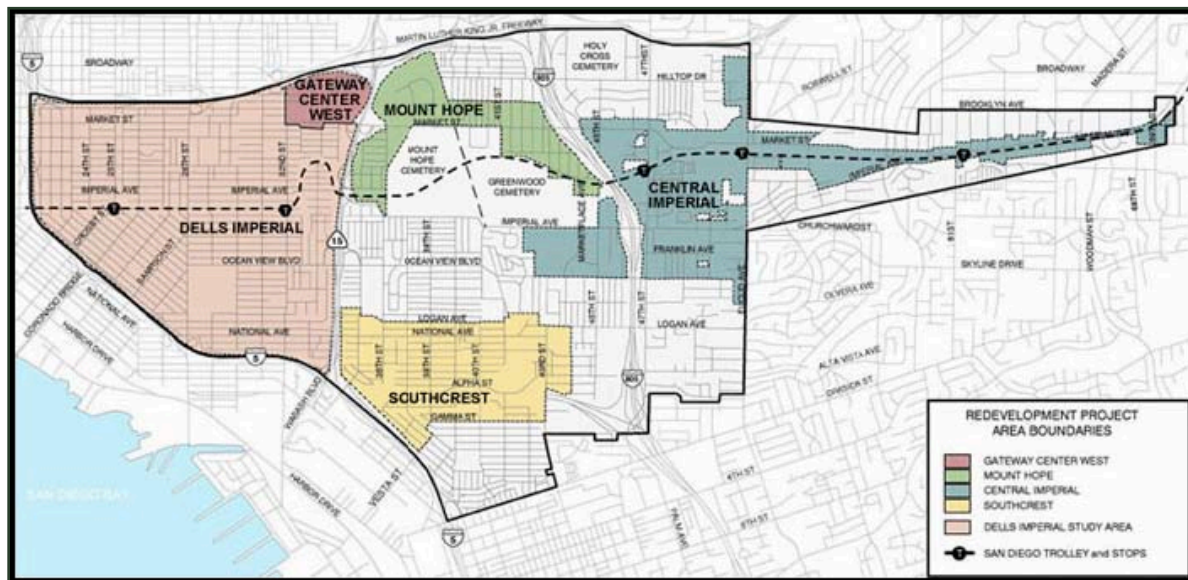
## INTRODUCTION: MISSION STATEMENT

The Southeastern Economic Development Corporation (SEDC) builds better neighborhoods and communities. We invest local dollars, support and create jobs, eliminate blight and strengthen local economies by building safe, healthy affordable and sustainable communities in Southeastern San Diego.

## BACKGROUND

The Southeastern Economic Development Corporation (SEDC) was created in 1981 by the City of San Diego to manage redevelopment and economic development activities in Southeastern San Diego through an operating agreement with both the City and Redevelopment Agency of San Diego. SEDC is a non-profit public benefit corporation which serves an approximately seven-square-mile area east of downtown San Diego. The community consists of 15 neighborhoods within four adopted Redevelopment Project Areas and one Redevelopment Study Area. They are:

- Central Imperial Redevelopment Project Area
- Gateway Center West Redevelopment Project Area
- Mount Hope Redevelopment Project Area
- Southcrest Redevelopment Project Area
- Dells Imperial Study and Survey Area



## WHY A STRATEGIC PLAN IS NEEDED

SEDC initiated a Strategic Plan on July 17, 2009, under direction of the SEDC Board. With this action, the SEDC Board was responding to the performance audit by Macias Consulting Group, September 2008, and concerns expressed by the Mayor, Redevelopment Agency Board, City Council Audit Committee, and the community at large. The performance audit revealed that the organization, while it had been found in compliance with California Redevelopment Law (CRL) requirements for Redevelopment and

Implementation Plans for each of the project areas, was lacking a comprehensive, organization-wide strategy for effective Redevelopment in the entire SEDC Area of Influence. The requirement for a Strategic Plan has subsequently been reaffirmed in the revised Operating Agreement with the Agency and the adopted Amended and Restated By-laws of the Corporation, Article 9, Section 12, approved by the City Council and Redevelopment Agency on March 22, 2010.

According to the Agency Board's action, the Strategic Plan will be consistent with, and will be incorporated into, the Five Year Implementation Plan and subject to update on the same five year intervals, with mid-term reporting. The Strategic Plan is required by the Corporate By-laws to include goals and related metrics and it must reflect the needs of the community as determined by extensive community outreach. Furthermore, it is required to meet goals and objectives of the City as communicated to the Corporation "from time to time."

This Strategic Plan will serve as a guide for undertaking redevelopment and economic development activities during the next five years and a tool for weighing successes, reporting outcomes, and evaluating progress during our annual budget approval process. It creates alignment of purpose and mission for the entire Redevelopment Agency: Redevelopment Agency Board, City Council, Mayor, Executive Director, SEDC Board, SEDC President, General Counsel, SEDC staff, development partners, residents, businesses and the community at large. This alignment of purpose allows all participants in Redevelopment to act more swiftly and assertively in making progress into the future.

## ECONOMIC AND FISCAL CHALLENGES

The Strategic Plan is needed in order to reposition the redevelopment efforts and partnerships of SEDC for the future. The need became particularly acute when a series of challenging circumstances arose in Fiscal Years 2008 through 2009. These included:

- ◆ a reorganization of SEDC administration and Board of Directors and direction from the Mayor and City Council to reform the operating agreement,
- ◆ the severe local and national economic downturn and loss of property tax revenue,
- ◆ the federal audit of the City's Community Development Block Grant loan practices leading to a requirement that the Redevelopment Agency repay the subject loans to the City's CDBG program.
- ◆ the State of California's decision to shift local tax increment from Redevelopment Agencies to balance its budget in FY 2010 and FY 2011.

The SEDC Board deliberated and found that, in addition to these poor and uncertain economic and financial conditions, certain outdated financial assumptions and community realities and perceptions were working against SEDC. The consensus was reached that a significant course correction was needed today.

## COMMUNITY OUTREACH

SEDC staff conducted a comprehensive outreach effort to present the draft Strategic Plan and gain community feedback and comments. The many community groups, organizations, and individuals in the outreach included:

- ◆ Encanto Neighborhoods Community Planning Group
- ◆ Skyline - Paradise Hills Planning Committee
- ◆ Southeastern San Diego Planning Group
- ◆ Coalition of Neighborhood Councils
- ◆ Webster Community Council
- ◆ Chollas View Neighborhood Council
- ◆ Jacob's Center for Neighborhood Innovation
- ◆ San Ysidro Health Center
- ◆ San Diego Organizing Project - SDOP
- ◆ Local Initiative Support Corporation – LISC San Diego
- ◆ Bronze Triangle CDC
- ◆ Comprehensive Health Center
- ◆ Environmental Health Coalition
- ◆ San Diego Organizing Fair Chance for Healthy Start Task Force for African American Babies
- ◆ Black Infant Health Center
- ◆ County of San Diego Health and Human Services Agency Healthy Communities Unit
- ◆ Central Commercial District Revitalization Corporation
- ◆ Pastors on Point
- ◆ San Diego Chamber of Commerce
- ◆ Building Industry Association of San Diego
- ◆ San Diego Association of Governments
- ◆ Caltrans
- ◆ Metropolitan Transit System

The outreach also included numerous City departments including, the Mayor's office, Council Representatives, City Planning & Community Investment, Redevelopment Division, Parks and Recreation, City Attorney, Storm Water, Engineering and Capital Projects, Police Department, Centre City Development Corporation, Commission for Arts and Culture, and Development Services.

The outreach included hundreds of conversations with residents and businesses through the course of the year at a series of coffees, community fairs, events, and informally as they visited SEDC offices. After this extensive outreach effort the following problem areas were identified:

## OTHER CHALLENGES IDENTIFIED IN COMMUNITY OUTREACH

- ◆ Lack of Priority on Commercial Development for Employment Opportunities and Market Rate Projects: With conventional financing for construction evaporating nationally and property values declining, SEDC was poorly positioned. The Corporation was spending all its resources on public improvements and affordable housing. As worthy as these projects are, they primarily generate temporary construction jobs and they do not generate sufficient tax increment to keep

redevelopment financing tools working. No reserve fund was banked for future market recovery and market rate projects. The operating budget was based on outdated economic assumptions and the projects targeted did not have sufficient balance.

- ◆ Return on Investment: SEDC is not currently achieving a desired match of investment from outside sources per dollar of tax increment invested. The desirable ratio needed is four dollars of private/public investment for each dollar of tax increment invested by SEDC.
- ◆ Overemphasis of resources on Marginal and Scattered Affordable Housing proposals: A large number of proposed affordable housing projects were being pursued. Most had marginal feasibility. The number of units being pursued far exceeded SEDC's statutory obligation under CRL. Southeastern San Diego has provided more than its fair share of low income housing and a need exists to provide housing to other income categories to create housing diversity and a stronger economic base with greater spending power. Some of the more recent proposals by less sophisticated development partners with insufficient resources required inordinate staff assistance and even requested predevelopment funding. They fell short of minimum Redevelopment standards since the investment match and timing were far beneath minimum ratios and Agency-wide norms.
- ◆ Insufficient Emphasis on Job Creation: Priority one in a recession is job creation and business retention and recruitment. The redevelopment efforts of SEDC had not anticipated the recession and had not prioritized economic development to the extent warranted by the high unemployment rates in Southeastern San Diego today. ***In all the public outreach, job creation emerged as priority one.***
- ◆ Weak Partnerships with Local Public and Non-Profit Sector Partners: SEDC had not sufficiently cultivated collaborative partnerships with SANDAG, City Departments, Redevelopment Agency, the Housing Commission, and CCDC to the level where leveraged successes could be realized. SEDC had not reached out to the larger network of locally active non-profit organizations such as Jacobs Center for Neighborhood Innovation, San Diego Organizing Project (SDOP), Golden Triangle, Bronze Triangle, Local Initiatives Support Corporation (LISC), Environmental Health Coalition, and many others for data and collaboration. In fact, SEDC was a highly insular organization and while SEDC had previously achieved good success despite their insular corporate culture, changing economic conditions demand efficiencies and economies that only partnering can achieve.
- ◆ Inadequate Partnering with Property Owners: Despite the one million dollar investment in entitlements for the Fifth Amendment Central Imperial Redevelopment Plan, SEDC had yet to establish a successful working partnership with the Jacob's Foundation, one of the largest land owners in Central Imperial or with other property owners. These property owners, their knowledge and their cooperation are essential in redevelopment activities and implementation of broader objectives.
- ◆ Poor Community and Public Relations: SEDC had been the topic of much negative media publicity and the need to build trust and to reinvent the organization as transparent, ethical, fair and open was very apparent in all conversations with the public. SEDC had not reached out to the neighborhoods and community organizations on their "turf" and in ways to encourage residents and

local businesses to participate in redevelopment priority setting. SEDC also failed to provide training and knowledge about the possibilities and potential of tax increment financing.

- ◆ Perceived District 4 Favoritism: SEDC was perceived to not serve Council District 8 to the level it served Council District 4. This perception, correct or incorrect, was leading to unnecessary competition, polarization and rivalries harmful to all constituents in all of SEDC's project areas and both Council Districts.
- ◆ Lack of Catalyst Projects in the Pipeline: In order to shift negative market perception about Southeastern San Diego and to overcome decades of disinvestment in infrastructure and capital facilities, projects of sufficient size, quality and impact will be needed. Such projects are also required to fuel the tax increment that keeps the redevelopment financing mechanism healthy to create jobs, build projects, and create strong neighborhoods and communities in future years. While SEDC had in the past developed several successful catalyst projects (Imperial Marketplace, Southcrest Park Plaza, and Gateway Center East) no new catalyst projects were in the pipeline in FY08 or FY 09 for the future.
- ◆ Lack of Economic Incentives for Redevelopment:
  - ❖ Outdated Suburban Zoning. The zoning in Southeastern San Diego is largely based on a suburban community plan developed in the 1960's during the Johnson Administration for the federal Model Cities Program, which was updated, but not substantially modified, in the 1980's. It lacks development standards that would allow transit oriented development and mixed uses along the trolley and transit lines. New zoning for flexible and mixed use zoning, reduced urban parking and park standards, pedestrian and multi-modal street design and new urban CEQA thresholds will be required to achieve the "smart growth" envisioned by the SANDAG Regional Comprehensive Plan and the City's General Plan. These regulatory modifications will make Southeastern San Diego eligible for additional Transnet funding. The public funds for a multimillion dollar comprehensive community plan are lacking in FY2010. In the outreach, the community repeatedly expressed frustration with planning efforts as substitutes for real results. The private funding to advance entitlements on an incremental case by case basis under the suburban plan and zoning are cost prohibitive. The City of San Diego's sometimes long process and high fees for development entitlement act as insurmountable obstacles to investment in an existing economically disadvantaged community.
  - ❖ Disinvestment in Infrastructure. Significant capital investment in Southeastern San Diego has been absent for several decades, as documented in blight studies and evidenced by the City's own Capital Projects Budget. However, utilizing City Hall's economic development capacities to target areas that have been traditionally disenfranchised has mounting policy support as a practice in San Diego, in the General Plan and in many of the Community Plans, in the SANDAG Environmental Justice directives, and in Federal and State policy. Southeastern San Diego would qualify well for stimulus funding from those sources if SEDC and the City can partner to position the area to take advantage of such resources.

One past barrier to local capital program spending by the City may have been the isolationist strategies of past SEDC administrations. If false perceptions inhibited local funding partnerships in the past, today those partnerships are being activated with many different City departments including Storm Water Department, CDBG, Engineering Capital Projects, City Planning & Community Investment, and the Redevelopment Agency. There is a renewed recognition that leveraged public investment in Southeastern San Diego after many decades of economic disinvestment is well placed.

- ❖ Long and costly entitlement processes. It is KMA's recommendation that entitlements will need to be subsidized and streamlined in order to attract investment into Southeastern San Diego. The CCDC model for incentivizing investment is a very successful one for SEDC modify and to use. The approach of having SEDC manage entitlement processing is equally important to Southeastern San Diego as it has been for Downtown San Diego through CCDC's entitlement process management. These observations were reinforced at the recent March 22, 2010, Council Meeting for approval of the SEDC Operating Agreement, at which Council members pointed out and commented that providing economic development is a key component of redevelopment law and requested that SEDC's core mission statement should include economic development and job creation.

## OBJECTIVES

The purpose of the Strategic Plan is to serve as a guide to accomplish the goals and objectives as outlined in each of the Project Areas Redevelopment Plans and their Five Year Implementation Plans and to respond effectively to the criticisms and challenges identified by community residents and business owners and policy makers. The recommendations strategically maximize SEDC's financial resources, leverage tax increment with other sources of funding, stimulate redevelopment and economic development opportunities, and outline methods to work effectively with private and public partners and the community. The goals are to eliminate blight, create jobs, meet community needs for affordable housing and commercial services, stimulate private and public investment and facilitate redevelopment activity.

## METHODOLOGY

SEDC undertook the following tasks in preparation of this Strategic Plan:

- ◆ Developed a Scope of Work in an interactive session with the SEDC Board that yielded a strong emphasis on community participation and grass-roots outreach to existing community groups, neighborhood organizations, property owners, non-profits, business owners, and organizations located in or that serve the community (Appendix A).
- ◆ Conducted a 'readiness' survey in the Dell's Imperial Survey Area in coordination with Ybarra and Associates, Southwest Strategies, and Summer Youth Workforce Partnership for residents and businesses in the Dell's Imperial Survey Area and developed a community outreach plan for Project Area Committee (PAC) elections based on the survey. (Appendix B)
- ◆ Contracted with Keyser Marston and Associates, Inc. (KMA), an economic and redevelopment technical expertise consultant for a Technical Background Report and Recommendations including a review of the FY 2009 San Diego Redevelopment Agency budget, utilization of the figures as calculated in KMA's August 2009 tax increment revenue projection for FY 2010 and beyond, long range economic forecast, review of the four SEDC Five-Year Implementation Plans for the 2010 to 2014 period, identification of key proposed developments and land holdings within SEDC's Area of Influence, and analysis of the most viable projects. (Appendix C)
- ◆ Performed grassroots outreach in all four project areas and the Survey Area and made a concerted effort to hear the concerns of the community. The outreach included community meetings with numerous community and neighborhood organizations as mentioned above, including Encanto Neighborhoods Community Planning Group, Skyline –Paradise Hills Planning Committee, Southeastern San Diego Planning Group, the Coalition of Neighborhood Councils, the Jacob's Center for Neighborhood Innovation, Webster Community Council, Chollas View Neighborhood Council, Environmental Health Coalition, San Diego Organizing Fair Chance for Healthy Start Task For African American Babies, Black Infant Health Center, Central Commercial District Revitalization Corporation, Pastors on Point, and Chamber of Commerce. It also included conversations with residents and businesses through the course of the year at a series of coffees, community fairs and events, and informally as they visited SEDC offices.
- ◆ Interviewed applicants for development in Southeastern San Diego currently in the entitlement process.
- ◆ Presented the Preliminary Strategic Plan recommendations on a public agenda and received input and policy guidance from the SEDC Board and from the Redevelopment Agency Board prior to finalizing the Final Draft Strategic Plan.
- ◆ Revised the documents to reflect the input we received, revised the recommendations to include the valid criticisms, and conducted another round of outreach with the revised Strategic Plan document.

## RECOMMENDATIONS: FIVE APPROACHES

SEDC's Five Basic Approaches, borrowed from the National League of Cities effort titled "Tapping the Power of City Hall to Build Equitable Communities" (Appendix D) are listed as follows:

- ◆ **Targeted Investment Approach:** This approach involves investment that increases the value of assets for blighted and disinvested communities. This can take the form of catalyst project development for jobs creation, infrastructure installation, raising property values through programs designed for remodeling and rehabilitation or historic preservation, neighborhood and public safety improvements (e.g., streetlights), better access to public transit and health by increasing walkability (installing missing sidewalks, improving bus stops, transit and trolley stations to encourage public transit use,) cleaning contaminated properties, separating incompatible land uses, and using the storefront improvement program to help existing area businesses thrive.
- ◆ **Collaborative Partnership Approach:** Collaboration leads to more efficient delivery of services and in troubled economic times this approach is sometimes the only feasible one. It assumes no single sector, non-profit, private or public, can reduce blight and poverty alone. Working collaboratively with sectors and organizations is a way of stretching resources and increasing effectiveness.
- ◆ **Participatory Governance Approach:** This approach focuses first on neighborhood assets and improvements and addresses low-income areas through leadership development, community organizing, and capacity building. It creates strong partnerships between residents and government. In the process it leads to residents understanding government and greater civic engagement and empowerment.
- ◆ **Data Driven Approach:** Good data can be a powerful tool in creating community-wide support and reversing invalid community perceptions. This approach relies on gathering relevant data to provide an accurate picture of the community and neighborhoods, e.g., property values and ownership patterns, capital improvement spending and activity, permit activity, existing assets, missing infrastructure and deficiencies, housing supply, household income levels and spending patterns, building conditions, population and demographics, etc.
- ◆ **Asset Driven Approach:** This approach builds on a community's successes and strengths with less focus on needs. It asks "What is working today?" and answers "Let's do more of that!" It focuses on areas of agreement and puts aside disagreement to achieve small successes which build trust and encourage working cooperatively toward more comprehensive larger successes.

## RECOMMENDATIONS: TEN STRATEGIES

Ten strategies emerged from the policy direction provided by the SEDC and Redevelopment Agency Boards, from the values expressed by the community and from the technical advice we received from KMA. Many of these strategies were used by CCDC in the past in order to incentivize development in Downtown San Diego. The model used by CCDC for downtown and the Redevelopment Agency for areas such as North Park and City Heights to attract investment, provide incentives for development and streamlined processes is not only an extremely successful model for SEDC but for redevelopment statewide, nationally and even internationally.

### Strategy 1 Plan Amendments to Merge Project Areas and Expand Territory

Merging the Project Areas is critical for overcoming the disparity and divisions that have been characteristic of SEDC's project areas in the past. The community remains markedly at odds with itself today, although the areas of disagreement are small in relation to the common goals and aspirations. It is very easy for all levels of government and the private sector to ignore and withdraw investment from a community that cannot reach consensus or articulate priorities. The need for setting common priorities and developing a common vision for the future is essential to moving forward on areas of agreement.

The merger strategy along with SB 211 and other financial amendments provides the advantage of maximizing the Agency's bonding capacity and repositioning the organization for greater efficiency and financial capacity. According to the KMA financial analysis this action is expected to significantly improve SEDC's Tax Allocation Bond capacity, reduce interest costs, and improve the debt service coverage ratio by creating a larger and more diverse tax base to achieve a financial surplus for community projects and partnerships without the need to loan and reloan funds across project areas. The improved ability to invest local tax dollars will attract new investment to neighborhoods and business districts.

SEDC is proceeding to reinitiate the previously directed territorial expansion of the Dells Imperial Study Area. Two additional territorial expansions were suggested during the community outreach to Webster and Skyline communities. They can also be considered in tandem with expansion of the Dell's Survey Area. These areas are included in Exhibit 1 titled, Territorial Expansion Areas and Revised Area of Influence. They have potential to create new commercial employment opportunities and to utilize tax increment financing. In the outreach, we learned that many neighborhoods were historically connected better, both physically and socially, prior to the construction of various freeways that divided the community east, west, north and south. These areas continue to include, as they have historically, racially and ethnically diverse populations that share similar socioeconomic characteristics such as household sizes, age of housing stock and household income levels. The neighborhoods are well established and the neighborhood organizations are extremely well organized and conversant in land use matters. They understand that the redevelopment of the commercial centers would greatly benefit their services and provide job opportunities. They welcome revitalization and continuing public and private investment. Preliminary Plans including the legal blight analysis and many other procedures and notifications will be necessary for the proposed commercial centers and mixed use areas prior to any consideration of any expansion of SEDC Redevelopment Project Areas. This will expand potential for market rate, commercial and job producing projects.

**Metric for Success:** Create an additional \$17 million in bond capacity without loaning and re-loaning between project areas.

**Timeline:** FY 2012, Fifteen months from Redevelopment Agency authorization to proceed.

**Approach:** All five approaches will be utilized.

**Metric for Success:** Expand potential for market rate, commercial and job producing projects by including the expansion territories into SEDC project areas, including Dells Imperial Study Area, Federal and Euclid and Jamacha and Cardiff areas.

**Timeline:** FY 2012 - Fifteen Months from Redevelopment Agency authorization to proceed.

**Approach:** All Five Approaches will be utilized.

### Strategy 2: PAC Formation: Form a Single Unified Project Area Committee for Southeastern San Diego

Create one consolidated Project Area Committee (PAC) pursuant to California Redevelopment Law (CRL), consisting of elected and appointed PAC members to represent all SEDC Project Areas. The composition of the elected PAC members will be residential owners, residential tenants, business owners and property owners who live or are located in the project areas. In addition, the law allows and SEDC recommends that approximately one quarter of the PAC be appointed by the Redevelopment Agency Board from non-profit organizations located in the Project Areas. These appointments are recommended to include the Community Planning Groups and other non-profit organizations which already serve the project areas. The Agency Board can delay appointments until after the election so any unrepresented stakeholders or neighborhoods are represented by the Agency Board appointment. While the manner in which the number of members required in each category is prescribed by law, we estimate a 50-member PAC is a likely outcome of the election and appointment process. This estimate is based on experience in other communities where large merged project areas, including residential communities, were part of similar collaborative and grass-roots directed Redevelopment efforts, such as the City of San Jose Strong Neighborhood Initiative Project Area. (Appendix D - Tapping the Power of City Hall to Build Equitable Communities: 17 Promising Strategies, National League of Cities)

**Metric for Success:** An elected and trained group of citizen leaders named the SESD PAC will be formed, oriented, trained and begin making recommendations to the SEDC and Agency Board in FY 2011. Each neighborhood in our Project Areas will have a top ten list of priorities by 2012, in time for our new bond capacity to be realized.

**Timeline:** Fifteen months to Plan Adoption, the SESD PAC will continue automatically for three years after Plan Adoption and into the future as extended annually by the Agency Board.

**Approach:** Participatory Governance Approach

### Strategy 3: Market Rate Development and Job Creation

Job creation and the need for employment in Southeastern San Diego has never been a higher priority since the Great Depression. This top community priority was emphasized by the Agency Board and the community during the outreach process. The Redevelopment Agency Board has asked SEDC to maximize the use of the Agency's tax increment funds for partnerships that will create local employment opportunities. These employment producing partnerships are also the types of redevelopment projects that enhance tax increment revenue. In the Agency agreements for development of the site, SEDC can continue to include employment and training requirements for local employment opportunities. There is a need to strengthen these requirements to provide specific local employment requirements and SEDC will work with legal counsel to provide enforceable requirements.

In Council District 4, opportunities for employment producing development exist along the Euclid corridor from I-94 to the Village at Market Creek, Northwest Village (commercial/industrial properties) and other portions of the Jacob's holdings, Hilltop and Euclid, Valencia Business Park and the Imperial Avenue Corridor. In Council District 8, opportunities exist along the transit corridors of Market Street, National Avenue, Imperial Avenue and Commercial Street, and in Southcrest near the Southcrest Park Plaza and 43<sup>rd</sup> Street corridor. Projects approved or planned that can provide construction and permanent jobs over the next five year period include Valencia Business Park, Vista Grande Apartments, Trolley Residential, and the Comm 22 Residential mixed-use development. Using the California Redevelopment Association's

Impact Model for Success Job Generation Calculator, the number of jobs that will be achieved through the public and private investment in these projects is approximately 1,000 construction and permanent jobs. Timelines for projects have been used to provide annual goals for the projected 1,000 jobs to be created in the next five years.

**Metric for Success:** SEDC will achieve a 4:1 ratio of private investment to Agency assistance as our partnerships are negotiated and selected through competitive processes.

**Timeline:** FY 2011 through 2015

**Approach:** Collaborative Partnerships Approach

**Metric for Success:** SEDC will revise its employment and training requirements for inclusion into any future development agreements.

**Timeline:** FY 2011

**Approach:** Collaborative Partnerships Approach

**Metric for Success:** SEDC will generate 1,000 jobs over the next five years as part of its partnerships and projects, including construction jobs and 30% of those would be local, living wage jobs.

**Timeline:** FY 2011-2015 - Annual Jobs Created:

Year 1: 130

Year 2: 72

Year 3: 200

Year 4: 300

Year 5: 325

**Approach:** Collaborative Partnerships Approach

#### **Strategy 4: Forge Strong Partnerships with Proven Developers and Build Catalyst Projects that Create Jobs**

Focus on the development of the Village Center at Euclid and Market. Continue discussions with the Jacobs Center for Non-Profit Innovation in terms of developing non tax-exempt uses to provide commercial jobs and services for the community and to increase local tax increment revenue for future local investment. Due to the Village designation and existing amenities, several sources of other public revenues are available for development of the Village at Market Creek. This potential assistance is further reason to focus on development in this area.

Proceed with negotiating a similar partnership with the development team of Bridge Housing, MAAC Project, and the Bronze Triangle for the Comm 22 project, a mixed-use, commercial and residential transit-oriented development, located near the 25<sup>th</sup> and Commercial Street trolley station. This project has already received approvals for State TOD Prop 1C funding assistance, Housing Commission funding for Phase I, and additional funding to complete the project is being sought from SEDC's other affordable housing collaborative partners, CCDC and the San Diego Housing Commission. SEDC's assistance for the affordable housing component in the project would help fill the funding gap, assist this large catalyst project for the area, remove the existing blight on the site, provide affordable homes in the area, and leverage SEDC funds with numerous other public and private sources.

Determine how the Agency wants to proceed with previous plans for development of (1) the Imperial Corridor Master Plan and (2) Market Street Corridor (former Urban League site). If the intention is to

continue to develop these corridors, then SEDC will develop a plan to either acquire properties along these corridors and/or partner with developers to redevelop these corridors. The alternative is for the Agency to consider selling its acquired properties in these locations.

Sites that are in current negotiations or have an existing agreement to be implemented include the Valencia Business Park, Hilltop and Euclid, 40<sup>th</sup> & Alpha residential site, and Vista Grande Apartments rehabilitation. These sites can produce employment as well as residential, commercial or industrial development that can continue the positive change for the area.

**Metric for Success:** SEDC will negotiate three ENA's, DDA's, or OPA's and implement two existing DDA's or OPA's, including catalyst projects.

**Timeline:** FY2011

**Approach:** Collaborative Partnership Approach

### *Strategy 5: Affordable Housing*

Coordinate with the San Diego Housing Commission (SDHC) and the Redevelopment Agency to develop ways to use and leverage the Agency's Housing Set-Aside funds and to monitor the long-term affordability covenants for both for-sale and rental housing developments. This alternative allows SEDC to reduce in-house administrative costs.

Over the next five years, the SEDC's current total inclusionary housing obligation will require SEDC to contribute to the production of 20 very low income housing units. SEDC will look for opportunities to fulfill this minimum requirement in order to be in compliance with California Community Redevelopment Law.

SEDC will explore the option of using the SEDC/Agency's Housing Set-Aside funds to rehabilitate existing housing stock. Based on recent analysis of affordable housing projects, current affordable housing subsidies for new construction typically range from \$100,000 to \$150,000 per unit, whereas acquisition and rehabilitation can be accomplished for a fraction of the cost of new construction. Rehabilitation of existing housing stock and preserving the units for affordable costs will allow more units to remain affordable to more residents.

**Metric:** Produce 20 very low income units and enter into agreements with other partners for administration, continue discussions and negotiations for inter-agency agreements with Housing Commission, Redevelopment Division and others.

**Timeline:** FY 2013-14

**Approach:** Collaborative Partnerships Approach

### *Strategy 6: Existing Agency-Owned Properties*

Explore the potential sale of Agency sites in association with the City of San Diego surplus site analysis. Many of SEDC's holdings have little or no potential development value on their own, but their proximity adjacent to or nearby sites owned by other public agencies might enhance development value and opportunities, such as:

Central Imperial Site #3 – Oceanview Boulevard, East of San Pasqual Street  
Central Imperial Site #7 – 101 50<sup>th</sup> Street  
Gateway Center West Site #2 – NEC Pickwick Avenue and 33rd Street

The burden of processing an RFP can be reduced if the disposition of various sites is bundled and the value of public assets can be leveraged when considered together.

**Metric for Success:** Develop a strategy and plan for each of the Agency-owned sites including exploring each site for highest and best use, any partnership opportunities with adjoining or nearby publicly-owned properties, marketability, feasibility, etc.

**Timeline:** FY2011

**Approach:** Asset Driven Approach, Collaborative Partnership Approach

### *Strategy 7: Streamline Entitlement Processing and Provide Developer Incentives*

In the Technical background Report, KMA recommends that SEDC assume the responsibility for entitlement processing in all of the Project Areas in its area of influence. CCDC has used a combination of a Master Environmental Impact Report (EIR) that covered all potential environmental impacts of developing in accordance with their community plan and an implementation strategy that utilizes tailored regulations and lower level decision processes performed in many cases by agency staff or their board in the development Downtown San Diego. The key to streamlining permit processes in SEDC's Project Areas will need to be similar. A successful implementation strategy that includes a thorough EIR, land use plan, and regulatory scheme that simplifies the entitlement process should be followed. This same model is being pursued for all community plan updates currently being processed by the City and can be used in the transit focus areas for the SANDAG Smart Growth Incentive plans. This would allow individual projects to not have to perform lengthy environmental studies and project entitlement processes in order to proceed with development.

Permit activity is so low in Southeastern San Diego that any effort to expedite and incentivize investment will only cause a positive impact on City staffing and cost recovery. In fact, with cost incentives, the impact on the City may be a net positive at the building permit and inspection segment of the development entitlement and construction cycle.

Streamlining and simplifying entitlement processes for new development has been very successfully received by the development community. Comments from the Building Industry Urban Land Use Group and others confirm our conclusion that the demographics of Southeastern San Diego and stigmas associated with real estate investment and development will require significant incentives and that reducing the cost, cycle, and risk of the entitlement processing is an important strategy.

Builders and developers also recommended that SEDC consider providing development permit processing fee waivers. This strategy has a proven record of success in Downtown San Diego and other areas. If this can be achieved in Southeastern San Diego it would further the attractiveness of real estate investment and development in the Project Areas. In exchange for providing processing fee waiving or subsidies, SEDC will establish a minimum threshold for reviewing proposed developments requiring Agency assistance, such as the 4:1 investment ratio, job creation projections, tax increment production, fulfillment

of housing obligations, etc. Only projects which satisfy the threshold requirement would be eligible for waivers/subsidies.

Simplifying the land use provisions within targeted change areas of the Project Areas to be consistent with the City's General Plan is a priority. Modifying the Redevelopment Plans to refer to the Community Plans, rather than including land use maps in the Redevelopment Plans, will reduce the cost and provide incentives for development projects in SEDC Project Areas that require individual plan amendments. Currently, any land use change requires two amendments and is much more costly.

With the exception of a few sites, most notably Valencia Business Park and Keeler Court, legislative land use and zoning modifications are needed to encourage Transit Oriented Development. Revised regulations and zones for SANDAG identified Transnet eligible areas of Southeastern San Diego is an important step. Providing flexibility so that as the development investment market emerges, Southeastern San Diego can capture its share of redevelopment opportunities is critical. This will also require investment in infrastructure and ways to leverage Transnet funding be developed. Two SANDAG funded grants are being implemented to initiate this process, under the leadership of the City Planning & Community Investment Department in collaboration with SEDC and others.

**Metric for Success:** A revised land use plan, regulatory strategy, and Program EIR is completed for the Smart Growth Incentive Areas.

**Timeline:** FY 2015 - Land use plan and regulation adoption process is a minimum of 2 years, one year from the initiation of the Environmental Impact Report.

**Approach:** Data Driven Approach, Collaborative Partnership Approach

#### **Strategy 8: Brownfield Grants and the Use of the Polanco Act**

This strategy will specifically be pursued in the Dells Imperial area along Commercial Avenue where contamination issues may be prevalent. SEDC staff has received instruction from Centre City Development Corporation (CCDC) who created and utilized Polanco in downtown. In 2009 SEDC applied for an EPA Community-wide Brownfields Assessment Grant and supported private applications for Brownfield clean-up grant funding. In April 2010, SEDC received notice from EPA that the grant was awarded. Work will focus immediately on implementing the brownfield assessment. Further collaboration with CCDC, the Redevelopment Agency and the Environmental Health Coalition is recommended for Brownfield funding opportunities, guidance and clean-up approaches.

**Metric for Success:** Notify property owners of opportunity and begin implementing Brownfield assessments. Provide technical assistance to at least five willing private property owners for site assessments and clean-up.

**Timeline:** FY 2011

**Approach:** Data Driven Approach, Collaborative Partnership Approach

**Metric for Success:** Apply for and receive at least one grant providing financing for Brownfield clean-up in collaboration with private partners.

**Timeline:** FY 2011

**Approach:** Targeted Investment Approach, Data Driven Approach, Collaborative Partnership Approach

**Strategy 9: Explore a Variety of Public Financing Mechanisms for Installation and On-going Maintenance**

Explore the advantages and disadvantages of developing a Community Facilities District (CFD), Special Assessment District (SAD), and/or Public Improvement District (PID) to cover the improvements identified in the Smart Growth Incentive Plans and in any future Community Plan Update for the SEDC Area of Influence. Discussions could begin with property owners who own large land areas, such as the Jacobs Foundation, and Comm 22, or other non-profit organizations that could provide land conservancy and improvements along Las Chollas Creek, such as Groundworks San Diego.

**Metric for Success:** Adopt a Financing Plan for Public Improvements in Transit-Oriented Catalyst Areas. This is to be accomplished together with the Smart Growth Incentive Plan, a two year effort that will kick off in FY2011 under the leadership of City Planning & Community Investment Department.

**Timeline:** FY 2015

**Approach:** All Five Approaches

**Strategy 10: Distinguish Southeastern San Diego's Position in the City, County, and Region and SEDC's Continuing Leadership in Redevelopment and Economic Development**

SEDC has been able to achieve great successes in an area of Southeastern San Diego despite economic, physical, and demographic challenges. Downtown San Diego, the Naval Training Center, and numerous other areas have achieved great success and nothing can take anything away from these successes as they serve as models to other project areas, the region and the nation. However, these areas were not faced with the same economic limitations, physical problems and difficult demographics found in Southeastern San Diego.

SEDC has been able to provide commercial, industrial and residential development, with limited capital and without the ability to manage entitlement processing or by waiving development fees. Proof is in the success of developments such as:

**Village Center at Market and Euclid**

Designated as Pilot Village

75,000 SF of retail

75,000 SF of office

Anchored by Food-4-Less



**Imperial Marketplace**

Redevelopment of severely constrained site by zoning, topographical and environmental issues

261,000 SF of retail

67,000 SF of office

Anchors include Home Depot, 99 Cents Store, Sizzler's, Concorde Career College, and 24-Hour Fitness



### Southcrest 252 Corridor

Redevelopment of 66-acre site intended for development of freeway 130,000-SF Southcrest Park Plaza shopping center anchored by 60,000-SF Northgate Gonzalez Market and 17,000-SF CVS Pharmacy

99 single-family residential homes

Cesar Chavez Elementary School

Dorothy Petway Park and Southcrest Park Trails, 9 acre active and passive recreation park



### Gateway Center East Business Park

Redevelopment of 66-acres of excess cemetery land

258,000 SF of industrial

43,000 SF of office

135,000-SF of retail, anchored by Costco



Since inception, SEDC has contributed to the development of 546 affordable housing units within the Project Areas and Area of Influence. This figure represents 67% of all housing developed by SEDC.

SEDC, representing the Agency, is the only organization that has the experience and knowledge to continue this revitalization effort. With the added tools of managing entitlement processing and waiving or subsidizing development fees, these past successes can be continued and improved on. By fiscally merging all Project Areas, the facilitation of the development process becomes more efficient and SEDC will have the ability to raise more capital sooner and reduce its administrative costs.

Business attraction and retention will continue to be a focus for SEDC in order to provide employment and business opportunity and goods and services for the community. A business development component is critical to the success of the redevelopment process. A healthy and expanding Southeastern San Diego business sector can go a long way toward reversing the disinvestment of business in the area and turning resident consumer spending into a positive asset for the surrounding community. Increasing opportunities for employment and for goods and services for local residents will assist in the redevelopment effort. Working with the local community college and construction industry organizations to help educate local residents for employment in clean technology, green, and sustainable development fields can help to provide an educated local workforce that can attract businesses to the area.

Attracting businesses is a goal. Businesses provide a range of employment opportunities, for youth to seniors, and a range of employment types from retail, service, assembly, manufacturing, office, and research, to professional managerial and technical positions. A strategy will include the promotion of and expansion of state and federal programs that incentivize businesses to locate in the area, such as the Metropolitan Regional Enterprise Zone, Renewal Community, HUB Zone, etc. Strategies will include the promotion and marketing of the Southeastern San Diego area as a viable location for business that is close to downtown San Diego with convenient access to three major freeways, the trolley line, and major transit corridors. SEDC also needs to promote the existence of a young, willing and able workforce in Southeastern San Diego.

Supporting and assisting existing businesses is a vital part of economic development. Important in this

strategy is providing business training assistance, job training assistance and referrals, technical assistance and referrals, and programs to improve business such as storefront improvement loans, small business loans, etc. Developing partnerships between SEDC and others will provide additional resources and technical expertise for business and employment. These partnerships will include local businesses and corporations, as well as economic, educational, business or employment organizations such as community colleges, universities, City of San Diego, Workforce Partnership, associations for business, employment and development, Chamber of Commerce, and local and regional economic development organizations.

Development of a Storefront Improvement Program that would provide forgivable loans for façade improvements to businesses in the area could provide business improvement assistance. Improving the appearance of commercial areas helps to establish pride in the older neighborhoods, helps businesses attract customers, stimulates investment to neighboring buildings and builds a safer street environment. This strategy will help to rebuild the business districts and enhance surrounding neighborhoods.

Over the past ten years the SEDC Entrepreneur Academy has served over 600 individual business owners in Southeastern San Diego. The Academy provides a series of weekly workshops held after hours so business owners can attend. The workshops provide training, assistance and interaction with experts in business finance, advertising and marketing, employee training and management, retail services, product pricing, and other relevant topics. Topics are evaluated and revised as the market, economy and local business needs change. The program continues to receive positive acclaim from participants and community leaders. A new Advanced Series of the Academy was developed and is being held in April 2010, and a Basic Series is scheduled for the Fall of 2010. This program has been possible from the partnerships SEDC has developed with local financial institutions and business organizations. This year the continued support and upcoming sponsorships from Wachovia Wells Fargo, Bank of America Foundation, U.S. Bank and CDC Small Business Finance will ensure that small independent businesses remain a vital component in the communities of Southeastern San Diego. This Program will continue to be held and expanded to assist with local business expansion and retention, increasing the local economic activity and providing additional local employment opportunities in the area.

The short-term specific strategies that will be continued, expanded or developed include:

- Entrepreneur Academy
- Storefront Improvement Program
- CleanTech
- STAR Weatherization
- Enterprise Zone
- HUB Zone
- Renewal Community

**Metric for Success:** Develop and Refine an Economic Positioning and Marketing Strategy

**Timing:** Fiscal Year 2011

**Approach:** Asset Driven Approach, Data Driven Approach, Collaborative Partnership Approach

**Metric for Success:** Develop Storefront Improvement Program guidelines, requirement, applications, flyer and marketing materials, identify funding for the program and market to all businesses in the area, and complete two storefront improvements per year for a total of eight storefronts.

**Timing:** Fiscal Year 2011 – Develop Program    Fiscal Year 2012 – 2015, Improve eight storefronts

**Approach:** Asset Driven Approach, Targeted Investment Approach, Data Driven Approach, Collaborative Partnership Approach

**Metric for Success:** Through our business attraction and retention program, including the Entrepreneur Academy, working with local and regional businesses and partners, promotion of business incentives, create at least 100 jobs annually.

**Timing:** Fiscal Year 2011 through 2015

**Approach:** Asset Driven Approach, Data Driven Approach, Collaborative Partnership Approach

## CONCLUSION

There is no other Agency, organization or entity in the region that can claim the success SEDC has achieved in revitalizing an area economically and physically, especially given the challenging demographics and other issues it has faced. SEDC, in reestablishing itself as an entity that can make positive change occur in the future can remind everyone interested that as a revitalization entity it has already achieved great success. The Ten Strategies for Success presented above provide new directions for SEDC to initiate and create positive changes in the organization and in Southeastern San Diego. The Five Approaches provide the tools for successful implementation of the Ten Strategies.

This Five Year Strategic Plan provides a comprehensive, organization-wide strategy for effective Redevelopment in the SEDC area of influence, and it will be instrumental in directing SEDC's efforts to improve the quality of life in Southeasten San Diego now and into the future.