

## Summary Report from Tracy Reed Excerpt from “Draft Redevelopment Plan”

If adopted, the Grantville Redevelopment Plan will establish the 990-acre Grantville Redevelopment Project Area. The Project Area is comprised of three contiguous subareas. In accordance with CRL Section 33320.1 all of the subareas proposed to be included in the Grantville Project Area are blighted. The boundaries of the proposed Project are as shown on the Redevelopment Plan Map and mirror the legal description, attached hereto as Exhibit A. The area proposed for inclusion in the Project is approximately 990-acres in the north eastern portion of the City. The Project Area is primarily within the Navajo Community Plan (82%) as well as the Tierrasanta (18%) and College Area Community Plans (less than 1%).

The Project Area, located along the San Diego River, was originally developed for agricultural uses to serve the Spanish mission across the river. In 1887 plans were developed for a townsite which included military housing. It was from this anticipated military housing that Grantville received its name in honor of President Ulysses Grant. Significant military housing was never developed on the Grantville side of the San Diego River and so modern-day Mission Gorge Road was originally developed with industrial uses including sand and gravel extraction in the early 1900's. Over time commercial uses intensified along Mission Gorge Road to serve residential development that began in the early 1950's.

Mission Gorge Road was never adequately improved to service the traffic volumes created by the development of residential communities in Allied Gardens and San Carlos and the commercial development that followed. Many of the industrial properties in the Project Area were constructed prior to the development of current zoning regulations and modern market demands for industrial uses. This had led to proliferation of substandard industrial properties, which has attracted marginal and unsafe industrial uses. Many industrial sites in the Project Area cannot safely accommodate modern delivery vehicles which must either park in traffic lanes to unload cargo or make excessive or dangerous maneuvers to enter small properties.

Industrial uses include; salvage and outdoor storage operations near the San Diego River, outdoor manufacturing and vehicle repair, along with sand and gravel extraction operations. Multiple sites were observed using temporary plastic tarp structures to accommodate ongoing outdoor production as well as steel storage containers being used as permanent manufacturing areas with several users having gone so far as to physically attach the storage container to the building thereby creating an unsafe work environment at several sites.

The largest and earliest industrial use in the Project Area is the sand and gravel extraction operation. Since 1927 extractive operations have been taking place along the San Diego River. The sand and gravel pit area covers 420 acres in the Project Area and is regulated by a Conditional Use Permit until 2033. At the conclusion of extraction activities, various remediation activities will likely need to take place before the sand and gravel area can be redeveloped for other uses.

Some of the extraction areas are designated for open space and will require environmental restoration to achieve this purpose. Currently the City is engaged in a Master planning process to

determine the disposition of large portions of this site. Many of the original extraction areas are the site of salvage operations, outdoor materials storage and heavy manufacturing activities along the San Diego River. At this time no significant funding has been identified to implement post extraction activities.

Other industrial development along Mission Gorge Place and Fairmont Avenue compete with commercial uses along Mission Gorge Road for space. Over time commercial development has pushed many original industrial uses to other areas and created an unsightly and inefficient mixture of commercial and industrial users. Industrial uses on or near the Mission Gorge corridor include; light manufacturing, auto repair and storage (indoor and outdoor).

Commercial uses (office and retail), which traditionally bring in higher revenue for property owners have not only crowded out some industrial users in the competition for space, but have restricted revenue from both uses because the modern market views industrial and neighborhood serving commercial as a mismatch that attracts second tier users. As more second tier industrial and commercial users have entered the Grantville market, properties continue to generate lower revenues compared to similar markets. This perpetuates the substandard market by attracting more substandard users, continuing the downward spiral of the Project Area.

Neither commercial nor industrial uses can mass enough property to create modern development nodes that attract high end users to the Project Area. Instead the Project Area is viewed as a second tier location and based on field observation; this lack of return on investment has lead many property owners to limit investment in upgrades of their properties, further exacerbating the problem.

Commercial uses in the Project Area are further impaired by the small and poorly configured lots particularly along Mission Gorge Road, obsolete design and the age of existing structures. Approximately 62% of the commercial buildings were constructed over 30 years ago and 79% of industrial buildings are over 30 years old. Many of the commercial buildings surveyed also suffer from obsolete design, further restricting their ability to attract top tier users. Having older and obsolete buildings, many of which suffered from deferred maintenance on shallow/narrow lots in a haphazardly incoherent theme has left the Project Area visually blighted.

The older, visually unattractive area does not invite shoppers. The size of parcels and age of buildings does not appeal to national chain stores. Developers find it more economically sensible to locate stores where successful retail centers are established. Today's market trends call for regional and neighborhood commercial centers like those in Mission Valley, La Mesa and Kearny Mesa, all of which are less than 1-3 miles away.

As stated in the City of San Diego General Plan, strip development characterizes the older commercial areas of the City. Because these areas were developed prior to the current zoning regulations, market trends and urban development patterns, the problems associated with older commercial strips are a combination of insufficient parking and traffic congestion. In the past, the tendency was to regard all property fronting major streets as commercial. When traffic was lighter and moving more slowly, patrons were enticed to stop and shop because getting on and off the major street were not too difficult. To quote the General Plan, "This type of commercial

development now is inefficient for everyone concerned. It means inconvenience for the shopper, poor business for the merchant and poor investment on the average for the landowners. Massed shopping areas are always preferable” (General Plan, Pg 278).

In the 1960’s and 1970’s, city planners developed a scheme of designing “commercial nodes,” which are concentrations of businesses, usually at major intersections, that have neighborhood or even regional appeal. Due to shifting traffic patterns and increased competition outside of the proposed Project Area, many commercial properties are inadequate to meet current commercial requirements. To meet the demand for commercial space in the Project Area many commercial businesses must contend with inadequate parking, storage and other facilities. There is an abundance of commercial uses in the Project Area affected by these substandard conditions.

Generally, it is believed by city staff, and realtors that were interviewed, that businesses locate along Mission Gorge because lease rates are lower. Lower lease rates enable new businesses to start up with less capital. A trade off, however, is that this area offers fewer amenities to attract patrons – often leaving business owners with undersized units that because of age, and lack of appeal to shoppers, do not generate adequate sales to pay for improvements or even basic maintenance. Lease rates are lower because of the area’s deteriorated condition, small lot and building size, lack of amenities such as parking, landscaping, loading, storage, disabled accessibility, lighting, and up-graded electrical amperage. As a “catch-22,” businesses locate because it is less expensive, and it is less expensive because it lacks amenities and is deteriorated. Lower lease rates then fail to provide enough capital to improve the properties, and the area remains unchanged.

Due to the small size of the lots in the Project Area, modern development is not likely to take place without reparcelization. The amenities required for modern development include adequate landscaping, access, vehicle circulation, loading, parking, and trash enclosures, all of which cannot be accommodated on many Project Area parcels. Without the revenues and tools that redevelopment offers the Project Area will continue to struggle economically.

Also affecting commercial and industrial structures, the Uniform Building Code has evolved over time making buildings structurally safer and improving mechanical systems. It is beyond the scope of this report to review all of the changes in the UBC. However, some of the major changes that affect the Project Area structures include:

- Tying units to foundations
- Replacing electrical fuses with switches
- Upgrading amperage to accommodate modern appliances/machinery
- Electrical wiring upgrades such as the use of Romex and the retiring of knob and tube wiring
- Replacing galvanized piping with copper and PVC piping for plumbing
- Installation of better drainage and other back flow devices
- Structural improvements such as larger sized lumber for joists and headers and the tying of roofs to framing to improve structural integrity
- One-hour fire walls and doors
- Required number of exits

- Reinforced masonry

All of these and many other improvements have significantly improved the safety of, and desirability of commercial and industrial buildings. Over time, upgrades on older structures are made to meet current standards. However, the financial and physical challenges faced by business owners have affected their ability to upgrade property. This leads to nonstructural and structural damage, as well as properties that still have their original inadequate systems. And finally, as previously discussed, these obsolete conditions leave the commercial and industrial areas less desirable to business tenants.

Since its inception, the Agency has targeted its efforts to mitigate blight within its existing redevelopment project areas. To further address blight and revitalize portions of the San Diego community outside of existing redevelopment project area boundaries, the Agency seeks to establish the Grantville Project Area to accommodate the needs of modern commercial and industrial users, correct public infrastructure deficiencies, and enhance business development within the Project Area.

The Project Area also has a unique use that is a major regional employer; Kaiser Permanente Hospital. Kaiser's landholding represents nearly a quarter of the entire assessed value of the Project Area. While Kaiser's buildings appear modern from the outside there are significant structural issues that must be addressed with respect to earthquake safety. The Zion Avenue site, which is the largest of all Kaiser's holdings as well as the region's emergency room facility, will need to undergo a significant earthquake retro-fit per California state law. The site already must use temporary storage buildings and containers in the parking lot to attempt accommodate current uses and an expensive earthquake retro-fit project may require Kaiser to look at alternatives outside of the Project Area, affecting the region's access to emergency health care.

In addition, if Kaiser relocated this facility to another area what would become of the existing hospital site? A building this large with its specialty uses is likely to remain vacant for a long period of time because there are few users for a building this large and converting it to an alternative use could be cost prohibitive. If this site were to remain vacant for a long period of time the effects on the surrounding retail businesses could be fatal, which would further perpetuate existing blighting conditions in the Project Area. The hospital site on Zion Avenue is one of several large uses by Kaiser within 1-mile area. Because these sites are not directly connected, employees and patrons often times must travel by vehicle back and forth through the Mission Gorge corridor further adding to excessive traffic volumes, which adversely affect surrounding residences just outside of the Project Area.

Traffic along the Mission Gorge corridor is not only adversely affected by density of surrounding development and disconnected uses, but inadequate physical road conditions along Mission Gorge Road also contribute to unsafe travel volumes. The Interstate 8 interchange at Mission Gorge and Fairmont Avenue is severely under capacity, which leads to bottle neck conditions throughout the day. Field studies observed multiple unsafe traffic maneuvers at this interchange on several occasions.

The presence of these cumulative factors in the Grantville area are the reasons the Agency seeks to apply the extraordinary tools provided to redevelopment project areas by the California Community Redevelopment Law.