

Subsidizing Wal-Mart

*A Case Study of the
College Grove Redevelopment Project*

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Preface

Sound land use decisions are vital to economic growth and sustainability as California enters the next century. This was the central conclusion of a recent study by the Center for Study of the California Economy¹ and is increasingly the focus of a number of organizations, community groups, and concerned residents in San Diego County. This approach recognizes the important linkages between housing, urban sprawl, economic prosperity, and the condition of the environment.

As part of the Center on Policy Initiatives' efforts to promote sound economic development and land use policy in San Diego, this study looks at the impact of a large subsidized development on the local community and the region. In this report we examine the impact of the College Grove Redevelopment Project, that includes a Wal-Mart and Sam's Club, on the community and the region. This project received \$13.4 million in the form of public assistance, including \$9.5 million for Wal-Mart. This study includes the following sections:

- *Project Description*: The size, type, and location of the project.
- *Neighborhood Overview*: Baseline socioeconomic indicators of the community.
- *Changes Required of the Community Plan*: The project's initial conformance to the community plan and any changes that were necessary.
- *Fiscal Assessment*: The overall fiscal impact of the project on various entities, including the City, the Redevelopment Agency and the County.
- *Employment Assessment*: The number and types of jobs created, wage levels and health coverage.
- *Affordable Housing Assessment*: The impact the project has on housing supply and affordable housing.
- *Neighborhood Services Assessment*: The project's contribution to important community needs such as parks, schools, retail, open space, and the impact on small business.
- *Environmental and Smart Growth Assessment*: A summary of the Environmental Impact Report impacts, mitigations, unmitigated impacts, and the use of smart growth principles in transit, design, and pedestrian linkages.

¹ Land Use and the California Economy, CSCE 2002.

Executive Summary

Subsidizing Wal-Mart: A Case Study of The College Grove Redevelopment Project is an in depth look at the costs and benefits associated with a large publicly assisted development project. By examining a broad range of community impacts—from fiscal returns and job creation to land use and environmental impacts—this study provides a more comprehensive way to evaluate how the community, the City and region are affected by such a project.

State and local government in California are increasingly active in subsidizing development. In 2001 alone California spent \$7.8 billion on subsidizing different development projects. Locally, the City of San Diego has a number of programs to assist in economic development, an important tool being redevelopment. For the fiscal year 2003, the City of San Diego Redevelopment Agency plans to spend \$251 million dollars.² Given the significant resources allocated for publicly assisted development, this study was conducted to evaluate the contribution of a large project to meeting the economic and social needs of the community and the region.

This analysis of the College Grove Wal-Mart Redevelopment Project, most recently developed by Wal-Mart and Vestar Development in 1998 with \$13,397,000 in public assistance, examines the overall project impact on (1) fiscal returns to the City and other agencies, (2) employment, including wages and health benefits, (3) housing creation, including affordable housing, (4) the community plan in the form of amendments, (4) neighborhood services and small business, and (5) environmental impacts including an assessment of smart growth elements.

While the College Grove Redevelopment Project contained important goals—providing new employment opportunities for the community, eliminating blighting conditions, revitalizing a mall which had a 50% vacancy rate, and providing new retail options for the community-- this study provides a broader, balanced picture of the community impacts. In each chapter of this report we raise a number of questions about the projects impact, and if it was the best for the community. Overall, a number of significant impacts stand out:

- The city spent nearly \$14 million in assistance, Wal-Mart receiving nearly \$10 million.
- There is a net fiscal return from the project annually, but this is significantly offset by other costs
- The majority of the jobs pay below a self-sufficiency wage and just above half of the employees have employer provided health care

² City of San Diego 2003 Budget.

- The project design is bad for smart growth planning and contributes to sprawl due to increased traffic
- There are significant impacts on small business
- The project does contribute to affordable housing indirectly through the set-aside of affordable housing funds administered by the Redevelopment Agency, however, the project also eliminated lands for potential housing in the local community

We discuss the overall impacts in more detail below.

Fiscal Impact

How much was spent at the project and who received the benefits?

- Public Assistance: \$13,397,000 for the whole College Grove Project to Wal-Mart and Vestar LLC; including \$9,538,671 attributable to Wal-Mart.
- The subsidy to Wal-Mart included a land write-down of over a million dollars and the leasing of parking spaces for a rarely used park and ride facility for over 2.4 million dollars.
- Fiscal Impact on the City of San Diego: The net impact to the City of San Diego from this combination of deals has been positive, but moderated by the expenditures on public services that are concomitant with a retail project of this size. The net annual return to the City is estimated at \$242,535 annually. This figure is most likely less, however, because (1) a significant portion of the sales are likely to be drawn from existing retailers in the city, and therefore the revenues are not new but simply transferred within the city, and (2) some small businesses may have been lost due to retail competition and no longer provide sales tax revenue.
- Fiscal Impact on the Redevelopment Agency: The net impact on the Redevelopment Agency of the City of San Diego has been positive. The project has brought in almost \$2 million in Tax Increment, generating approximately \$211,036 annually. Additionally, the Redevelopment Agency has incurred considerable debt, and is using most of this tax increment to repay the loans to the developer.
- While data limitations prevent a full analysis, it is likely that the proximity of the project at the city's edge has drawn retail sales away from Lemon Grove and La Mesa, simply transferring sales tax revenue from those jurisdictions to San Diego.

Employment

How many and what types of jobs were created by the project?

The jobs created by the project were predominantly low-wage Service Sector occupations with limited career ladders.

- Total Temporary Construction Jobs Created: 218

- Total Permanent Jobs Created: 880 (67% Part time, 33% Full Time). This figure, however, does not include the loss of jobs from small business cannibalization due to competition, and therefore the actual figure is likely to be lower.
- Total Jobs Below Self-sufficiency Wage (\$11.38): 740 (84%)
- Portion of Jobs requiring only short-term on the job training: 712 (81%)
- Portion of Employees with Employer Provided Health Insurance: 492 (56%)
- While there was a local job fair at the project, no local hiring program was implemented to ensure that local residents had access to the jobs

Neighborhood Services

Did the project contribute to important community needs, including parks, open space, or school facilities?

- Parks and Recreation: Chollas View Park has planned improvements and construction for a cultural center and park facilities, however no funding has been allocated for this to date, so there has been no direct project impact.
- Health Services: No contribution directly, but revenues are generated for the County that could ultimately be used for health services, although none were earmarked for these purposes despite being in a Medically Underserved Area (MUA) and Health Professional Shortage Area (HPSA.)
- Schools: No fiscal impact, as the state compensates for revenue lost to redevelopment.
- Retail Assessment: Provided new retail opportunities to the community, however these are offset by the potential loss or restructuring of small business in the local market area.

How were small businesses affected?

- Although data limitation prevents a quantified assessment of the total impact, our survey of local retailers shows that small businesses have been adversely affected due to competition from the new center, and the retail submarket for the area continues to have one of the highest vacancy and turnover rates in the city.
- No new economic activity in the local market area is evident from the increased draw of traffic and consumers to the project.

Community Plan Conformance

Did the project conform to the community's planning, zoning, and land use guidelines?

- The project met some goals of the community plan, notably increasing retail opportunities and revitalizing the shopping center, but ran counter to others requiring amendment.
- The required amendments included four zoning changes which:
 - Raised the allowable level of traffic in the area, degrading the Level of Service from grade "A" to "C".
 - Increased the allowed level of parking in the area.
 - Eliminated potential land for housing.
- The lost land for housing, and degraded levels of service for the community, are unmitigated impacts of the project.

Housing

Was the project best designed and planned to contribute to affordable housing for the community?

The project has generated nearly \$600,000 through transfers to the affordable housing funds via Tax Increment Financing (TIF). The project did not increase the available housing supply in the local area, however, and eliminated potential housing units through re-zoning.

- Housing units directly created by the project to date: None.
- The project is projected to create 50 Units over a 5-year period with funds from Tax Increment Financing.
- New funding for affordable housing generated to date by Redevelopment Tax Increment Set Aside Funds to date: \$596,000.
- Re-zoning resulted in a loss of land for potentially 30 local housing units.

Environmental and Smart Growth Impact

Did the project provide adequate mitigation of all environmental impacts, and were smart growth elements incorporated into the project to lessen sprawl?

A regional power center with three anchor stores, the College Grove Project is a largely car-dependent commercial property, generating significant traffic. Rather than incorporate sound smart growth elements to mitigate sprawl and traffic, the project has increased traffic speed and congestion.

- The project resulted in an annual daily traffic increase of 15,500 vehicles per day, decreasing the Level of Service grade of the streets from LOS grade “A” to “C”.
- Road widening has allowed a higher rate of traffic speed than initially in the Community Plan.
- A Park and Ride Facility was leased with 350 spaces, but without exclusive access by the public.
- The Park and Ride Facility is rarely used, is not co-located with a transit stop and no marketing or promotional program was ever implemented.

Conclusions

This analysis of the College Grove Redevelopment Project, most recently developed by Wal-Mart and Vestar Development in 1998, looked at the overall impact of the project on (1) fiscal returns to the City and other agencies, (2) employment created by the project including wages and health benefits, (3) housing and in particular the impact on affordable housing, (4) neighborhood services and small business impact, and, (5) environmental impacts including an assessment of smart growth elements.

This study shows that the City of San Diego and Redevelopment Agency invested large amounts of locally administered funds, relied on a variety of financing mechanisms and future debt service to redevelop the project area. A full examination of the impacts on the community and agencies involved shows how the City endures significant annual costs associated with large retail development, the majority of the jobs created by the project pay below the self-sufficiency wage, no direct housing was created by the project, and unmitigated traffic and parking impacts remain.

Policy Recommendations

Given large public investment at the project, the absence of standards established for the project in terms of employment, housing, continued unmitigated environmental impacts and community service needs, we provide several policy recommendations.

- 1. Include job quality standards for publicly assisted economic development and Redevelopment Projects, and job quality goals in Redevelopment Plans to ensure that public tax dollars do not contribute to poverty by creating low-wage jobs without health benefits.**

Redevelopment law and the City of San Diego Community and Economic Development Department include poverty alleviation and economic growth, including increasing median wage rates as goals. These broader policies should be included as part of Redevelopment Plan Area goals. Publicly assisted projects should include goals for employment outcomes.

2. Implement local hiring programs to ensure local residents have access to jobs created at projects.

Local hiring programs have been implemented in other cities, ensuring that local residents have access to jobs created with public assistance.

3. Adopt and implement Community Impact Reports (CIRs).

One of the ways to address elements of the first two policy recommendations is to adopt a Community Impact Report policy. A Community Impact Report is an objective analysis of project's impact, conducted prior to adopting a project, including the impact on job quality, fiscal impact, affordable housing, smart growth, and neighborhood services.

4. Adopt and implement Community Benefits Agreements (CBAs)

Community Benefits Agreements are legally binding agreements between developers and community groups that delineate specific project benefits that the developer will provide as part of the project. Such agreements are mechanisms for communities to ensure that they receive the full benefit of a large project—or can be assured of mitigations of negative impacts. Other cities in California have already completed CBAs on large development projects, ensuring that a range of community needs are met.

5. Reform the Development Review Process

The City of Los Angeles requires a discretionary review of major developments defined by size over 50,000 square feet. This review enables staff to determine if a public hearing is necessary. In the case of College Grove, Wal-Mart used a 1987 development permit to claim that it had a vested right to remodel the center without environmental or any other review. The City of San Diego should change the development review process regarding discretionary staff review of major projects to ensure that public hearings are required for large projects. Development permits should also have a blanket expiration date with renewal requests subject to public appeal to ensure that older projects that are remodeled are not exempt from such a review.

Chapter 1

PROJECT DESCRIPTION

Project Area Location and Description

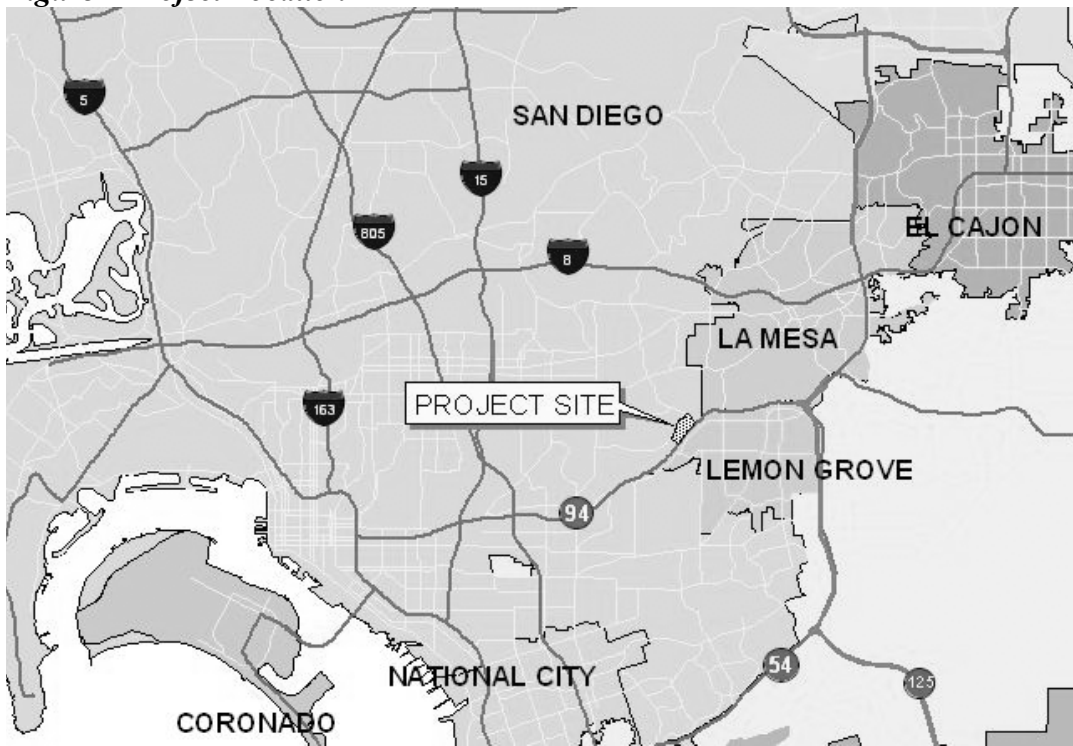
The City of San Diego's 157-acre College Grove Redevelopment Project Area is located on the easternmost edge of the City, bordering La Mesa and Lemon Grove off the SR-94 freeway on College Avenue. It includes the three distinct parcels of land: the former College Grove shopping center, Chollas Lake Park and Chollas Landfill.

The surrounding community is made up of several of San Diego's neighborhoods in the Eastern and Mid City section of the city. The neighborhoods included in the study area include the following:

- City Heights East
- El Cerrito
- Darnall
- Oak Park
- Emerald Hills
- Encanto

The project area is located within the neighborhood of Oak Park.

Figure 1 Project Location



Project Type

The redevelopment project area consists of a large commercial development-- a retail Power Center-- and an active use park with open space. The developed portion of the College Grove Project Area consists of 56 Acres of commercial land-uses, primarily retail, currently named College Grove Center. The shopping center revitalization has been the centerpiece of the College Grove Redevelopment Project Area. It consists of a single-story big box retail development enhanced with smaller commercial pads to form a regional retail power center with an estimated 5+ mile market draw.

Project Objectives

In addition to the general redevelopment goals of eliminating blight and fostering urban revitalization, the College Grove Redevelopment Project has two area-specific project objectives:³

1. The first objective is to resolve environmental and infrastructure problems associated with the project area. These include insufficient street and pedestrian corridors, parking, and dilapidated commercial buildings. Infrastructure improvements and increased commercial development were aimed at achieving these objectives.
2. The second objective has been to develop cultural resources in the community. Plans to reach this objective have been to revitalize the Chollas property. The City-owned Chollas property is identified in the Mid-City Community Plan as a resource-based park that lends itself to development as a traditional large urban park. Recommendations for the South Chollas Park include development of an ethnic and artistic village area similar to Balboa Park's Spanish Village.

Background and Timeline

The College Grove Shopping Center was built in the early 1960s and by the early 80s was facing poor tenant performance, including high vacancy rates and failing infrastructure. In 1982, the owner proposed to perform cosmetic improvements to the aging center. However, in order to attract new anchor tenants major on-site improvements to the shopping center were needed, as well as off-site street improvements to improve traffic circulation in the area. The owner of the shopping center approached the City and the Redevelopment Agency seeking public financing assistance for the off-site public improvements.

The shopping center was described blighted and in a state of “severe physical deterioration” at the time of the first implementation plan adoption.⁴ High vacancy rates, crime, and deteriorating infrastructure were the main blighting conditions at the site.⁵

³ City of San Diego Redevelopment Agency Staff Report 1998, College Grove Redevelopment Project.

⁴ (Second Implementation Plan, 1998).

The College Grove Redevelopment Plan was adopted on May 19, 1986. The purpose of the project was to assist in redeveloping and revitalizing the aging College Grove Shopping Center by providing assistance from tax increment revenues to finance street improvements necessary to improve traffic circulation and access to the shopping center. The College Grove Redevelopment Plan would be in effect from May 19, 1986 for 30 years - through May 19, 2016 - and would provide the blueprint for private development as well as public facilities for the area.

The blighted area consisted of 157 acres bounded by State Route 94 on the south, College Avenue on the east and College Grove Drive on the north, and College Grove Way on the west. The College Grove Shopping Center property (56 acres) was the only privately-owned property and the balance (approximately 111 acres) was City-owned and included Chollas Lake Park and Chollas Landfill.

In 1987 a Planned Commercial Development (PCD) Permit was granted to the shopping center's owner, David Miller LLC, for the renovation and expansion of the College Grove Shopping Center. In May 1988, the Redevelopment Agency and David Miller LLC entered into an Owner Participation Agreement (OPA) and a reimbursement agreement. Under these agreements, the owner was to finance off-site improvements, including a freeway interchange and surface street improvements, and the Redevelopment Agency was to reimburse the owner for these costs (and plan adoption costs) from tax increment funds. Late in 1988 the redeveloped shopping center reopened as the Marketplace at the Grove with a new nine-plex movie theatre, bowling alley and food court. Recession combined with economic hardship on the part of David Miller LLC, resulted in the OPA never being carried out as the project failed to attract enough new tenants to fill the vacancies. The project remained without any activity until 1998.

In 1997 Wal-mart and Vestar Development approached the city with a proposal to revitalize the shopping center. In 1998, the City's Redevelopment Agency entered into agreements with Vestar Development Co. and Wal-Mart Real Estate Business Trust to redevelop the shopping center with a Wal-Mart, a Sam's Club, and a Home Base in addition to the Mervyn's and Longs Drugs stores that were already current tenants. Originally called College Grove Shopping Center, the regional mall is now known as Marketplace at the Grove. Improvements for the physical infrastructure, including street widening and a direct loan from the developer were initiated. The redesign and renovation of the project area in 1998 was completed in 2000 and the project has been occupied by big box retail since that time.

Project Timetable

The following consists of a brief overview of significant dates of approval and development in the project. We constructed the following table of agreements and permitting based on an analysis of project documents and discussions with city staff.

⁵ City Redevelopment Staff Report, Second Implementation Plan 1998.

Table 1. Historical Timeline of the College Grove Redevelopment Project

Date	Action	Significance
05/06/1986	Redevelopment Plan Adopted	Defined project area, objectives, and legal powers to reach the project objectives under redevelopment law.
05/06/1986	EIR approved with a “statement of over-riding considerations”	This covered the Redevelopment Plan, Planned Commercial District, Community Plan Amendments and Rezone. A “statement of over-riding considerations” was adopted for the project since 199 parking spaces were not provided.
05/19/1986	College Grove Redevelopment Project adopted for 30 years.	This allowed the Agency to have the authority of eminent domain and land disposition. It also authorized the agency to use financial assistance from the City, state or federal governments and incur up to \$20 million in bonded debt. The plan used the PCD as a framework for land-use.
05/17/1988	OPA and Reimbursement Agreement between the Redevelopment Agency and David Miller/DP Partnership owner of Marketplace at the Grove	Owner was to fund off-site improvements and be reimbursed by the Agency with Tax Increment Financing (TIF.)
Late 1988	Marketplace at the Grove shopping center opened with a 9-plex theatre, bowling alley and food court	Total estimated cost of renovations was \$60 million.
June 1991	Phase II negotiations with DP Partnerships	Developer proposed to increase the size of the center and renegotiate OPA.
04/12/1994	Agency dissolved the OPA with DP Partnership, and entered into a new “Negotiation and Reimbursement Agreement”	The project failed to thrive by 1994, so the original agreements were re-negotiated.
06/30/1998	Disposition and Development Agreement between the Redevelopment Agency and Wal-Mart	Agency sold the property to Wal-Mart at \$1 million loss. This \$1 million would be “loaned” to the agency to be repaid with TIF
07/20/1999	2 nd Implementation Plan for the College Grove Project	Outlined project activities and objectives for the next five years.

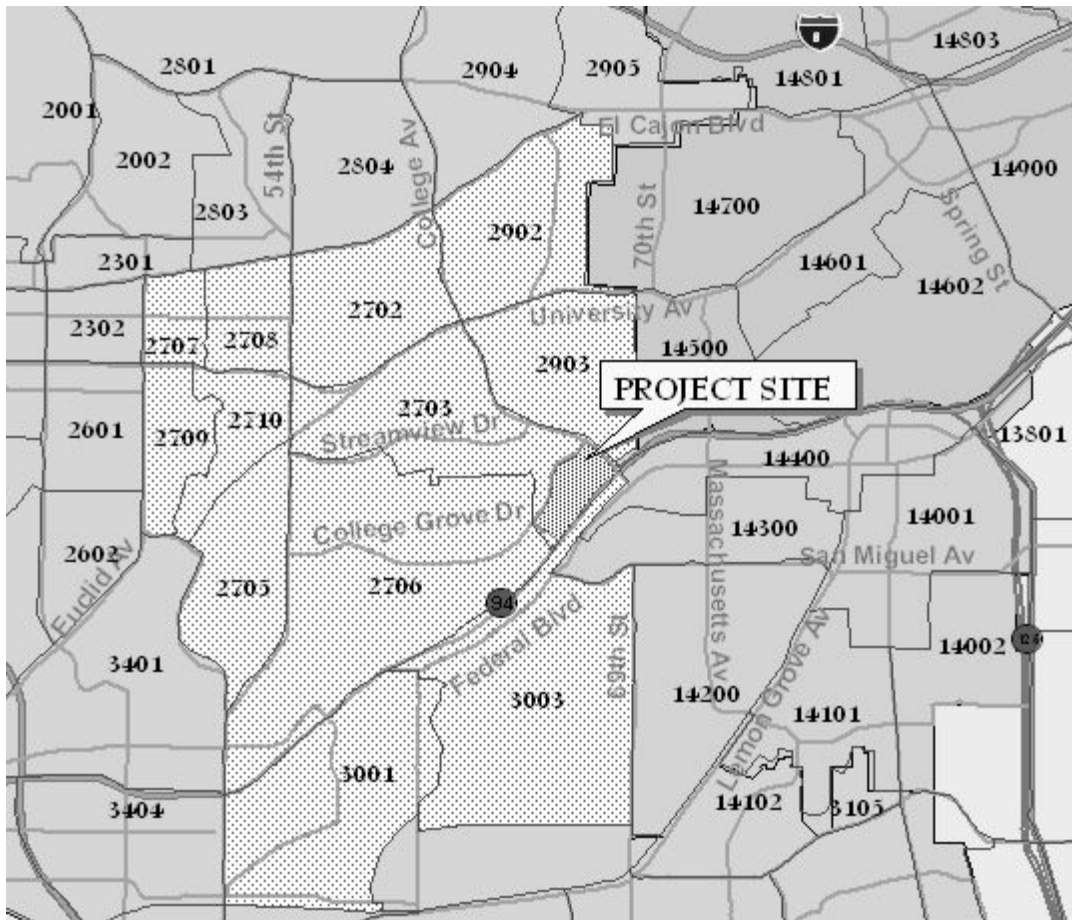
Chapter 2

NEIGHBORHOOD OVERVIEW

This section assesses the socioeconomic characteristics of the community in which the project area is located.

In order to analyze the impact of the project on the nearby community, we delineated an area including census tracts within 1.5 miles of the project.⁶ We define this area as the study area. The community is made up of several of San Diego's neighborhoods in the Eastern and Mid-City section of the city. The neighborhoods included in the study area are: City Heights East, El Cerrito, Darnall, Oak Park, Emerald Hills, and Encanto.

Figure 2: Project Location and Census Tracts



⁶ For a detailed discussion of the demographic methodology see Appendix A.

The College Grove area has historically been a diverse community of lower income than the rest of San Diego.⁷

Historically, the demographic characteristics of the community have changed over the past 30 years. Increasingly diverse, and including more children and elderly, the College Grove area reflects the changing demographic character of San Diego. Compared to the County of San Diego, the community stands out in a number of important areas:

- College Grove is characterized by lower socioeconomic status with higher rates of poverty and unemployment.
- The area is more ethnically diverse and has a higher proportion of children.
- Educational attainment tends to be lower in the study area.
- Median family incomes in the study area are approximately 66% of the county median family income.
- The proportion of families in poverty in the study area is more than double that of the county.

Table 2. Community Demographics⁸

Population and Households		
	Study Area	San Diego County
Population 2000	63,166	2,813,833
Population Change (1990-2000)	10%	12.6%
Households	17,895	994,677
Household Change (1990-2000)	7%	12.1%
Race and Ethnicity (2000)		
White	26%	55%
Black	20%	6%
Asian	14%	8%
Native Hawaiian or Pacific Islander	1%	1%
American Indian and Alaska	1%	1%
Hispanic or Latino	33%	26%
Two or More Races	5%	35%
Age (2000)		
Children	33%	28%
Senior Citizens	12%	11%

⁷ For a detailed review of the demographic methods and census tracts see the appendix A

⁸ Data taken from Census SF-1 and SF-3 files, 1990 and 2000 and PL94-171 File

Educational Attainment (2000)		
Less than 9th grade	14.5%	7.9%
9th to 12th grade, no diploma	18.4%	9.5%
High school graduate	22.7%	19.9%
Some college, no degree	25.1%	25.6%
Associates Degree	7.2%	7.6%
Bachelors	10%	18.7%
Graduate or Professional Degree	4.2%	10.9%
Socioeconomic Characteristics (2000)		
Per Capita Income	\$13,895	\$22,711
Median Family Income	\$36,037	\$53,438
Individuals in Poverty	16.9%	12.4%
Families in Poverty	21.0%	8.9%
Children in Poverty (Under 18 Yrs of Age)	19%	13.3%
Elderly in Poverty (65 or over)	10.2%	8.1%
Unemployment	7.5%	3.6%
Housing : Rental (2000)		
Persons per rental unit ⁹	3.3	2.7
% of Housing Built before 1960	29.1%	22.9%
Portion of Income Going Towards Rent: (2000)		
<10%	4.0%	3.8%
10-19%	18.1%	22.2%
20-29%	22.0%	25.3%
30-39%	15.5%	14.8%

⁹ Persons per rental unit was computed by dividing the total population in rental units by the total number of rental-occupied units.

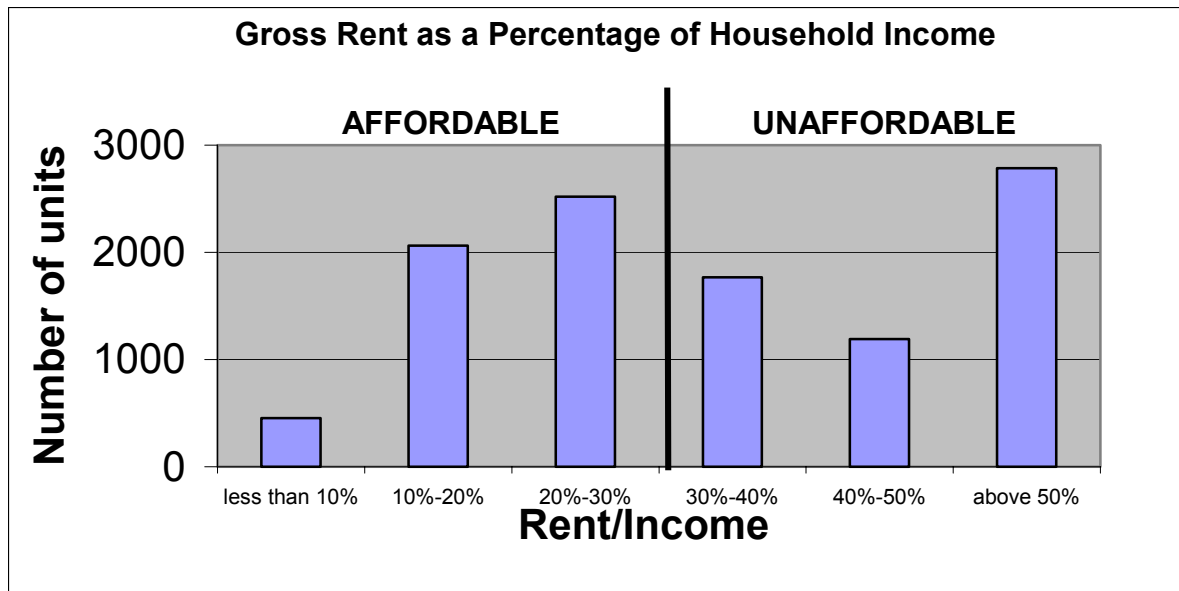
40-49%	10.4%	8.1%
>50%	24.4%	19.8%
Housing: Owner (2000)		
Homeownership Rate ¹⁰	44.4%	55.4%
Average Housing Value ¹¹	\$150,627	\$264,982
% of Housing Built Before 1960	68.3%	23.4%

Housing and Income Spent on Housing in Study Area

Over half (55.6) of the occupied units in the neighborhood are rental units (mainly apartments). The vacancy rate for all units is 3.8%, and the vacancy rate for rental units is even lower.

Figure 3 illustrates affordability levels of housing in the study area. Rental housing is generally unaffordable¹² in the study area, except in Encanto and some areas in Oak Park. Almost a quarter of the households pay over half their income on rent.

Figure 3: Gross Rent and Income in College Grove Study Area



Source: US Census 2000

¹⁰ The homeownership rate is computed by dividing the number of owner-occupied housing units by the number of occupied housing units.

¹¹ Average housing value is computed by dividing the aggregate value of owner-occupied housing units in the area with the total number of owner-occupied housing units.

¹² Housing is considered unaffordable when median gross rent exceeds 30% of household income (from HUD thresholds).

The housing stock in the community is older than the average age of San Diego housing. Most of the rental units were built in the 1960s except in some areas in Oak Park and Mid-City east where housing was built in the 1970s.¹³ The owner-occupied housing stock is even older. Most of the single-family units were built in the fifties. The older neighborhoods are near El Cajon Boulevard, including Rolando, City Heights East and El Cerrito.¹⁴

¹³ Based on US Census 2000 (SF3 data by census tract).

¹⁴ Based on US Census 2000 (SF3 data by census tract).

CHAPTER 3

PROJECT COMMUNITY PLAN CONFORMANCE

Community Plans are land-use road maps for new development to occur within communities. They capture the community's vision and translate it into an actionable document. Community Plans are a part of the General Plan of the City of San Diego, and the City requires development to conform to the Community Plan. If there are projects that do not conform, then either the Plan is amended, an exception is made, or the project is rejected. Both the Planning Commission and the City Council hear community plan amendments. Staff reports accompanying these hearings usually report the fiscal impact and the affordable housing impact. This section examines the project's conformance to the major components of the area's Community plan.

Areas of Conformance with the 1987 Mid City Community Plan

The College Grove Redevelopment Project is located in the City of San Diego's Mid City Area, which is within the Mid-City Community plan. This Community plan for the Mid City area contains a number of elements, the following of which the project was in conformance with:

- Natural and Cultural Resources
 - By designating Chollas view park as a natural resource and multi-use park, and planning for continued development of a cultural center at the park, the project contributes to the enhancement of existing natural and cultural resources in the community.
- Urban Design
 - Designation of parking spaces as a park and ride facility increases carpool services for the area.
- Economic Development
 - The project increased commercial activity in the Community Plan Area.
- Transportation
 - The project incorporated existing transit lines (bus service) to the development.

There were, however, some specific areas of non-conformance with the community plan.

Areas Requiring Amendment to the 1987 Mid City Community Plan

The project required a Planned Commercial Development Permit (PCD 87-0179). To approve the PCD four amendments were made to the Mid-City Community plan for this project. These consisted of the following and were approved in September of 1987 during the first implementation of the redevelopment project.

- Re-designating the proposed employee parking area from Low-Medium Density Residential to Commercial, and limiting its use to accessory shopping center parking.
 - Impact: This effectively eliminated potential residential units in the community. These losses are calculated in the housing assessment.
- Reclassifying College Grove Avenue between State Route 94 and Streamview Drive from a four-lane primary arterial to a six-lane major street.
 - Impact: This amendment allowed for higher traffic flow volumes on College Grove Avenue.
- Changing the forecasted volume of 35,000 to 40,000 average weekly trips in the reclassified area of College Avenue.
 - Impact: Higher traffic volumes were allowed in the Community Plan.
- Designating the proposed freeway interchange as part of the Community Plan.
 - Impact: The freeway interchange was part of the project development and the subsequent traffic increases are discussed in the environmental impact assessment.

Finally, the zoning for the accessory shopping center parking areas had to be re-zoned from MR-3000 and R1-5000 to accommodate the commercial use. The Community Plan designates that land uses should be in conformance with zoning ordinances and only “minimally” require re-zoning as necessary.

In 1998, the Community Plan was updated with new guidelines and goals. Elements of the 1998 community plan were in conflict with characteristics of the center at College Grove. However, since the project was approved prior to the Community Plan being adopted, no project amendments were necessary for being out of compliance with goals or guidelines. They are, nevertheless, counter to the land use and planning direction set out in the College Grove Community Plan and should have been part of the planning and land use decision making process for the remodeling of this project.

Areas in Conformance with the 1998 Mid City Community Plan

- Goal: The Grove Shopping Center should be redeveloped to provide regional shopping and entertainment opportunities
 - Impact: Infrastructure improvements and the subsequent revitalization of the shopping center increased tenancy and provided new retail services

Areas Out of Conformance with the 1998 Mid City Community Plan

- Goal: Re-establishing the major streets as corridors where vehicular circulation complements, rather than dominates, other activities such as strolling, shopping, living and working
 - Impact: Level of service degradations and the lack of pedestrian corridors at the project are out of conformance with this goal.
- Goal: Improving the livability of neighborhoods by reducing neighborhood traffic and vehicle speeds to appropriate levels.
 - Impact: The project has increased traffic volume.

- Goal: Fostering the development of an economically and socially balanced residential community through an increase in new types of housing in the community.
 - Impact: No housing was created for the community through the project, some land zoned for residential was rezoned for commercial further reducing potential housing in the area.

Summary of Community Plan Conformance

In conclusion, although the project conformed with some elements of the 1987 Mid-City Community Plan, there were several areas of non-conformance when the development permit was being considered. There were four specific instances of non-conformance, and policy-makers responded by amending the Community Plan to make the project consistent with the Community Plan. The 1998 Mid-City Community Plan illustrates there is a disparity between the original vision Community Plan and the current development. Finally, the degraded roadway levels of service and the loss of potential land for housing remain unmitigated.

Area	Impact
Conformance with Community Plan	The project met some goals of the community plan, notably increasing retail opportunities, but ran counter to others requiring amendment.
Amendments	Four zoning changes were required which (1) downgraded the Level of Service of Adjacent Streets, (2) increased the amount of parking in the area, and (3) eliminated potential land for housing
Unmitigated Impacts	Downgraded levels of service of Adjacent Streets Loss of potential housing land

CHAPTER 4

FISCAL ASSESSMENT

City and Redevelopment Agency staff and policymakers make considerable effort to negotiate contracts that maximize revenues and minimize liabilities. Public services including fire, police and water are provided mainly out of property tax and sales tax dollars. It makes good business sense to evaluate the fiscal return on investment for public dollars spent on private development.

This section examines the fiscal benefits and costs of the project to the County, City and the Redevelopment Agency. This entails a fiscal analysis of how the costs and revenues of development affect various entities, including the City, Redevelopment Agency, and the County. Specifically, this section analyses: (1) an overview of the project agreements and expenditures, (2) the revenues generated by the project area, and (3) an analysis of the costs/revenues to various entities.

Overview of Project Agreements and Expenditures

During the 1980s an Owner Participation Agreement (OPA) established that the City would assist the owner of the College Grove Shopping Center with financing for infrastructure improvements. The owner (David Miller), however, did not complete the required commitments according to the terms of the agreement and the OPA was dissolved-- resulting in at least \$150,000 in administrative costs. In 1998, when the shopping center was renovated, there was another effort at reviving the center with the city forming an agreement with financing with Wal-Mart and Vestar Development. This agreement was evaluated according to Redevelopment Law section 33433 by Keyser Marston and Associates to determine if the terms were adequate to meet the "fair use value" of any properties transferred or leased. After two failed attempts to revive the center, this round of agreements with Wal-Mart and Vestar were considered an excellent opportunity to turn the commercial property around. An analysis of these financing agreements follows.

A. Disposition and Development Agreement with Wal-mart Real Estate:¹⁵

The Miller property (worth \$21million) was subdivided (\$3.4m+\$17.6m) so that it could be transferred to Vestar and Wal-mart.

(a) Vestar bought its parcels directly from Miller for \$3.4 million.

(b) Instead of purchasing the land directly from Miller, as Vestar did, Wal-Mart used the Redevelopment Agency as a third party to help absorb some of the true \$17.6 million cost of the land, with the Redevelopment Agency making a land write-down worth \$1 million

¹⁵ Disposition and Development Agreement between the Redevelopment Agency and Wal-Mart Real Estate Business Trust, Document No. RR-290415, filed June 30,1998.
Resolution Number R-290415 adopted on June 30,1998 by City Council

in the transfer of the property from Miller to Wal-mart. Although the Redevelopment Agency was charged for \$17.6 million from Miller, Wal-Mart would only pay \$16.6 million to the Agency, with the remaining balance of \$1 million identified as a “loan” to the Redevelopment Agency. This “loan” would be repaid using Property Tax Increment according to the terms of a promissory note to Wal-Mart at 10% interest for a 15 year period.

B. Infrastructure Funding: \$5.1 million

In 1998 an expenditure of \$4.3 million from TransNet (Fund 30300) and \$0.8 million from TransP (Fund 30303) was authorized for improvement of College Grove Drive between 54th Street and College Grove Way. TransNet funds are from countywide sales taxes allocated to cities to pay for maintenance of streets and sidewalks¹⁶. Additionally, \$1 million was used from the State-Local Transportation Partnership Program funds for this purpose.¹⁷ These funds could have been used for any of the city’s transportation infrastructure deficits.

C. Widening of west-side of College Avenue: \$350,000

The RDA entered into a Purchase Agreement to purchase sufficient right-of-way from DP Partnership, for widening the west side of College Avenue pledging tax increment revenue generated by improvements to the shopping center. The purchase price is \$350,000 payable from tax-increments accumulated over 15 years.¹⁸ This amount is at 10% interest annually.

D. Park-and-Ride facility: \$2.4 million

350 parking spaces¹⁹ in the lot were leased by the City for \$2.4 million at 10% interest. This amount is to be paid by the City from the sales tax generated by the Wal-mart and other developments. The term of the lease is 25 years, and the City has no right to extend the lease. These parking spaces can also be used by Wal-Mart customers (City has nonexclusive right of access). Vestar is responsible for maintaining the landscaping and the property itself.²⁰ While technically this is a lease from the city for a public use, the lack of marketing and limited use of the facility raise the issue as to the public benefit of the lease. In essence the park and ride lease acts as a financing mechanism for Wal-Mart.

¹⁶ The transportation tax (Prop A) was approved by voters in 1987. It guarantees that a certain proportion be spent on improvement of public right-of-way.

¹⁷ R-290401 adopted by City Council on June 30, 1998

¹⁸ Second Implementation Plan for the College Grove Redevelopment Project (2000-2004); Document No. D-03018e/R-03018 filed on Aug’20, 1999

¹⁹ The number of spaces (350) is claimed on the 2nd Implementation Plan as justification for the lease. However, our physical observation was that there were only about 200 spaces in the earmarked area for the Park-n-Ride facility.

²⁰ Lease Agreement between Vestar Development II and Wal-Mart Real estate Business Trust; and the City of San Diego, Document No. OO-18547 filed on July 20, 1998.

1) Addendum to EIR No. 85-0747 No. 85111309; EQD No. 87-0179
2) City Council Ordinance No. O-18547 adopted on July 20, 1998.]

This does raise the question of best public use. We considered the alternative uses or configuration and question if this was in the City's best interest given the following alternatives:

- Our estimate of the land value of the Park-n-Ride facility is \$739,000²¹. The City thus paid three times the land value only to lease the parcel. The City could have bought (not leased) three times the size of the lot at \$2.4 million and leased it back to Wal-mart to generate revenue.
- The Park-and-Ride facility is at the southwestern corner of the lot. The facility would be better utilized if the already existing parking in front of the transit stop was used.

We summarize the total expenditures for the project as follows in Table 3.

Table 3 Summary of Total Project Expenditures²²

Item	Amount	Amount with 10% Interest	Property Interest of Wal-Mart ²³	Wal-Mart Subsidy
Land Write-Down ²⁴	\$958,000	\$2,580,000	100.0%	\$2,580,000
Right-of-way on College Avenue	\$350,000			
Trans P Funds	\$800,000	\$6,100,000 ²⁵	42.6%	\$2,598,795
Trans Net Funds	\$4,300,000			
Transportation Partnership Program	\$1,000,000			
Park and Ride Lease ²⁶	\$2,392,000	\$4,717,000	92.4%	\$4,359,876
Total	\$9,800,000	\$13,397,000		\$9,538,671

²¹ Average land value of the parcel nos 478-110-22-00 and 478-110-24-00 which substantially cover the lease area is \$459,566 per acre. Source: County Assessors office.

²² Sources: For the property and sales taxes see Memorandum by Keyser-Marston Associates dated June 15, 1998 on the "Estimate of Re-use Value" pursuant to Section 33433 of the Health and Safety Code; For the transportation numbers, various resolutions adopted by the City Council on June 30, 1998.

²³ Property interest is based on the net value of property that was the recipient of the subsidy. For example, since there were 2 parcels: 478-110-22-00 (owned by Wal-Mart) and 478-110-24-00 (owned by Vestar) that received the Park'n Ride subsidy, we attributed the subsidy to Wal-Mart based on the percentage of net land value of parcel # 478-22-00 (see Appendix C).

²⁴ The total amount of expenditures at the project could be amortized out to 15-year pay out periods to project the full amount spent on the loan agreement. However, given the irregularity of sales tax revenue it is not possible to determine at what point the loans will be paid out. Currently, the city is still attempting to estimate sales figures attributable to the project so that the loan agreement can be paid out.

²⁵ *This figure does not include interest, as it was a one time expenditure.

²⁶ While not a direct subsidy to the developer or for infrastructure improvements, the 2.4 million dollar lease agreement is a public expenditure at the project and should be considered as part of the overall project

Annual Project Revenues

The following table represents estimates of annual sales tax revenues at the project (for a detailed discussion of the methodology, see appendix). While sales tax revenue is an important consideration for the City, these also have to be considered in relation to annual costs as well. Due to limited historical sales tax data we have not included here sales tax revenues that may have been lost due to small business restructuring/loss from competition, or sales transferred from existing retailers in the local market area. It is likely, therefore, that the total annual net returns to the city are less than we report here. Additionally, standard expenditures for various sizes and types of land use include public service costs, and in the case of a redevelopment project, administrative and other expenditures. We address these in the next section (Table 7).

Table 4 Estimate of the annual sales and sales tax in the project:

Store	Floor Area (sqft)	Sales per sqft (est)	Annual Sales (est)	% Taxable ^{b1}	Sales Tax for City (1%)
Wal-mart	131,000 ^a	\$375 ^c	\$49,125,000	95%	\$466,688
Sam's Club	127,344 ^a	\$447 ^c	\$56,922,768	60%	\$341,537
<i>Target (proposed)</i>	<i>120,000^b</i>	<i>\$278^d</i>	<i>\$30,383,732</i>	<i>95%</i>	<i>\$288,645</i>
Mervyn's	80,800 ^a	\$178 ^d	\$14,382,400	100%	\$143,824
Long's Drugs	25,241 ^a	\$481 ^e	\$12,140,921	100%	\$121,409
Staples	24,000 ^a		\$7,958,795 ^f	100%	\$79,588
Ross	30,000 ^{b1}	291 ^{b1}	\$8,730,000	100%	\$87,300
Pic-N-Save	25,000 ^{b1}	137 ^{b1}	\$3,425,000	100%	\$34,250
Pads	29,200 ^{b1}	164 ^{b1}	\$4,788,800	100%	\$47,888
Total	592,585		\$157,473,684		\$1,322,483
Lease Agreement Payment to Developer ^g					(\$541,862)
Net Annual Sales Tax Revenue to City					\$780,621

Sources:

^a San Diego Business Journal, "The Lists": 2000 through 2003. The latest "Area Shopping Centers" list was published in October 2002, researched by Patti Strickland.

^b The Target store will replace the Home Base/ House2Home store. The approximate floor area for the proposed store provided by CB Richard Ellis, the leasing agents for the property.

^{b1} Keyser Marston Associates Inc, Memorandum to the Redevelopment Agency regarding "Marketplace at the Grove: Estimate of Re-use value", June 15, 1998.

^c Industry-wide estimates from BizMiner (<http://bizstats.com/>);

^d 2002 Target Corporation Annual Report (Revenue per square foot)

^e 2003 Long's Drugs Annual report of Form 10-K (\$601 Sales per Selling Square Foot, which was converted to Sales per Gross Square Foot by multiplying by 80%)

^f Industry-wide estimates from BizMiner for average annual sales per store nationwide.

^g Lease agreement installments are equal to 75% of the shopping center's sales tax in excess of \$600,000. The total value of the lease with Vestar and Wal-mart is \$2,392,000. In addition, the City has agreed to pay up to \$100,000 for improvements related to the Park and Ride Facility.

Fiscal Impact on Other Jurisdictions

It should be noted that the market area for the retail center does not provide new retail sales revenue from the existing market area within the city, but draws it from the neighboring municipalities of Lemon Grove and La Mesa. Therefore the net *new* sales tax revenue—for the region—is actually less than the total revenues reported here. In short, the retail sales tax may only be a redistribution of sales tax from other businesses in the community as well as those existing on the site previously. Without historical sales data from the area, including the local submarket, it is impossible to calculate these trends, however, given the size of the market area for this center—5 miles, it is likely that the lost sales tax to the neighboring jurisdictions are significant.

Redevelopment Agency Revenues

The Redevelopment Agency also receives revenues in the form of Tax Increment, interest income, and other revenues. The following table represents the financial data for the project area since the Second Implementation Agreement

The 2003 annual report for revenues and expenditures at the College Grove Redevelopment Project are not yet available. However, the proposed budget with some fiscal data has been prepared for the fiscal years 2003-2004. The following table indicates projected revenues and expenditures for FY 2003-2004.²⁷

Table 6: Summary of the Redevelopment Agency Fiscal Report (FY2003-04)²⁸

REVENUES	Through FY2003	FY 2004 Proposed
Tax Increment Generated (TIF)	\$1,982,000	\$470,000 ^a
Developer Proceeds ²⁹	\$659,000	
EXPENDITURES		
Planning and Admin (incl. Chollas landfill site)	\$608,000	\$40,000
Public Improvements	\$565,000	
Payment to County	\$331,000	\$124,000
Low & Moderate Income Housing	\$212,000	\$482,000
Loan Repayment to Developer ^b	\$271,000	\$483,000
BALANCE (carry to next year)^c	\$659,000	0³⁰

²⁷ The accounting formats for the annual reports (1998-2002) and the current budget appropriations (FY 2003-2004) are different. Until the 2003 annual report is available, a more in depth breakdown of costs and revenues will not be assessable.

²⁸ Source: FY 2004 Annual Budget of the City of San Diego (Redevelopment Agency Budget) for the College Grove Project Area.

²⁹ Developer proceeds refer to the total loan the developer provides to the Redevelopment Agency for the land purchase price.

The following table provides a breakdown of the overall annual fiscal impact for the project on the City, County, School District and Redevelopment Agency.

Table 7: Summary of Annual Fiscal Returns to Various Jurisdictions (FY2001-02)

Entity	Type of Return	Annual Amount of Return	Total Annual Revenues
City of San Diego	Sales Tax	+ \$780,621 ^a	\$242,535
	Base Property Tax	+ \$34,092 ^b	
	Public Safety	- \$404,221 ^g	
	Support Services	- \$56,808 ^g	
	Other Public Services	- \$111,149 ^g	
County of San Diego	Base Property Tax	+ \$31,301 ^b	\$135,338
	Tax Increment Pass-through	+ \$104,037 ^c	
	Health and Other Services	N/A	
Redevelopment Agency of San Diego	Tax Increment	+ \$488,325 ^e	\$211,036
	Admin costs	- \$62,289 ^e	
	Payments to Developer	- \$110,963	
	Payments to County	- \$104,037	

Calculations and sources:

^a From Table on Sales Tax

^b The Base Property Tax (\$199,370) is divided amongst the County (15.7%), the City (17.1%) and the School District (44.7%)

^c County Payment (Fund 98004) see Table

^d If the Redevelopment Agency did not keep the Tax Increment, the County's share is 15.7%, the City's share is 17.1% and the School District's share is 67% of the total property tax: \$629,938.

^e California State Controller, Community Redevelopment Agency Annual Reports for FY2001-02 (see Table).

^f Pass-through for schools based on Keyser Marston Associates Inc, "Memorandum to the Redevelopment Agency", June 15, 1998.

^g City of San Diego, Financial Management Department (Expenditure Multipliers) and SourcePoint (see San Diego Air Commerce Center: economic & Fiscal Impact Analysis, prepared by SourcePoint, August 1997). The major expenditures for Commercial land-use are Public Safety (\$7,008/acre), Support Services (\$943) and Other Public Services (\$1,927). These multipliers were provided for three categories of land-

³⁰ There was no planned carry-forward to the next year because the project plans to expend the full sum of 2003 funds.

use: residential, commercial and industrial based on City averages for FY1995. “Support Services” include City Clerk, City Attorney, and financial and legislative services. “Other Public Services” included streets, communication, libraries, engineering, planning and development.

^a Gross TIF generated is projected to be \$530,000. This is the net TIF available to the City after the pass-through agreements (\$39,000), the County Service Fee (\$6,000) and the ERAF State Transfer (\$15,000).

^b Currently, all tax increment revenues, less housing set-aside funds and tax-sharing requirements and \$40,000 for Agency cost is committed to the repayment of \$1.3 million loan from the developer.

^c The rows may not tally as this is a summary table and does not contain all the rows. For a more detailed analysis refer to the appendix B.

Summary of Fiscal Impacts

In conclusion, this project received a significant amount of public assistance, Wal-Mart being the greatest beneficiary. Overall, there is a net positive fiscal impact on all the public agencies that we have analyzed. The project has brought in a significant amount of sales tax, and property taxes have also increased significantly. However, when considering the cost of public services and the interest on the loan amounts, the project annual net revenues are far lower. The project is also located at the edge of the City, and its market draws sales from La Mesa and Lemon Grove, which are incalculable without historical retail sales data, however, these are likely to be significant losses of sales tax from those jurisdictions.

Indicator	Project Impact
Public Assistance	<p>\$13,397,000 for the whole College Grove Project; including \$9,538,671 to Wal-Mart.</p> <p>The Park and Ride lease was used primarily as a financing mechanism, and leased for an amount greater than the actual value of the underlying land. The City could have purchased the land, leased it, or used it for a park and ride facility or other needs.</p>
Fiscal Impact on the City of San Diego	<p>The net impact to the City of San Diego from this combination of deals has been positive, but moderated to a great extent by the expenditures on costs (public service) that are concomitant with a retail project of this size. The impact on the City is estimated at \$242,535 annually. These figures do not include potentially lost sales tax revenues from the elimination of some small businesses due to competition, or simply transferred from existing retailers within the city. The total net figure, therefore, is likely less.</p>

<p>Fiscal Impact on the Redevelopment Agency</p>	<p>The net impact on the Redevelopment Agency of the City of San Diego has been positive. The project has brought in almost \$2 million in Tax Increment since the creation of the Redevelopment Project, generating approximately \$211,036 annually. However, the Redevelopment Agency also has incurred considerable debt, and is using most of this tax increment to repay the loans to the developer.</p>
<p>Fiscal Impact on the County of San Diego</p>	<p>The County of San Diego has had positive impact from the project. However, we were not able to quantify the additional expenses incurred by the County in health and human services.</p>
<p>Fiscal Impact on Neighboring Jurisdictions</p>	<p>Impossible to estimate without historical data, but likely to be very significant due to the location of center at the edge of San Diego drawing retail sales from La Mesa and Lemon Grove</p>

Chapter 5

EMPLOYMENT ASSESSMENT

Creating jobs is an important function of publicly assisted development. In fact, many state and locally administered economic development programs in California aim to provide employment opportunities for low-income communities with higher rates of poverty and unemployment. The total number of jobs created by projects is sometimes the sole factor in their evaluation. The types of jobs, and whether they are best at alleviating poverty, providing career ladders and health care, are rarely considered.³¹ This section assesses both the number and types of employment created by the project. We analyze these employment impacts within the context of the broader economic forces in the region.

Employment Regional Conditions

Unemployment in the County of San Diego is currently at 4.5%.³² It has remained in the full employment range of 5.0% or less for several years. Despite low rates of unemployment, however, poverty has remained above 10%.³³ In 1990, the poverty rate was 11.2% for San Diego County, yet in 2000 it had increased to 12.4%.³⁴

In general, the San Diego labor market is characterized by a number of challenges:

- A shift away from manufacturing, construction, and public sector employment towards typically lower wage service sector employment.³⁵
- 39% of industry level median wages in the County are below a self-sufficiency wage of \$11.38.³⁶
- The greatest absolute job growth in San Diego County projected to 2006 indicates that majority of jobs being created require little or no formal training or college education, and require only limited work experience or on-the-job training.³⁷
- An imbalance labor demand/supply, also referred to as a “Job-Skills Gap”: San Diego County has 100,507 more jobs that require no college education than workers to fill

³¹ There are exceptions, one in San Diego being the Ballpark project which the San Diego Association of Governments, which projected number of jobs, wages and health benefits. SANDAG Ballpark Memorandum dated 07/09/1999.

³² Current unemployment estimates from California Employment Development Dept. Labor Force Data includes these detailed items: civilian labor force, employment (the number employed), unemployment (the number unemployed), and the unemployment rate. These data are updated monthly, and are currently available through May 2003.

³³ 2000 Census Data for San Diego County SF-3.

³⁴ 1990 and 2000 Census Data for San Diego County SF-3 File.

³⁵ Sourcepoint “Preparing Our Workforce” 2003.

³⁶ EDD LMID Data, 2001. Self-sufficiency wage is calculated in “Making Ends Meet 2003” Center on Policy Initiatives.

³⁷ EDD LMID Data 2001, Occupational Outlook.

those positions, while there are more than 100,353 workers with an associates degree or higher, than positions requiring those qualifications.³⁸

- Business Services, Retail Sales, and the Visitor industry have some of the lowest median wage rates of all industrial classifications.³⁹
- The job based health insurance rate for San Diego County is lower than the state at 56%.⁴⁰
- The growing Service sector does not provide health care or benefits plans to the extent that manufacturing, finance and real estate, or transportation industries do.⁴¹
- Currently 365,000 uninsured reside in San Diego County. This includes approximately 83,000 uninsured children and 282,000 uninsured working age adults.⁴²
- Total uncompensated care costs to health care providers were \$309 million in 2001 for San Diego County.⁴³

Study Area Employment

Blacks, Hispanics, Native Americans, and Pacific Islanders have nearly twice the unemployment rate as whites in San Diego County (see appendix C). The study area has an unemployment rate for minorities of 9.6%, and for whites 5.3%, and an overall rate 3.0% higher than the county.⁴⁴

Table 8: Study Area Unemployment⁴⁵

	Study Area	County
Per Capita Income	\$13,895	\$22,711
Unemployment	7.5%	4.5%

Project Employment Assessment

³⁸ This figure is based on EDD Data as analyzed by Sourcepoint in their study “A Path to Prosperity: Preparing Our Workforce” Figure 4.4, p 64. 2002.

³⁹ EDD and SANDAG industry cluster data, 2002.

⁴⁰ UCLA CHIS Survey Data, 2001.

⁴¹ San Diego Workforce Partnership/CCOIS Occupational Outlook 2003.

⁴² UCLA CHIS survey data, 2001.

⁴³ OSHPD Data, 2001 Annual Reporting.

⁴⁴ 2000 Census SF-3.

⁴⁵ 2000 Census SF-3.

Job Access

Local or First Source hiring programs are used to ensure that people within the local community can fully benefit from the employment opportunities at a specific project.

Studies for the Second Implementation Agreement in 1998 determined that two of the main conditions considered blight in the project area are underemployment and unemployment.⁴⁶ At the time of the study, unemployment in the project area was 8.0%. Despite high unemployment being a consideration to establish a redevelopment project area, no local or first source hiring provisions were included to ensure that community residents had access to the employment created.

Temporary Project Construction Jobs⁴⁷

- 191 temporary construction jobs were generated by the project for an 8-month period for the renovations and retrofitting of the center.⁴⁸
- Infrastructure improvements included \$5.45 million dollars of road construction and street widening, generating 27 construction jobs for a year.⁴⁹
- Total Construction Jobs: 218

Permanent Jobs

The latest renovation and repositioning of the College Grove Shopping Center was expected to generate 700-1,000 jobs.⁵⁰ This total, however, would be reduced by (1) jobs re-located from existing employers within the city, and (2) jobs lost due to retail competition.

Relocated and Displaced Jobs

The College Grove Project does not include any re-located firms from within San Diego. There is insufficient historical data on the commercial composition of real estate and for sales leakage in the project area to determine estimates of jobs lost due to competition. However, analyses of the retail segment of the local and regional market, as discussed in the (CEAPER) planning study, as well as recent studies by Keyser Marston on the economic impact of the project on Lemon Grove's economy, highlight how many of the local retailers and competitors may have been adversely affected by the renovations and establishment of large big box retailers at the site.⁵¹

⁴⁶ City of San Diego Redevelopment Agency Report RA98-6, 33433 Study prepared by Keyser Marston Associates, June 10, 1998.

⁴⁷ For a full methodological description see appendix D.

⁴⁸ Based on CIRB (Construction Industry Research Board) Employment Multipliers for 2002, San Diego County. CIRB uses RIMS II multipliers.

⁴⁹ Based on CIRB Employment Multipliers for 2002, San Diego County.

⁵⁰ San Diego Daily Transcript, June 1999.

⁵¹ Keyser Marston Report for the City of Lemon Grove, August 1999.

Some studies have found that big box retailers can eliminate 1.5 jobs for every job created, depending on market conditions.⁵² Other research indicates that the catalytic effects of big box retail may be more mixed as research using national data shows that even when considering the potential indirect employment effects of Wal-Mart in a local economy, the net job creation is negligible.⁵³ Any project of this scale, should have such an analysis conducted at the time of project approval to determine if this is a significant impact. In the neighborhood services chapter, we discuss evidence for some small business contraction, suggesting some job losses due to retail competition.

Employment Creation Permanent Project Area Employment⁵⁴

The following table presents the total project employment by employer, and staffing patterns by employment status (part-time versus full time).

Table 9: Employment at the College Grove Redevelopment Project 2003⁵⁵

Retail Employment

Employer	Part time jobs	Full time Jobs	Total Jobs	Percentage Part Time
Payless Shoes	12	4	16	75
Wal-Mart	212	103	315	68
Sam's Club	120	64	184	65
Banner Mattress	4	2	6	66
Big Lots	32	10	42	76
Party City	18	5	23	79
Staples	20	14	34	59
Mervyns	33	11	44	75
Longs Drugs	24	16	40	60
Sprint Phones	4	3	7	58
Other Misc Retail	20	27	47	42
Total	499	259	758	65

⁵² Shils Report, Dept. of Economics and Business Administration, Penn State University.

⁵³ Job Creation or Destruction? Labor-Market Effects of Wal-Mart Expansion June 2003 (University of Missouri Department of Economics Working Paper 02-15)

⁵⁴ Total job creation figures and staffing patterns are based on manager interviews or company representatives combined with economic census staffing pattern data for different industry classifications.

⁵⁵ Source: survey of tenants and company representatives.

Food Service Occupations

	Part time jobs	Full time Jobs	Total Jobs	Percentage Part Time
Rubios Bar and Grill	34	5	39	87
Coco's Restaurant	29	9	38	76
Starbucks	10	1	11	90
Total	73	15	88	83

Financial Services

	Part time jobs	Full time Jobs	Total Jobs	Percentage Part Time
Bank of America	8	3	11	72
Washington Mutual	10	4	14	71
Total	18	7	25	72

US Postal Service

	Part time jobs	Full time Jobs	Total Jobs	Percentage Part Time
USPS	2	7	9	22

Job Creation Totals

	Part Time Jobs	Full Time Jobs	Total Jobs	Percentage Part Time
Totals	592	288	880	67

The total number of current jobs at the project area totals 880. The total number of jobs, however, is also lower than initially projected by the developer due to the vacancy of some of the properties on the site. Currently there are three retail vacancies at the project. One of the tenants, Home Base, a large discount hardware store, closed down during 2002. Reportedly, a Target store will fill the property. If re-opened, the Target would provide an additional 200-300 new jobs. Additionally, there are two small specialty retailer spaces available that could add as many as 30 jobs.

Job Quality

This section examines the characteristics of the employment at the Marketplace at the Grove. The characteristics of job quality include the following.

Wages: The wages for the industries represented at the project are measured against the average earnings for San Diego County. The project wages are measured against the San Diego Self-Sufficiency Wage. The San Diego Self-sufficiency Wage is a useful benchmark since it is the wage actually required for a family to meet its basic needs.⁵⁶

Health Benefits: The estimated number of employees covered by employer provided health insurance.

Part-time work status: The percentage of part-time workers at project.⁵⁷

Training Levels Required: The educational and skills requirements of occupations varies. The Bureau of Labor Statistics provides information on training levels for occupations

Specific Industry Results

The following section summarizes the occupational characteristics in each industry at the project. Detailed occupational and wage data for each industry and methodology are located in Appendix C.

This study assessed industry wages against the self-sufficiency wage established based on consumer budgets for 2003.⁵⁸

⁵⁶ See Appendix C for a discussion of wage thresholds and methodology.

⁵⁷ Part time workers are those that are employed fewer than 40 hours per week.

⁵⁸ SANDAG and Sourcepoint have self-sufficiency wages established for San Diego County at \$11.59/hr for a single person without dependents. CPI has calculated this figure to be 11.38, which represents a more conservative estimate.

Temporary Project Employment:
Construction Jobs

- Non-Residential construction has a starting wage of \$11.07 and a median wage of \$18.12. Starting and median wages are 97 % and 159% of the San Diego Self-sufficiency Wage of \$11.38 per hour.
- Employer offered health insurance covers 47% of construction employees.⁵⁹

Permanent Project Employment***Retail***

- The majority of retail sector employees are in the retail sales and cashier occupations.
- Retail employees have a starting wage of \$6.75 and a median wage of \$7.80. Starting and median wages are 59% and 68% of the San Diego Self-sufficiency Wage of \$11.38 per hour.
- An estimated 64 percent of the workers at the project are part-time employees.

Food Service

- Food service employees have a starting wage of \$6.75 and a median wage of \$7.95. Starting and average wage are 59% and 69% of the San Diego Self-sufficiency Wage of \$11.38 per hour.
- An estimated 83 percent of the workers at the project are part-time employees.
- Of the 88 positions in the Food Service Sector, only 5 positions—those of supervisory managers earn more than a self-sufficiency wage

Financial Services

- Financial service employees have a starting wage of \$6.75 and a median wage of \$ 11.35. Starting and average wage are 59% and 99% of the San Diego Self-sufficiency Wage of \$11.38 per hour.
- 72 percent of the workers are part-time employees.

US Postal Service

- Postal service employees have a collectively bargained set of pay scale steps a negotiated contract. The starting wage of \$12.25 and a median wage of \$14.79. Starting and average wage are 107% and 129% of the San Diego Self-sufficiency Wage of \$11.38 per hour.

⁵⁹ Based on SANDAG and BLS Data compiled from Current Population Survey.

- An estimated 20 percent of the workers at the location are part-time employees.
- All of the employees earn more than a self-sufficiency wage.

Health Insurance Coverage

Employer provided health coverage rates vary by industry and within industries also vary greatly by employer. Whether employees are covered by employer provided health care depends on (1) if the employer offers it, and (2) if the employee enrolls in the employer offered program—also known as the “take up rate.” Data are not available publicly to determine the rates of coverage for all employers at the project with two exceptions. At Wal-Mart, approximately 43% of employees are covered by the company plan according to recent reports and analyses of SEC and Labor Department Filings.⁶⁰ Additionally, data were available from the US Postal Service, which provides health care coverage to 100% employees at the site.

Estimating employer provided insurance coverage at the other tenants by offer rates of job-based coverage and take up rates for the for the various industries indicates that employer based coverage varies between the rate of Wal-Mart and that of the US Postal Service. Using offer and take up rates for service sector employees, and wage ranges using county level data predicts that 476 total employees are currently covered by employer provided health insurance. This represents 56% of the total employment.⁶¹

Career Ladders

An estimated 81% of the permanent employment at the project requires only entry-level skills and on the job training. Based on the top ten occupations from Employment Development Department staffing patterns for these industries, financial services offer far greater opportunities and potential pay increases than retail, or food service occupations. A wider distribution of training and skills requirements in a particular industry suggests that with increased education and experiences, employees might advance upward through a career ladder. The majority of positions in food service and retail, however, do not have such requirements (See Appendix C for full Standard Occupational Classifications and Training Levels for each industry).

Job Access

As discussed in the neighborhood overview, the surrounding community has a higher poverty and unemployment rate than the County. Furthermore, the area is primarily built out with residential properties and hence has a very limited amount of employment land. Ensuring that locally subsidized development provides access to jobs in the local community was a goal of the project and when the renovations were completed for the

⁶⁰ Calculated from Bernard Wysocki and Ann Zimmerman, “Wal-Mart Cost-Cutting Finds Big Target in Health Benefits: Restrictions, Tough Stance on Basic Claims Keep its Outlays Below the US Average,” *The Wall Street Journal*, Sept. 30, 2003. p.1.

⁶¹ This estimate was calculated algorithmically using offerer and take up rates from the California Health Interview Survey 2002 and UCLA Health Insurance Policy Program data for offer rates based on occupation and wage level. This model was then double checked against Current Population Survey estimates and found to be essentially within the statistical margin of error of 3%.

center in 1999 a local job fair was held at the site. The City also assisted in community outreach by posting advertisements in local media and dropping 10,000 flyers in surrounding neighborhoods. While these efforts were a laudable outreach effort, no systematic, ongoing program for local hiring to ensure that residents have access to the jobs was established.

Table 10: Summary of Occupations and Median Hourly Wages Below Self-Sufficiency Wage⁶²

Industry	Total Jobs	Percentage of Jobs	Jobs Below Median Hourly Self-sufficiency Wage	% of Jobs Below Self-sufficiency Wage in Industry
<i>Temporary Employment</i>				
Construction	218	100%	81	37%
<i>Permanent Employment</i>				
Retail	758	85%	659	87%
Food Service	88	10%	73	83%
Financial Services	25	4%	9	36%
US Postal Service	9	1%	0	0%
Totals	880	100	740	84%

Summary of Employment Impacts

While creating a number of jobs, the majority of these positions were part time. Benefits rates vary across and among industries; however, the total percentage of employees with job based health coverage is just above half—56%. Finally, the majority of the positions at the project do not provide a self-sufficiency wage.

⁶² This estimate is calculated using the EDD LMID county staffing patterns and Bureau of Labor Statistics Occupational and Employment Survey , 2002 data for San Diego County.

Indicator	Project Impact
Total Temporary Jobs Created	218
Total Permanent Jobs Created	880 (67% Part time, 33% Full Time)
Total Jobs Relocated or Lost to Competition	While not estimable due to insufficient data, small business impacts suggest that some jobs have been lost due to competition
Total Jobs Below Self-sufficiency Wage (\$11.38)	741 (84%)
Career Ladders: Portion of Jobs requiring only entry-level/short term BLS Training Levels	712 (81%)
Job Access for Local Residents	A local job fair held at the site, but no local hiring program with placements guaranteed by employers was implemented
Total Employees with Employer Provided Health Coverage	492 (56%)

Chapter 6

AFFORDABLE HOUSING ASSESSMENT

The City of San Diego is undergoing a state of emergency due to a severe shortage of affordable housing. Given the shortage of affordable housing, and redevelopment having as part of its mission the creation of affordable housing, this section assesses the housing conditions and project impact, both in terms of actual creation or destruction of units, and in terms of financial impact on housing funds. It also provides the context of regional housing conditions.

Regional Conditions

Despite the availability of local, state, and federal subsidies, the production of housing has been consistently lagging behind employment growth. The ratio of new jobs to new housing during the period 1994-2001 was 4.2-to-1⁶³-- almost triple the recommended jobs-housing ratio of 1.5-to-1. It is therefore not surprising that there is a significant gap between supply and demand.

Table 11: Total number of housing units needed in the region (1999-2004)

Jurisdiction	*Total	Very Low Income (21%)	Low Income (17%)	Moderate Income (23%)	Above Moderate (39%)
La Mesa	693	141	109	159	284
Lemon Grove	491	87	79	113	212
San Diego	39,785	7,463	6,797	9,137	16,388
San Diego County	95,479	20,051	16,231	21,960	37,237

Source: SANDAG

Owner Properties

The median-priced home sold in November 2002 was priced at \$349,000, a 27.4% increase over the past year.⁶⁴ As a result, about 3 in 4 households cannot afford to buy a median priced home.⁶⁵

⁶³ Source: California Budget Project, Locked Out 2002, October 2002, p. 21; based on CBP analysis of Employment Development Department and Department of Finance data.

⁶⁴ Source: Dataquick Information Systems, New Release for Southern California, December 2002.

⁶⁵ Based on California Association of Realtors' Housing Affordability Index (HOI).

Table 12: Vacancy Rates of Occupied Housing Units:

San Diego County	4.4%
San Diego City	4.0%
Lemon Grove	2.7%
La Mesa	3.0%

Source: California Department of Finance. 1999. *Estimates of County Population Change: 1970-1998*. Sacramento; SANDAG, 2000.

Rental Properties

For renters the situation is even more difficult. According to the San Diego County Apartment Association, the fall 2000-vacancy rates of apartment units in the City was 1.43% and in the County it was 1.62%. This is because the builders have shifted production of housing from multi-family to single-family units. Since 1996, federal government has allowed subsidized-housing owners to prepay their mortgages, and opt-out of keeping rents affordable. As a result, San Diego County has lost 2,366 units of affordable/Section 8 housing⁶⁶. The National Low Income Housing Coalition uses HUD-generated “Fair Market Rents” which are updated yearly based on Consumer Price Index data or HUD regional rent change factors. These estimates exclude new units built in the last two years.

Table 13: Fair Market Rents, San Diego County.

Number of Bedrooms	2002 Fair Market Rents	Income needed to afford the Rents ⁶⁷	Hours per week @ \$6.75/hr
One	\$875	\$35,000 (\$16.83/hr)	100
Two	\$1,095	\$43,800 (\$21.06/hr)	125
Three	\$1,524	\$60,960 (\$29.31/hr)	174

Source: National Low Income Housing Coalition (www.nlihc.org). Data extracted for San Diego, CA.

According to the NLIHC report⁶⁸:

- A worker earning the Minimum Wage (\$6.75/hour) would need to work 100 hours a week to afford a one-bedroom unit at the Fair Market Rent.
- An SSI recipient (receiving \$750 monthly) can afford monthly rent of no more than \$225.
- According to the 2000 Census, 42.7% of renters in the County lived in housing that was unaffordable to them⁶⁹.

⁶⁶ Source: California Housing Partnership Corporation (August 2002)

⁶⁷ A unit is considered affordable if it costs no more than 30% of the renter’s income

⁶⁸ National Low Income Housing Coalition, 2003, “Out of Reach 2003: America’s Housing Wage Climbs”.

Project Impact

The project does not directly destroy or create any housing units. However, housing is indirectly affected through zoning changes of local land uses in the community plan, and through the financial contribution to the redevelopment agency affordable housing funds.

1. Units created or destroyed.

Re-zoning

During the 1986 project development (the first implementation) a 2-acre area of the employee parking lot was rezoned from low-density residential (R-1000) to a commercial zone (CA) with an auto orientation. This reduced the available housing land. Assuming the community plan low-rise duplexes for the area (which was the underlying zoning) this would have given a yield of 15 units/acre, or a total of 30 units. Thus, 30 potential units were lost due to the re-zoning action.

2. Financial contribution

By redevelopment law, a fifth of the Tax Increment generated in the project area goes to Low and Moderate Income Housing Fund (housing set-aside fund). Through the life of the project, there has been \$596,000 generated in the housing set-aside fund, about \$100,000 of which has been generated annually since the remodeling in 1998. As demonstrated in table 14, the cost of construction of units is high, thus investing all the set-aside funds into housing production would yield between 4-6 units.

Table 14: Acquisition and Construction Costs for Rental and Sale Units

<i>Description</i>	RENTAL			FOR-SALE		
	Garden Apartments	In-fill Apartments	Stacked Flat	Townhome	Stacked Flat	Mid-rise Condos
<i>Stories</i>	2-3	3-4	4	2	3	8
<i>Density (units per acre)</i>	25	45	75	20	45	125
<i>Acquisition Cost</i>	\$30,000	\$30,000	\$35,000	\$60,000	\$45,000	\$40,000
<i>Direct Cost (Construction)</i>	\$63,590	\$76,545	\$127,640	\$150,383	\$160,111	\$195,710
<i>Indirect Cost (Fees, consultants)</i>	\$25,820	\$26,364	\$33,987	\$43,467	\$41,511	\$46,970
<i>Financing Cost</i>	\$6,910	\$7,591	\$11,213	\$21,533	\$17,178	\$33,510
Total	\$126,345	\$140,545	\$207,915	\$275,383	\$263,800	\$316,190

Source: "Development Costs" Calculated by the San Diego Housing Commission for the Inclusionary Housing Program in July 2002.

⁶⁹ Based on U.S. Bureau of Census, Census 2000, SF-3; Gross rent as a percentage of household income in 1999. "Affordability" is defined as housing for which the gross rent is less than 30% of the household income.

Since the Agency cannot finance the housing projects solely with the Low-Mod Funds, it engages in gap-financing whereby a smaller amount is committed to paying for the interest to a loan the developer might get from banks. This usually results in a higher yield.

The Second Implementation Plan projects that there will be 50 housing units assisted over a five-year period assuming a hypothetical \$5,000 per unit.⁷⁰ This is based on an assumption the project will generate \$352,185 of housing funds over the duration of the five-year plan. This is a conservative estimate since the project has already generated about \$100,000 annually.

However, since a city council resolution authorizes the Low and Moderate Income funds to be spent anywhere in the City, funds have been used in the Mercado Apartments in 144-unit low and very-low income housing project in Barrio Logan since the project's inception. The CCDC had put together this project in 1992 and promised the Metropolitan Area Advisory Committee (developers) substantial financial assistance. In FY 1994, \$140,000 was spent from the fund, and there have been subsequent transfers after the adoption of the new project in 1998 totaling \$72,000. The Redevelopment Agency and the City's overall contribution to this project is about \$2 million.

College Grove Low & Moderate Income Housing Funds were also committed for the Cortez Hill Family Center/Days Inn Motel (47-unit homeless facility) for which the City applied for Section 108 Loan from HUD in November 2000. However a year later, the total \$3.5 million needed for renovation of the motel to convert it into the homeless facility was taken from the CCDC Low & Moderate Income Housing Fund, releasing the College Grove set-aside money for other projects.

Table 15: Financial Contribution to Low/Mod Income Housing Funds

Item	Amount
Total Fund	\$596,000
Mercado Residential Project (Barrio Logan)	\$212,000
<i>Days Inn (Cortez Hill)</i>	<i>\$106,000 (not used)</i>
Total transferred	\$212,000

⁷⁰ The City Redevelopment Agency based these figures on their own calculations of housing cost data. Source: Second Implementation Plan (2000-2004) for the College Grove Redevelopment Project adopted July 20, 1999; Redevelopment Agency of the City of San Diego.

Balance in the Fund	\$384,000
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As the amount in the Housing Fund accumulates, the Second Implementation Plan proposes to work with the San Diego Housing Commission on a home-ownership assistance program in the community surrounding the shopping center. Another possibility is that with the issuance of the \$55 million Agency bond on affordable housing, a substantial portion of the fund will be committed to repaying the bond.

Summary of Affordable Housing Impact

In conclusion, state law declares that a fundamental purpose of redevelopment is to expand the supply of low and moderate-income housing.⁷¹ As a result of the 20% set-aside requirements of state law, this project has provided over half a million dollars for affordable housing funds. These funds are being used across the City for gap financing of low-income housing projects. However, certain zoning changes for an expanded parking lot removed the possibility of 30 housing units being built on the site.

Indicator	Project Impact
Total Units Created	Direct: none. Indirect: Projected 50 units over a five-year period. The project contributes \$100,000 annually to the development of these units with housing set-aside funds.
Total Units Destroyed or Relocated	Direct: None. Indirect: A loss of land for potentially 30 dwelling units due to re-zoning of land from residential to commercial
Total Contributed to Affordable Housing Funds	\$596,000 to date for the Low-Mod income fund.

⁷¹ California Community Redevelopment Law, Health and Safety Code Section 33070.

CHAPTER 7

NEIGHBORHOOD SERVICES ASSESSMENT

Like any large metropolitan area, many of San Diego's neighborhoods have unmet needs in public services. It has been estimated that the City of San Diego has a current deficit of \$2.5 billion in unmet infrastructure needs, for parks, libraries, schools, roads, etc.⁷² Blighting conditions include substandard infrastructure, and many redevelopment project areas are in communities traditionally underserved in health services, public facilities, parks, schools, and other public needs. This section assesses important public service needs and deficits in the community, and how the project may or may not contribute to those needs.

Project Area Conditions and Project Impact

The study area contains a number of neighborhood services including childcare, 6-to-6 (before and after school care) providers, schools, parks and recreation centers, and social service providers. A full listing of these is listed in Appendix D as well as a map of the schools in the community.

Retail Needs

The College Grove Redevelopment project was planned in part with the results of the CEAPER Study (The College/Eastern Area Planning and Economic Review 1997). This study was aimed at determining a framework for economic development in the Mid-City Plan Area, and consisted of an analysis of land use conditions, a real estate market assessment, housing analysis, and economic development strategies to improve the area. Included was a retail market analysis.

The CEAPER study found that the market for retail space in the study area had an excess supply of approximately 400,000 sq. feet of retail space. This suggested that the area residents were not supporting all of the retail space within the study area and that the area is capturing sales from residents located outside of the study area. The study concluded that there was "sufficient retail space to satisfy demand" in the area, and that "the area is struggling to maintain existing occupancy levels... and that presently there is a sufficient amount of retail space to satisfy demand."⁷³ These data however, subtracted out regional retail space (attributed to the Marketplace at the Grove) because being a regional power center, it could draw sales from outside the Mid City area. Given that incomes had been declining in the area between 1980-1997, retail and market analysis showed that the revitalization of the Marketplace at the Grove could capture retail demand from outside

⁷² Community and Economic Development Strategy, City of San Diego 2002-2004.

⁷³ These estimates were based on industry retail sales data published by the Urban Land Institute and supplemented with data supplied by MRC on existing businesses within the area. In addition, the estimates were coupled with interviews with commercial brokers and retail owners.

the city. Thus, while the area was not necessarily underserved by retail, indeed residents could not support all of the existing retail space—leading to vacancies and blighting conditions—the best economic use of the Marketplace at the Grove was considered a repositioning and re-design of the center as a discount retail power center. The following year 1998, the Second Implementation Agreement was completed at the College Grove Redevelopment Project, re-positioning the project as a regional power center.

While data does not exist to conduct an historical retail leakage analysis and potential small business impact for the study area, a report for the nearby city of Lemon Grove found that the College Grove Marketplace’s revitalization would result in business loss in the downtown area of Lemon Grove due to retail competition. Given that the project area was not supporting all of the current retail space, it is likely that the revitalization of the College Grove Marketplace would have similar impacts within the city of San Diego. Thus, it is likely that the expansion of the College Grove Marketplace has either displaced or eliminated other small business competitors within the city, and possibly within the neighboring cities of Lemon Grove and La Mesa, if this is the case (discussed in more detail below) then rather than creating new retail options for the community, the center may simply have replaced smaller retailers with a larger discount retail center.⁷⁴

Small Business Impact

Given that studies show Wal-Mart and similar sized retailers draw between 30-60 percent of existing sales from existing businesses,⁷⁵ we assessed the retail submarket over time to describe what the net impact on small business, and hence employment, may have been since the arrival of Wal-Mart and Sam’s Club. Since 1998 the retail submarket area for the College Area has been stagnant or declining. It currently has the second highest retail vacancy rate in the City at 7.6%.⁷⁶

Interviews with local retailers and brokers for retail space within a 2-mile radius of College Grove indicate that the decline in small business is in part due to stagnating or declining incomes in the community and new competition in retail, including the College Grove center. Of the 32 businesses that compete in the same category of retail goods as Wal-Mart and Sam’s Club within the local market area⁷⁷ only approximately 30% have been in business in the local market area since the revitalization of College Grove. These businesses describe difficulty in competing with discount retail and have to alter their business practices, including product selection and employment decisions, in order to remain viable.

Additionally, none of the businesses that existed since the remodeling attributed any increased business activity due to the revitalization of College Grove. Typically, increased traffic flow—a significant impact of this project—results in some economic

⁷⁴ Indeed, this has been the trend in retailing over the past 20 years—away from middle income anchor stores and towards a two-tiered retail of discount chains/warehouse stores and smaller upscale niche stores.

⁷⁵ Allan Kotin and Richard Peiser “public-Private Joint Ventures for High Volume Retailers: Who Benefits?” *Urban Studies*, 34(12) 1997.

⁷⁶ CB Richard Ellis Retail Submarket Data, Quarterly Report 2003.

⁷⁷ Local market area is defined by the proximity to the College Grove Marketplace within a 2-mile radius.

growth due to new customers moving into local and adjacent retail areas. Our survey, however, was unable to attribute any significant catalytic effects to the revitalization of the center. Although adequate historical sales data are not available to calculate potential small business loss due to competition from Wal-Mart and Sam's Club, it is clear that some small business contraction has occurred as a result of the revitalization of College Grove.

Parks and Recreation

Conditions

The community area currently has a shortage of parks. While the City of San Diego has a high ratio of park acreage per 1,000 residents (28.0), the College Grove area is currently only served by one major park, Chollas View, and several smaller "mini" parks, providing approximately 3.94 acres per thousand residents. This amount is far lower than the overall city average and lower than many municipal planning guidelines for open space and parks. The current national standards suggested for parkland is between 6.25 and 10.5 acres per 1,000 people.⁷⁸

Impact

This park has remained as part of the project area but has not been developed as a cultural center as outlined in the Redevelopment Plan.

Health Services

Conditions

The community currently has a shortage of health services. Currently, the University Community Hospital and the Mid-City Community Clinic serve the area. Despite their presence, however, the study area is still short of both medical professionals and health service facilities. This is reflected in the designation of parts of the community as federally designated Medically Underserved Areas (MUAs) and Health Professional Shortage Areas (HPSAs). The study area currently has 5 census tracts that are federally designated MUAs representing 41,734 people in a medically underserved areas, and 8 census tracts with HPSA designation, representing 54,003 people in a health professional shortage area.

Impact

The project did not provide any facilities such as community clinics for health services. However, the project did generate revenues for the County that could eventually be used for health services infrastructure, but no funds were earmarked for these purposes despite being in a MUA and HPSA.

⁷⁸ National Park Service guidelines

Schools

Conditions

Several Mid-City elementary schools doubled or tripled in size during the late 1980s, and early 1990s, with increases at the middle and high school level occurring later. SANDAG growth projections indicate an even greater challenge to provide schools for the growing student population in the local study area. School development impact fees cover only a small fraction of the actual cost of new school construction. Indeed, many schools have deferred maintenance needs to keep on budgetary targets. In the local community there is a lack of land available for new school sites and five new schools are needed to alleviate overcrowding at current enrollment levels. Since the impact of new development on schools is primarily due to residential development, this project did not increase the demand for new schools by generating new students.

Impact

When property taxes transferred to the state are frozen due to redevelopment, the biggest fiscal impact is on schools. However, the project does provide a pass through agreement to the San Diego Unified School District. The pass through, however, does not provide the full amount of potential property tax revenue lost from the redevelopment area, and backfill funding from the state is necessary to balance out the remaining amount. By this mechanism, the funding level to schools is restored. However, the fiscal burden shifts from local property tax sufficiency to dependency on the California state budget.

Summary of Neighborhood Services Impacts

In conclusion, the entry of a regional retail center provides amenities to local communities in terms of convenience and access to cheaper products. However, as the CEAPER study and existing retail submarket conditions indicate, there has historically been an excess supply of retail space in this area, and the entry of a Wal-Mart and other retailers has had adverse impacts on small business. Finally, the project did not contribute to improving other important unmet needs, such as health services and parks and recreation.

Indicator	Project Impact
Parks and Recreation	Chollas View park has planned improvements and construction for a cultural center and park facilities, however no funding has been allocated for this to date, so there has been no direct project impact.
Health Services	No contribution to health services directly, but revenues are generated for the County that could ultimately be used for health services, although none were earmarked for these purposes despite being in a Medically Underserved Area (MUA) and Health Professional Shortage Area (HPSA).

Retail Assessment	Provided new types of retail to the community, however, competitive effects may have eliminated some small retailers.
Small Business Impact	Turnover and vacancy rates of small business competitors suggests a potential loss of small business due to the project, however, exact estimates are inestimable without sufficient historical data on retail occupancy in the local retail submarket.
Schools	No fiscal impact, as the state compensates for revenue lost to redevelopment.

Chapter 8

Environment and Smart Growth Assessment

Regional Conditions

Sprawl” embodies the negative impacts of low density suburban development. It is a symptom of bad land-use decisions. Included among the state and regional policies that exert a bias in favor of sprawl are:

- Spending on infrastructure such as freeways and water supply systems that subsidize low-density development;
- The "fiscalization of land use" by Proposition 13, which causes local governments to continually seek revenue from new development regardless of its efficiency;
- Jobs-Housing Imbalance, which does not allow employees to afford to live near their workplace.

The City of Villages strategy expresses the vision of San Diego’s communities to adopt smart growth principles in the growth for the next twenty years. This strategy is the underlying foundation of the general plan update, and is being piloted in three projects. Currently, the only document that addresses environmental and smart growth issues is the Environmental Impact Report. This report is required by the California Environmental Quality Act (CEQA) only for those projects, and those issues for specific projects, that cause significant impact on the environment. Ministerial approvals, such as the Substantial Conformance Review that was done for the College Grove project in 1998 do not trigger CEQA. Moreover, unless an impact is significant it need not be mitigated.

The impacts of the development were evaluated in three different stages during the process of redevelopment. We have compiled the summary of the documents that evaluated the impacts at that particular stage and commented on the adequacy as well as the accuracy of these evaluations.

Stage 1:

Expansion of the Shopping Center at the onset of Redevelopment (1986)

An Environmental Impact Report (EIR# 85-0747) was prepared in 1986 to evaluate the impact of the Planned Commercial Development Permit 85-0747. This was a Permit for the expansion of the center from the then existing 717,000 sqft to 1,006,000 sqft, concurrent with the declaration of the area as a redevelopment project area. The additions included two department stores and two 4-story parking structures (4,800 parking spaces).

Traffic

The project would result in substantial increases in traffic in the general vicinity of the

College Grove Area. The EIR estimated that there would be an increased traffic flow of 18,000 daily trips over the existing conditions. This represents an 82% increase in traffic.

- Traffic generated by the center in 1986 = 17,044 trips
- Projected traffic generated by the expanded center = 31,062 trips
- Increase = 14,018 trips

The primary mitigations for traffic flow were: (a) Construction of a freeway interchange on SR-94; and (b) Widening of College Avenue from 4 to 6 lanes. Due to proposed street improvements, the Level of Service (LOS), which is an indicator of the carrying capacity of the streets, was not expected to fall below the grade 'B'. The major intersections on College Avenue and College Grove Drive were then functioning at LOS grade 'A'.

Table 16 Traffic Volumes at the Project Site, 1985

	Existing Peak Hour Volume	1985 Plan traffic volume
College Ave ⁷⁹	25,000	35,000
College Grove Dr ⁸⁰	8,757	12,000

Transit and other modes

The project established a transit point for bus-lines 5 (UTC to College Grove via Downtown), 916 (Euclid Trolley to College Grove), 856 (College Grove to Cuyamaca College), and 936 (SDSU to Spring Valley via Lemon Grove Trolley). The bus-line 16 (Hillcrest to Euclid Ave Trolley Station via Downtown) no longer goes to College Grove and the bus-lines 36 and 90 that used to serve College Grove no longer exist. Appropriate bus-shelter, layover area and passenger seating were also provided. Park-and-ride areas were unofficially permitted on the periphery of the property. The East urban trolley line would have a station at Lemon Grove. The already existing Route 36 connects the LRT station at Lemon Grove to the south with SDSU to the north via College Grove.

There were no new bus-routes added, and there was no funding made available to MTDB to increase frequency of Route 36.

Noise

The City uses the community noise equivalent level (CNEL) 65 decibel (dba) as the threshold for assessing significance of impact. The construction of the proposed freeway interchange was considered to produce noise levels that exceed 65 db CNEL at three

⁷⁹ The segment of College Avenue between SR-94 and College Grove Drive, which is on the north side of the freeway, and borders the east side of the Marketplace.

⁸⁰ The segment of College Grove Drive between the College Grove Way and College Ave, which borders the northern side of the Marketplace.

locations in local apartment buildings⁸¹. Mitigation included constructing a four-foot high noise attenuation wall along the interchange in order to reduce noise to an insignificant level.

Light and Glare

Two houses near the parking lot, north of College Grove Drive, would be impacted by light from the 400-Watt Sodium lamps on the parking lot. Light and glare created by new construction, traffic, or delivery/service vehicles was mitigated by the construction of additional foliage screening.

Significant Unmitigated Impacts: Parking

The project proposed about 200 units of parking less than what the underlying zoning recommended. The EIR recommended that either (a) more parking be provided; or (b) the size of the development be reduced. However, none of these were imposed and the project was adopted with a “Statement of Over-Riding Considerations” which stated that the construction of more parking was economically infeasible.

Stage 2:

Redesign of the Shopping Center (1987)

The Development Permit was modified in 1987 (PCD# 87-0179). This permit allowed a scaled-back project of 744,000 sqft including a new ten-plex movie theater, a bowling center and seven peripheral commercial facilities. An addendum to the EIR (EQD# 87-0179) was prepared that found no Significant Impact of the change, since the project proponent⁸² was going to perform all the mitigation spelled out in the EIR# 85-0747.

Stage 3:

Remodeling (1998)

In 1998, there was substantial remodeling of the College Grove Marketplace, with an estimated \$35 million spent in improvements⁸³ by Vestar and Wal-Mart. The remodeling reduced the gross area of the shopping center to 613,000 square feet. The City’s review of the remodeling found it to be in substantial conformance with the development permit (PCD #87-0179)⁸⁴. This “substantial conformance” implies that the project did not need any development permit, or discretionary review, and therefore did not trigger CEQA. We can conclude that had Wal-Mart not wanted the subsidy there would have been no public hearing either. No environmental impacts of the project were evaluated at this stage.

The reduced footprint does not mean that there was no construction and no concomitant impacts. This remodeling changed the shopping center from a one and two story mall

⁸¹ The level of noise at 65dB is that of a vacuum cleaner or a washing machine running continuously.

⁸² College Grove, Limited.

⁸³ Source: Keyser Marston Associates Inc. Memorandum to Ms. Patricia Hightman, City of San Diego Redevelopment Agency (June 15, 1998) “Marketplace at the Grove- Estimate of Reuse Value”.

⁸⁴ Letter to Keith Pittsford (SGPA Architecture & Planning) from Tina Christiansen (Community and Economic Development) dated June 11, 1998.

configuration to a single story split-level retail center⁸⁵. The exterior walls were realigned, the interior walls torn down, the theater was demolished, and three huge signage pylons were erected. Although there were improvements in landscaping and traffic, these were largely done to conform to the conditions of the 1987 PCD, which the previous developer had failed to do.

Although the assignment of the 31,000 trips to the shopping center is consistent with the gross area and current standards, there is an observable traffic problem in the area. The following chart illustrates that the dramatic change in traffic in the area after the construction of the Marketplace:

Table 17: Traffic Volumes at the Project Site, 1998 and 2000

Street	Traffic Volume in 1998	Traffic Volume in 2000
College Ave	32,700	40,500
College Grove Dr	9,500	16,500

Source: SANDAG

According to the City's Street Design Manual 2002, a 6-lane urban major road (such as College Avenue) with traffic in excess of 40,000 Average Daily Trips (ADTs) would be functioning at a level of service 'C'.

Smart Growth Elements

Park and Ride Facility

The City entered into a binding agreement with DP Partnership in 1996, and a similar one with Vestar/Wal-Mart in 1998, for 350 parking spaces. This would give transit users the non-exclusive right to park on the designated space in the property for 25 years.

However, as we have mentioned earlier (see Fiscal Analysis) this lot was not the most appropriate location for the riders:

- First, the Park-n-Ride is located on the southwestern corner of the huge lot. This creates a great inconvenience for people who have to walk 5 minutes to reach the bus stop. The most convenient location would have been directly adjacent to the stop.
- Second, the bus stop is acting mainly to serve bus-routes that transport people from Spring Valley or East County to study/work destinations at UCSD and SDSU. It also serves neighborhood residents who want to go to the nearby trolley stations.

⁸⁵ Letter from Keith Pittsford (SGPA Architecture & Planning) to Bob Didion (Development and Environmental Planning Division) dated April 27, 1998. "Item: Substantial Conformity Review (PCD #87-0179)".

For these reasons it is not surprising that our regular visits to the site showed that the facility is rarely used by commuters.⁸⁶

Summary of Environmental and Smart Growth Impacts

In sum, while incorporating a transit station at the site, traffic has increased significantly in the community. This has dropped the road way Level-of-Service 'A' to 'C' on adjacent streets. The park-n-ride facility is poorly designed, as there is a large distance between the parking spots and the bus stop, and as such does not accommodate the needs of all passengers, particularly those with limited mobility. Overall, the size, configuration and location of this project make it difficult to incorporate smart growth principles.

Indicator	Project Impact
Traffic	Projected traffic increase = 15,500 average daily trips
Unmitigated Impacts	Decreased Level Of Service from grade A to C of adjacent roadways due to traffic increase.
Smart Growth Elements	<p>Park and Ride Facility with 350 spaces, but without exclusive access by the public.</p> <p>The Park and Ride designated spaces are far from the bus stop, potentially deterring usage of the facility, especially for those with limited mobility.</p> <p>Park and Ride Facility is rarely used and no systematic marketing or promotional program was established.</p>

⁸⁶ Because Metropolitan Transit Development Board does not keep usage data, of the facility, and we were unable to obtain ridership data for the site, we conducted our own informal survey of commuters over a 4 week period and found that between 0-8 people used the facility per day. These figures, however, would have to be further compared to actual ridership data.

CHAPTER 9

DISCUSSION AND POLICY RECOMMENDATIONS

While the College Grove Redevelopment Project contained important goals—providing new employment opportunities for the community, eliminating blighting conditions, revitalizing a mall which had a 50% vacancy rate, and providing new retail options for the community—this study provides a broader, balanced picture of the community impacts. With this analysis we hope to promote a more in depth discussion and definition of community benefit, the goals of publicly assisted development, and urban revitalization. In each chapter of this report we raise a number of questions about the projects impact, and if it was the best for the community. Overall, a number of significant impacts stand out:

- The city spent nearly \$14 million in assistance, Wal-Mart receiving nearly \$10 million.
- There is a net fiscal return from the project annually, but this is significantly offset by other costs.
- The majority of the jobs pay below a self-sufficiency wage and just above half the employees have employer provided health care.
- The project design is bad for smart growth planning and contributes to sprawl due to increased traffic.
- There are significant impacts on small business.
- The project does contribute to affordable housing indirectly through the set-aside of affordable housing funds administered by the Redevelopment Agency, however, the project also eliminated lands for potential housing in the local community.

We discuss the overall impacts in more detail below.

Land Use and Planning

Was this project the best use of planning, zoning, and land use guidelines?

In Chapter Three of this report, we document how the project conformed to some goals of the community plan, but ran counter to others—requiring amendment. The required amendments included four zoning changes that raised the allowable level of traffic and parking in the area, while eliminating potential land for housing. These remain unmitigated impacts on the community. A fuller consideration of these impacts at the outset of the project may have mitigated the loss of potential housing and encouraged a better design of the project.

Fiscal Impact

Was the project in the best interest of the city financially?

In Chapter Four, we detail how this project required a large amount of public assistance in infrastructure improvements, land-write downs, and leasing agreements which took the form of a direct subsidy to Vestar Development and Wal-Mart real estate. The amount of public assistance to the project totals \$13,397,000. Wal-Mart was the major beneficiary of the subsidy, receiving \$9,538,671. The fiscal impact on the city is estimated at \$242,535 annually and the Redevelopment Agency receives an estimated \$211,036 annually. However, given that the total market area for the retail center does not provide new retail sales revenue from the existing market area within the city, but draws it from the neighboring municipalities of Lemon Grove and La Mesa, the actual total *new* sales tax revenue—and hence the city revenue—is actually less than the total revenues reported here.⁸⁷ The issue of cities drawing sales taxes from each other through competitively locating retail centers on their peripheries is an important one—rather than generating new revenues to already cash-strapped municipalities, these projects tend simply to redistribute them from one city to another.

Were the agreements with the private entities—Wal-Mart and Vestar, the best use of public funds?

The terms of the lease and purchasing agreements raise questions as to if the project was the city's best use of financial incentives. First, the Park-n-Ride lease serves essentially as a financing mechanism for Wal-Mart to undertake the project, and did so at an amount greater than the value of the land being leased. Alternatively, the city could have purchased the land and leased the spaces to Wal-Mart, or used them for other purposes. Additionally, there was a direct land write down of a million dollars in the purchase price. Given the demand for commercial real estate in San Diego, especially for a prime location at the intersection of major transit routes, the College Grove parcels may not have required such a discount. Finally, while infrastructure improvements are necessary for the Mid-City Community Plan Area, including the street widening and other improvements completed at College Grove, the decision to expend these funds on infrastructure improvements at the site should have been considered in regard to other infrastructure needs in the community. In sum, the fiscal returns of the project must be viewed in light of the goals of revitalizing the retail center versus other important community needs.

Employment

Although the project did create new employment opportunities for the community, were these the best for alleviating poverty, moving families to self-sufficiency, and providing career opportunities and upward mobility?

Permanent employment generated by the project remains primarily low-wage, requires little skills or training, and has low rates of employer provided health insurance.

⁸⁷ As mentioned previously, the total sales tax drawn from other municipalities is not estimable due to data limitations over the 5 year period from 1998-2003.

The majority of the employment (67%) is part time, and 84% of the jobs are below a self-sufficiency wage of \$11.38 per hour for a single person with no dependents. Given that the majority of the jobs at the project have annual wages below 200% of the Federal Poverty Level, many employees are eligible for public assistance programs—thus, a portion of the employment at the project can be considered to be subsidized by public programs. Additionally, 85% of the jobs do not require any specific education or training. Finally, while local employment was a goal of the project, no provisions were made to ensure that there would be targeted hiring for residents of the community. Finally, employer provided health benefits covers only 56% of the employees.

Affordable Housing

Was the project best designed and planned to contribute to affordable housing for the community?

The project has generated nearly \$600,000 for the city's low/mod income housing funds through tax increment. The project is projected to add 50 affordable units in another redevelopment project area. There was no housing set aside for the local community—in fact the re-zoning of housing lands to commercial space eliminated potential dwelling units.

Neighborhood Services

Did the project contribute to important community service needs and were there adverse impacts on existing services?

The project did provide for increased retail options within the community. The potential development of Chollas Park also remains an important asset for the community—any developments at the park, however, have yet to be initiated. In the interim, there are important community needs in health services, childcare, and municipal services—libraries and schools—that remain unmet. Finally, small businesses within the local market area have been adversely affected.

Environment and Smart Growth

Was the project designed to minimize environmental impact, and did it include smart growth elements?

As documented in chapter eight, while including a park-n-ride facility and transit stops for the metro bus lines, commuters rarely use the facility. Additionally, the infrastructure improvements and unmitigated parking make the center a largely car dependent development. Finally, the Level of Service grade for the adjacent streets has downgraded from LOS Grade “A” to “C.”

Policy Recommendations:

Our evaluation shows that there are both costs and benefits of large publicly assisted development. Moreover, better quality jobs, increased environmental mitigation, evaluation and mitigation of small business impact, and a more systematic local hiring

process would ensure that the aims of community revitalization and economic development were better served. Because of the various impacts, both positive and negative, of such a large publicly assisted development, we have several policy recommendations.

A number of policies and best practices have been implemented in both California and other states across the country to promote more accountable and equitable development. These include proven policy tools like housing linkage fees, community impact reports, targeted tax incentives, first source hiring programs, and mitigation fees for education and other public services.

If redevelopment and other publicly assisted projects in San Diego are to benefit the community and public more broadly, we urge policy makers to expand efforts to promote a higher-road economic development and land use strategy tied more closely to many of the already established Community and Economic Development Department Goals. To this end, the Center on Policy Initiatives encourages community and economic development programs to be more accountable to public and community needs.

Following the results of this report we make the following policy recommendations.

1. Include job quality standards for publicly assisted economic development and Redevelopment Projects, and job quality goals in Redevelopment Plans to ensure that public tax dollars do not contribute to poverty by creating low-wage jobs without health benefits.

Redevelopment law and the City of San Diego Community and Economic Development Department include poverty alleviation and economic growth, including increasing median wage rates as goals. These broader policies should be included as part of Redevelopment Plan Area goals. Publicly assisted projects should include goals for employment outcomes.

2. Implement local hiring programs to ensure local residents have access to jobs created at projects.

Local hiring programs that include employer guaranteed job placements have been implemented in other cities, ensuring that local residents have access to jobs created with public assistance.

3. Adopt and implement Community Impact Reports (CIRs).

One of the ways to address elements of the first two policy recommendations is to adopt a Community Impact Report policy. Community Impact Reports are objective analyses of project impacts, conducted prior to adopting a project, that community and project area needs and evaluate project impact in terms of job quality, fiscal impact, affordable housing, smart growth, and neighborhood services.

4. Adopt and implement Community Benefits Agreements (CBAs)

Community Benefits Agreements are legally binding agreements between developers and community groups that delineate specific project impacts that the developer will provide as part of the project. Such agreements are mechanisms for communities to ensure that they receive the full benefit of a large project—or can be assured of mitigations for the project that will be carried out. Other cities in California have already completed CBAs on large development projects, ensuring that a range of community needs are met.

5. Reform the Development Review Process

The City of Los Angeles requires a discretionary review of major developments defined by size over 50,000 square feet. This review enables staff to determine if a public hearing is necessary. In the case of College Grove, Wal-Mart used a 1987 development permit to claim that it had a vested right to remodel the center without environmental or any other review. The City of San Diego should change the development review process regarding discretionary staff review of major projects to ensure that public hearings are required for large projects. Development permits should also have a blanket expiration date with renewal requests subject to public appeal to ensure that older projects that are remodeled are not exempt from such a review.

APPENDICES

Appendix A: College Grove Redevelopment Project Timeline

Appendix B: Demographics and Methodology

Appendix C: Fiscal Assessment Methodology

Appendix D: Employment Assessment Methodology

Appendix E: Housing Data

Appendix F: Neighborhood Services Data and Methodology

Appendix A.

Table . Historical Timeline of the College Grove Redevelopment Project

DATE	ACTION/EVENT/AGREEMENT	DESCRIPTION
03/21/1986	Planned Commercial District (PCD) Permit No. 85-0747 approved	Permit for the development of the center from the existing 740,000 sqft to 1,006,000 sqft. The additions include two department stores and two 4-story parking structures.
05/06/1986	EIR approved with a “statement of over-riding considerations”	This covered the Redevelopment Plan, Planned Commercial District, Community Plan Amendments and Rezone. A “statement of over-riding considerations” was adopted for the project since 199 parking spaces were not provided.
05/19/1986	College Grove Redevelopment Project adopted for 45 years.	This allowed the Agency to have the authority of eminent domain and land disposition. It also authorized the agency to use financial assistance from the City, state or federal governments and incur up to \$20 million in bonded debt. The plan used the PCD as a framework for land-use.
05/19/1986	Ordinance changing Municipal Code zoning.	The whole property was deleted from the Mid-City Planned District. Some residential land was rezoned to “CA” (CC-1-3)., which is a Community-Commercial Zone with an auto orientation
05/12/1987	Addendum to the EIR prepared	EIR for the scaled-down version of the project

06/09/1987	Pass-through agreement of TIF with the County approved by the Agency	Resolved outstanding dispute with the County over the freezing of revenues with redevelopment since 1986.
06/11/1987	Amendment to the PCD (No. 87-0179)	Scaled back the project to 744,000 sqft including a movie theater and bowling center.
05/17/1988	OPA and Reimbursement Agreement between the Redevelopment Agency and DP Partnership, owner of Marketplace at the Grove	Owner was to fund off-site improvements and be reimbursed by the Agency with TIF
Late 1988	Marketplace at the Grove shopping center opened with a 9-plex theatre, bowling alley and food court	Total estimated cost of renovations was \$60 million
June 1991	Phase II negotiations with DP Partnerships	Developer proposed to increase the size of the center and renegotiate OPA.
05/04/1992	City loaned \$70,000 to the Project for administrative costs	
07/27/1993	City loaned \$35,000 to the Project for administrative costs	
07/1994	First Implementation Plan for the College Grove Redevelopment Project.	This plan laid the foundation for the Second Implementation Plan. In the initial five year implementation plan anticipated a new OPA for the project. It also suggested that there was going to be a new physical reconfiguration of the shopping center.
04/12/1994	Agency dissolved the OPA with DP Partnership, and entered into a new "Negotiation and Reimbursement Agreement"	
06/21/1994	City loaned \$40,000 to the Project for administrative costs	
01/20/1995	Ordinance amending time limits for the Redevelopment Plan to ensure conformity with AB1290 (1994).	Loans and establishment of debt: 2006 Effectiveness of the plan: 2026 Receipt of TIF and payment of debt: 2036
12/05/1995	Agency purchased certain property in the Project area owned by DP Partnership and by the Beacon Group, Inc.	Land required for widening of College Avenue bought at market rate by the Agency.
01/06/1996	Acquisition agreement between the City and DP Partnership	For the Park and Ride facility
06/06/1996	Agreement by the City with Nasland Engineering for improvement on College Grove Drive	

01/08/1996	Acquisition Agreement between DP Partnership and the City for Park and Ride facility	Land will be leased to the City for 25 years
07/14/1997	2 nd amendment to Agreement with Nasland Engineering for widening College Grove Drive	\$410,000 from the TransNet fund to make the road a 4-lane connector.
8/12/1997	CEAPER Study Released	Study sponsored by the council district to examine the best way to revitalize the College Grove Area
04/27/1998	Vestar submitted new project that showed conformity with the PCD	Using the same footprint and parking areas, the new design reconfigured the center from a one and two storied mall to a single story 613,000 sqft area. The theater was eliminated.
June 1998	Shopping center purchased by Vestar Development and Wal-Mart Trust	
06/30/1998	Purchase Agreement with D.P. Partnership	The Agency purchased the right-of-way for widening the west-side of College Ave for \$350,000 using future TIF over 15 years. This widening was a requirement of the PCD for development to occur.
06/30/1998	Disposition and Development Agreement between the Redevelopment Agency and Walmart	Agency sold the property to Walmart at \$1 million loss. This \$1 million would be "loaned" to the agency to be repaid with TIF.
06/30/1998	Resolution authorizing funding for improvements on College Grove Drive; a mitigated negative declaration was approved.	\$4.3 m for TransNet; \$0.8 m from TransP; and \$0.9 m from CIP (Capital Improvement Program) Glossary funds.
07/20/1998	Lease Agreement between Vestar-WalMart and the City for the Park and Ride Facility	The lot was leased to the City for \$2.4 million to be paid with sales tax
07/20/1999	2 nd Implementation Plan for the College Grove Project	
07/26/1999	3 rd amendment to Agreement with Nasland Engineering	\$136,000 from CIP funds for barrier walls
09/25/2001	Loan repayment of College Grove Project to the City	\$215,000 collected from TIF was transferred to the new Crossroads Redevelopment Project
06/25/2002	Public Hearing For the Progress of the Second Implementation Plan for College Grove	

Appendix B

Demographic and Neighborhood Data

There are currently 12 census tracts in the study area according to the 2000 census. This is an increase over the past 10 years, as four new tracts were included in the area with the 2000 census. The tracks included in the study area are from 27.02-27.10, 29.02, 29.03, 30.01 and 30.03.

Project Area Land Use Data (SANDAG SANGIS 2003)

1.5 mile radius of project area	1995	2000
Percent Developed	97.8	98.5
Total Acreage	1,995	1,995
Total Developed Acreage	1,697	1,711
Developed Residential Acreage	857	920
Developed Employment Acreage	226	234
Developed Other Acreage	614	557
Total Vacant Acreage	39	25
Total Constrained (Unusable) Acreage	258	258
Total Employment	5,244	5,294
Civilian Employment	5,090	5,294
Military Employment	154	0
Manufacturing Employment	198	198
Wholesale and Retail Trade Employment	1,359	1,404
Services Employment	1,017	1,057
Government Employment	1,342	1,389
Other Employment	1,174	1,246

Appendix C

Fiscal Assessment and Methodology

Table Property Tax Values

Property values and property tax by parcel (FY2003):

Owner	Parcel #	Size (acres)	Land Value	Improvement Value	Net Value	Property Tax
Vestar LLC	478-110-07-00	1.86	\$607,305.00	\$3,449,933.00	\$4,057,238.00	\$43,511.90
Vestar LLC	478-110-14-00	0.87	\$371,422.00	\$583,664.00	\$955,086.00	\$10,076.44
Wal-Mart Stores Inc.	478-110-18-00	0.95	\$477,543.00		\$477,543.00	\$5,022.40
Vestar LLC	478-110-19-00		\$63,672.00	\$573,052.00	\$636,724.00	\$6,688.38
Wal-Mart Stores Inc.	478-110-20-00		\$63,672.00		\$63,672.00	\$690.88
Vestar LLC	478-110-21-00		\$84,896.00	\$1,213,106.00	\$1,298,002.00	\$13,609.24
Wal-Mart Stores Inc.	478-110-22-00	24.90	\$11,660,000.00	\$13,300,000.00	\$24,960,000.00	\$262,252.82
Vestar LLC	478-110-24-00	2.55	\$955,087.00	\$1,910,174.00	\$2,865,261.00	\$30,045.36
Vestar LLC	478-110-25-00		\$318,362.00	\$411,347.00	\$729,709.00	\$7,700.00
Vestar LLC	478-110-23-00	21.72	\$11,054,756.00	\$12,759,486.00	\$23,814,242.00	\$250,340.58
Total					\$59,857,477.00	\$629,938.00

Source: County of San Diego, Tax Assessor

Property Tax Estimation Methods

According to redevelopment law, the base property tax distributed amongst the state and other entities (such as schools) gets frozen at \$199,370, which is 1% of the 1986-87 (Base Year) assessed value. The rest of the increased property tax revenue goes to the Redevelopment Agency in the form of Tax Increment. This redistribution of property taxes results in a loss of property taxes to the other entities such as schools and the county. However, the county and schools negotiated a pass-through agreement in which they would get some portion of the Tax Increment.

Therefore:

$$\begin{array}{l} \text{Property Tax} \\ (\sim\$629,938) \end{array} = \begin{array}{l} \text{Base Property Tax} \\ (\$199,370) \end{array} + \begin{array}{l} \text{Tax Increment} \\ (\sim\$468,293) \end{array}$$

Where:

Property Tax = Total Amount paid by Wal-Mart and Vestar to County Assessor

Base Property Tax = Amount distributed to the School District (44.7%), County (15.7%), City (17.1%), Educational Revenue Augmentation Fund (14.3%), and the Community Colleges (6.5%).

Tax Increment = Amount paid to the Redevelopment Agency, some of which it deducts pass-throughs to the County, Lemon Grove Elementary School District, Grossmont Union High School District, Grossmont-Cuyamaca Community College District; and Metropolitan Water District.

It should be noted that the base property tax would be generated regardless of whether or not there was any redevelopment.

Appendix D

Employment Assessment

Table 1: Occupations With the Greatest Absolute Job Growth San Diego County 1999-2006

CA OES Code	Occupation	Annual Avgs 1999	2006	Change	% Change	Education and Experience	Median Annual Wage Rates
49011	SALESPERSONS, RETAIL	38,050	45,510	7,460	19.6	SHORT-TERM ON-THE-JOB TRAINING	\$8.78
19005	GENERAL MANAGERS, TOP EXECUTIVES	29,280	35,030	5,750	19.6	WORK EXP., PLUS A BACHELOR'S OR HIGHER	\$39.38
55347	GENERAL OFFICE CLERKS	30,490	35,830	5,340	17.5	SHORT-TERM ON-THE-JOB TRAINING	\$11.72
49023	CASHIERS	25,140	29,730	4,590	18.3	SHORT-TERM ON-THE-JOB TRAINING	\$8.03
67005	JANITORS, CLEANERS--EXCEPT MAIDS	18,210	22,060	3,850	21.1	SHORT-TERM ON-THE-JOB TRAINING	\$8.52
25104	COMPUTER SUPPORT SPECIALISTS	5,210	8,540	3,330	63.9	BACHELOR'S DEGREE	\$17.41
79041	LABORERS--LANDSCAPING, GROUNDSKEEPING	13,650	16,980	3,330	24.4	SHORT-TERM ON-THE-JOB TRAINING	\$8.75
97105	TRUCK DRIVERS, LIGHT	12,510	15,650	3,140	25.1	SHORT-TERM ON-THE-JOB TRAINING	\$10.89

63047	GUARDS & WATCH GUARDS	11,450	14,500	3,050	26.6	SHORT-TERM ON-THE-JOB TRAINING	\$8.70
25102	SYSTEMS ANALYSTS--ELEC DATA PROCESSING	4,970	7,910	2,940	59.2	BACHELOR'S DEGREE	\$30.52
65008	WAITERS & WAITRESSES	19,060	21,870	2,810	14.7	SHORT-TERM ON-THE-JOB TRAINING	\$7.43
55305	RECEPTIONISTS, INFORMATION CLERKS	14,050	16,740	2,690	19.1	SHORT-TERM ON-THE-JOB TRAINING	\$11.11

[Source: EDD 2002 Occupational Outlook]

Employment Analysis: Wages and Benefits

Wages and training levels at the project area are derived from management or company representative interviews to provide total employment figures and employment by part-time or full-time status. Wage and staffing pattern data for the various industries are based on California State Employment Development Dept. staffing patterns and the Occupational and Employment Statistics Wage Survey data for 2001.

Table 2: San Diego Self-sufficiency Wage by Family Type⁸⁸

Family Type	Self-sufficiency Wage
Single Individual	\$11.38/hr
1 Adult + 1 Infant	\$16.64/hr
1 Adult + 1 School Age Child	\$15.63/hr
2 Adults + 1 Infant	\$10.51/hr each adult
2 Adults + 1 School Age	\$9.10/hr each adult

⁸⁸ Source: Making Ends Meet, Center on Policy Initiatives, 2003.

Table 3: Non Residential Construction Employment

SOC	Occupation	Entry Level Hourly Wage	Median Wage	BLS Training Level	
43-9061	General Office Clerks	\$8.52	\$11.72	11	SHORT-TERM ON-THE-JOB TRAINING
11-1021	General Managers/Executives	\$22.59	\$39.38	8	WORK EXPERIENCE, PLUS A BACHELOR'S OR HIGHER
47-2031	Carpenters	\$10.23	\$17.66	9	LONG-TERM ON-THE-JOB TRAINING
37-3011	Laborers, Landscape	\$7.20	\$8.75	11	SHORT-TERM ON-THE-JOB TRAINING
	Construction Laborers	\$10.48	\$14.89	11	SHORT-TERM ON-THE-JOB TRAINING
47-1011	First line Supr/Managers	\$22.23	\$29.62	8	WORK EXPERIENCE
47-2081	Drywall Installers	\$11.20	\$18.72	10	MODERATE-TERM ON-THE-JOB TRAINING
11-9021	Construction Managers	\$24.73	\$36.35	5	BACHELOR'S DEGREE
47-3012	Helpers: Carpenters	\$9.35	\$12.15	11	SHORT-TERM ON-THE-JOB TRAINING
47-2053	Concrete and Terazzo Finishers	\$7.97	\$13.41	9	LONG-TERM ON-THE-JOB TRAINING

Table 4: Road and Highway Construction Employment

SOC	Occupation	Entry Level Hourly Wage	Median Hourly Wage		BLS Training Level
47-2071	Paving, Surfacing, and Tamping Equipment Operators	\$14.05	\$21.12	10	MODERATE-TERM ON-THE-JOB TRAINING
47-3019	Misc Helpers	\$7.83	\$11.36	11	SHORT-TERM ON-THE-JOB TRAINING
47-2073	Operating Engineers and Other Construction Equipment Operators	\$18.49	\$18.49	10	MODERATE-TERM ON-THE-JOB TRAINING
53-3032	Truck Drivers, Heavy	\$12.39	\$12.39	11	SHORT-TERM ON-THE-JOB TRAINING
13-1051	Cost Estimators	\$15.11	\$15.11	8	WORK EXPERIENCE
	Operating Engineers and Other Construction Equipment Operators			10	MODERATE-TERM ON-THE-JOB TRAINING
11-1021	General Managers	\$22.59	\$39.38	11	SHORT-TERM ON-THE-JOB TRAINING
85314	Mobile Heavy Equip Mechanics			4	WORK EXPERIENCE, PLUS A BACHELOR'S OR HIGHER
47-2053	Concrete and Terazzo Finishers	\$7.97	\$13.41	11	SHORT-TERM ON-THE-JOB TRAINING
47-3019	Helpers, Construction Trades, All Other	\$7.83	\$12.71	11	SHORT-TERM ON-THE-JOB TRAINING

Wal-Mart Employment (hourly)

Job	Employees	Average Hourly Wage
000101 DEPT HEAD	13%	10.62
000201 SALES ASSOC	20%	8.27
000469 HD/HM O/N	6%	9.29
000501 CASHIER	10%	8.05
Total All Hourly		9.26

Table 5: Retail Employment

SOC	Occupation	Entry Level Hourly Wage	Median Hourly Wage	BLS Training Level	
41-2031	Retail Salespersons	\$7.13	\$8.78	11	SHORT-TERM ON-THE-JOB TRAINING
41-2011	Cashiers	\$6.75	\$8.03	11	SHORT-TERM ON-THE-JOB TRAINING
43-5081	Stock Clerks and Order Fillers	\$7.32	\$10.09	11	SHORT-TERM ON-THE-JOB TRAINING
33-9032	Security Guards	\$7.36	\$8.70	11	SHORT-TERM ON-THE-JOB TRAINING
41-1011	First-Line Supervisors/Managers of Retail Sales Workers	\$10.73	\$16.45	8	WORK EXPERIENCE
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$7.12	\$8.52	11	SHORT-TERM ON-THE-JOB TRAINING
43-5071	Shipping, Receiving, and Traffic Clerks	\$8.17	\$10.97	8	WORK EXPERIENCE
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$6.96	\$9.04	11	SHORT-TERM ON-THE-JOB TRAINING
43-9061	General Office Clerks	\$8.52	\$11.72	11	SHORT-TERM ON-THE-JOB TRAINING
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	\$6.96	\$9.04	11	SHORT-TERM ON-THE-JOB TRAINING

Table 6: Food Service Employment

SOC	Occupation	Entry-Level Hourly Wage (1)	Median Hourly Wage	BLS Training Level	
35-3021	Combined Food Preparation and Serving Workers, Including Fast Food	\$6.75	\$6.88	11	SHORT-TERM ON-THE-JOB TRAINING
41-2011	Cashiers	\$6.75	\$8.03	11	SHORT-TERM ON-THE-JOB TRAINING
35-3031	Waiters and Waitresses	\$6.75	\$7.43	11	SHORT-TERM ON-THE-JOB TRAINING
35-9021	Dishwashers	\$6.75	\$7.59	11	SHORT-TERM ON-THE-JOB TRAINING
35-2011	Cooks, Fast Food	\$6.75	\$7.32	11	SHORT-TERM ON-THE-JOB TRAINING
35-2014	Cooks, Restaurant	\$7.96	\$9.80	11	SHORT-TERM ON-THE-JOB TRAINING
35-9031	Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	\$6.97	\$7.95	11	SHORT-TERM ON-THE-JOB TRAINING
35-1012	First-Line Supervisors/Managers of Food Preparation and Serving Workers	\$8.40	\$11.63	8	WORK EXPERIENCE
35-9099	Food Preparation Workers	\$6.75	\$8.13	11	SHORT-TERM ON-THE-JOB TRAINING
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$6.75	\$7.54	11	SHORT-TERM ON-THE-JOB TRAINING

Table 7: Financial Services Employment

SOC Code	Occupation	Entry-Level Hourly Wage	Median Hourly Wage	BLS Training Levels	
43-9061	Office Clerks, General	\$8.52	\$11.72	11	SHORT-TERM ON-THE-JOB TRAINING
43-3071	Tellers	\$8.72	\$10.25	11	SHORT-TERM ON-THE-JOB TRAINING
43-4141	New Accounts Clerks	\$10.51	\$13.61	8	WORK EXPERIENCE
43-4131	Loan Interviewers and Clerks	\$10.41	\$14.89	8	WORK EXPERIENCE
11-3031	Financial Managers	\$23.51	\$37.56	8	WORK EXPERIENCE, PLUS A BACHELOR'S OR HIGHER
43-4051	Customer Service Representatives	\$9.53	\$13.17	11	SHORT-TERM ON-THE-JOB TRAINING
43-4041	Credit Authorizers, Checkers, and Clerks	\$10.11	\$14.26	10	MODERATE-TERM ON-THE-JOB TRAINING
43-1011	First Line Supervisors	\$12.37	\$18.74	11	WORK EXPERIENCE
13-2051	Financial Specialists	\$19.77	\$27.08	5	BACHELOR'S DEGREE
43-4041	Loan and Credit Clerks	\$10.11	\$14.26	11	SHORT-TERM ON-THE-JOB TRAINING

Bureau of Labor Statistics (BLS) Training Classifications

Occupational training and education classifications were developed by the Bureau of Labor Statistics (BLS) to improve on prior classification systems that did not distinguish between occupations with comparable educational requirements. For example, neither carpenters nor laborers require formal education beyond high school, but the complexity of the work and the training time required results in carpenters being placed in the long-term on the job training category and laborers placed in the short-term on the job training category. Of course there is more than one way to qualify for a job. In this classification system the education and training required reflects the manner in which most workers become proficient in that occupation and the preferences of most employers.

1. **First professional degree.** Occupations that require at least two years of full-time academic study beyond a bachelor's degree (for example, law, medicine, dentistry and clergy).
2. **Doctoral degree.** Occupations that require at least three years of full-time academic study beyond a bachelor's degree culminating in a doctoral degree.
3. **Master's degree.** Occupations that require the completion of a master's degree program which is usually one to two years beyond a bachelor's degree.
4. **Bachelor's or higher and some work experience.** Occupations that generally require work experience in an occupation requiring a bachelor's or higher degree. Most occupations in this category are managerial occupations that require work experience in a related non-managerial occupation.
5. **Bachelor's degree.** Occupations that require the completion of at least 4 but not more than 5 years of full-time academic study beyond high school resulting in a Bachelor' degree.
6. **Associate degree.** Occupations that require the completion of at least 2 years of full-time academic study beyond high school.
7. **Post-secondary vocational education.** Occupations that require completion of vocational school training.
8. **Work experience.** Occupations that require skills obtained through work experience in a related occupation.
9. **Long-term on-the-job-training.** Occupations that require more than 12 months of on-the-job training or combined work experience and formal classroom instruction for workers to develop the skills needed for average job performance.
10. **Moderate-term on-the-job-training.** Occupations in which workers can develop average job performance after 1 to 12 months of combined on-the-job experience and informal training.
11. **Short-term on-the-job-training.** Occupations in which workers can develop skills needed after a short demonstration or up to one month of on-the-job experience and instruction.

Appendix E Housing Assessment Data

Figure 1. Homeownership in San Diego County

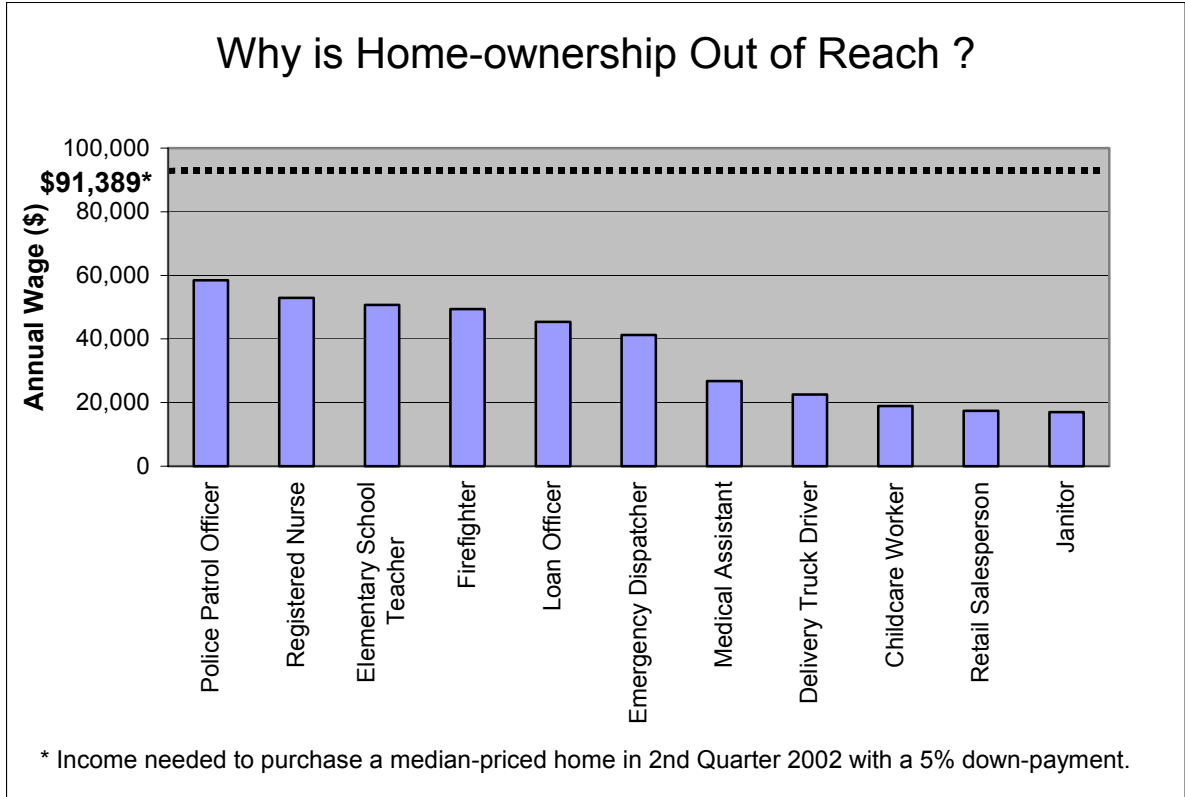


Figure 2. The Housing Gap in San Diego County

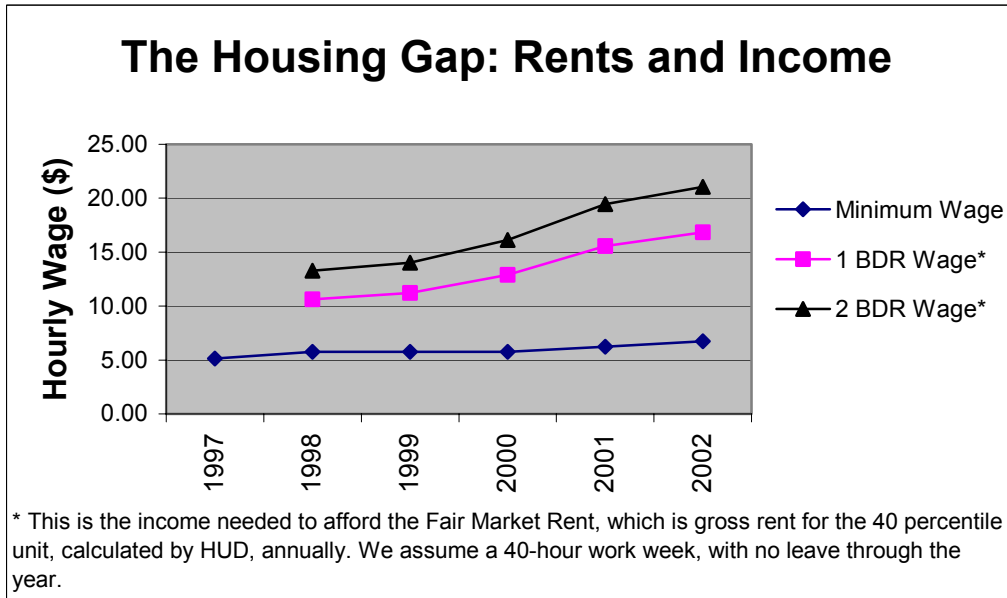


Figure 3. Distribution of Rental Units by Monthly Rent College Grove Community

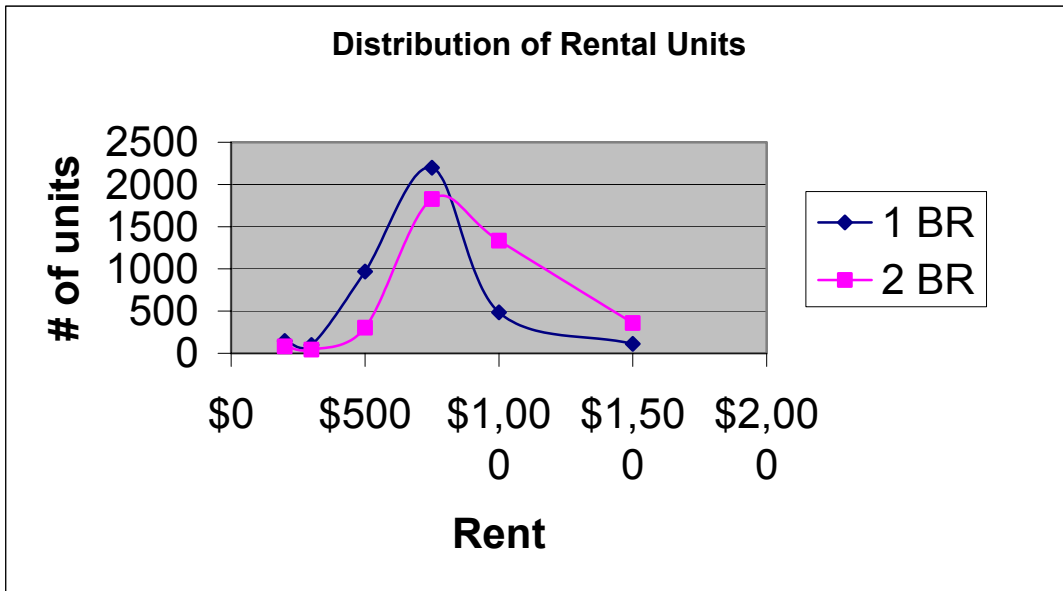
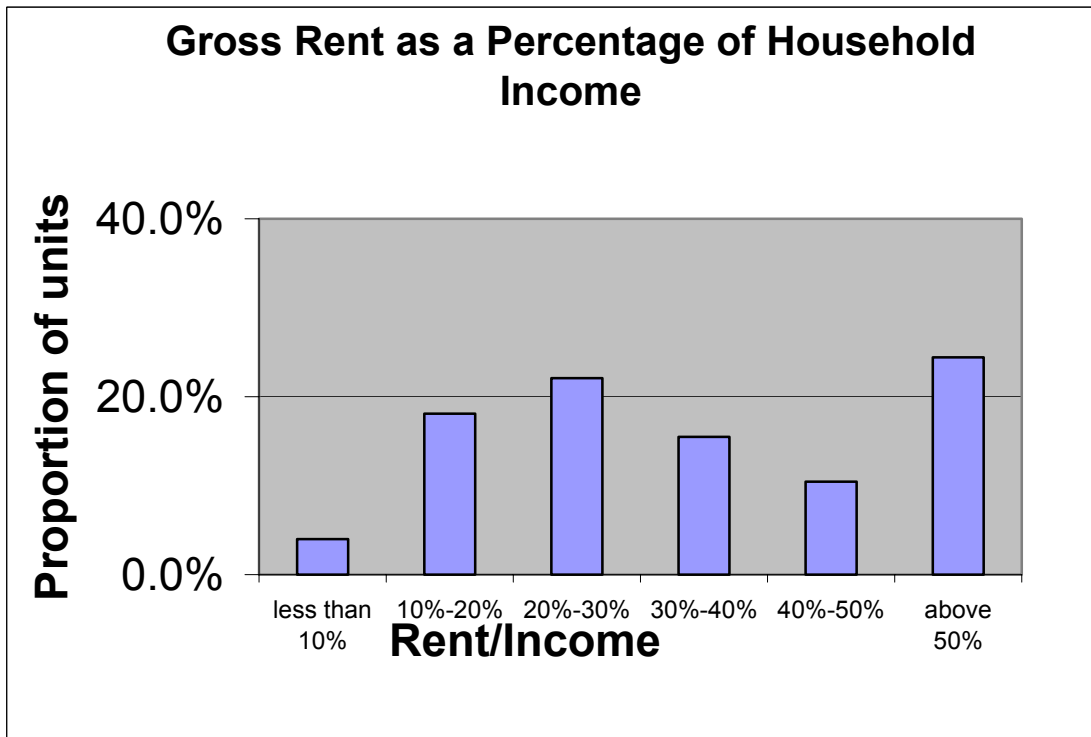


Figure 4. Gross Rent as a Percentage of Income, College Grove Community



Appendix F

Neighborhood Services

Medically Underserved Areas

The community study area currently includes five medically underserved areas, and seven health professional shortage areas. This comprises half of the population in the community.

The IMU involves four variables - ratio of primary medical care physicians per 1,000 population, infant mortality rate, percentage of the population with incomes below the poverty level, and percentage of the population age 65 or over. The value of each of these variables for the service area is converted to a weighted value, according to established criteria. The four values are summed to obtain the area's IMU score.

Table 1: Federally Designated Medically Underserved Areas, College Grove Area

Census Tract	Type
27.03	MUA
27.06	MUA
27.02	MUA
29.02	MUA
27.05	MUA

Table 2: Health Professional Shortage Areas

Primary Medical Care Designation Criteria⁸⁹

Table 3: Primary Care Facility Designated Underserved Areas College Grove Area

Census Tract	Designation Number	Type of Shortage
27.01	106073066B	PRIMARY CARE
27.04	106073066B	PRIMARY CARE

⁸⁹ RELEVANT EXCERPTS FROM 42 CODE OF FEDERAL REGULATIONS (CFR), CHAPTER 1, PART 5, Appendix A (October 1, 1993, pp. 34-48)
Criteria for Designation of Areas Having Shortages of Primary Medical Care Professionals

27.05	106073066B	PRIMARY CARE
27.06	106073066B	PRIMARY CARE
27.01	106073066B	PRIMARY CARE
27.04	106073066B	PRIMARY CARE
27.05	106073066B	PRIMARY CARE
27.06	106073066B	PRIMARY CARE

Figure 1: San Diego Schools College Grove Area

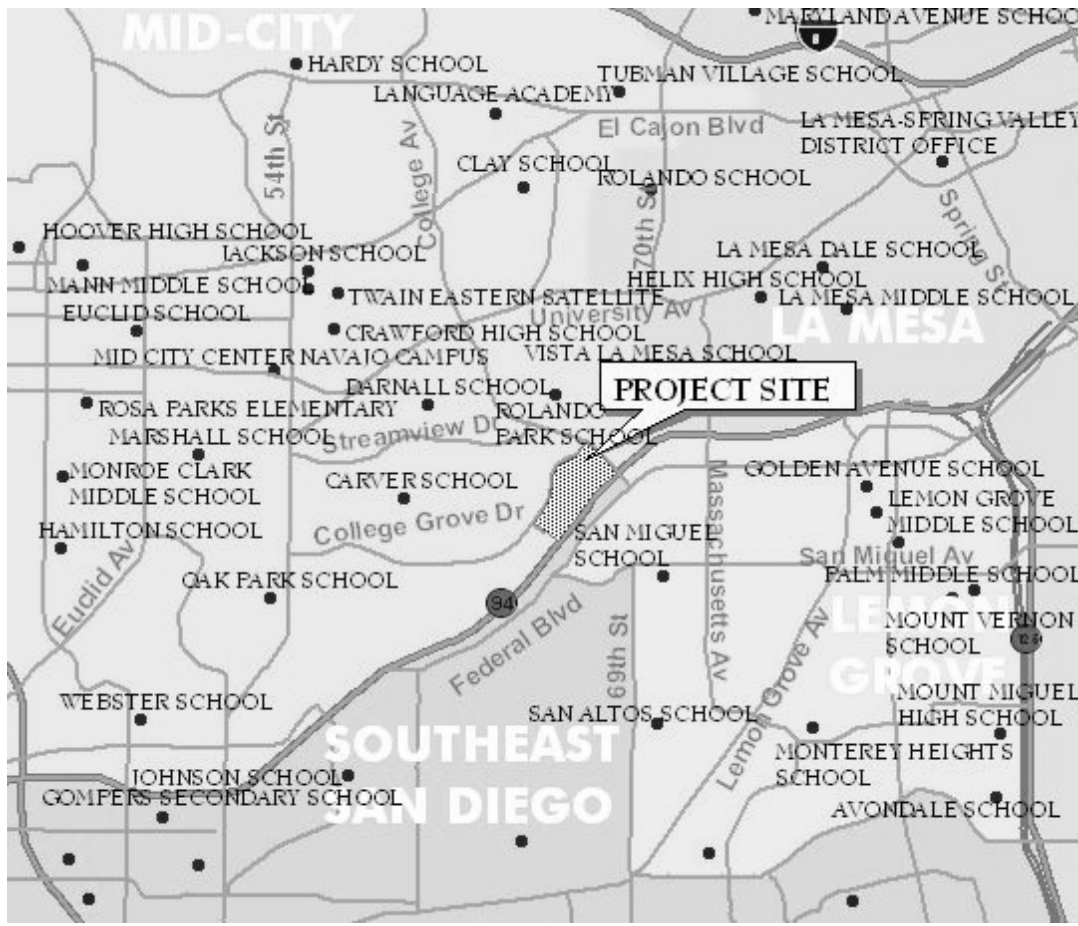


Table 4: Schools: Public, Private, and 6-6 Providers

Montessori Preschool
House of Hope
Waldorf School
Johnson Magnet School
Ethel Seminary and College
Mid City Center Navajo Campus
Platt College
Southern California Bible College
Andrew Jackson School
Darnall E. Campus School
Edward L Hardy School
George Washington Carver School
Henry Clay School
John Marshall School
Al-Basit Academy
Oak Park School
Rolando Park School
Blessed Sacrament Elementary
Twain Eastern Satellite School
Will C Crawford High School
Chabad Day School
Horace Mann Middle School
Christian Elementary

Libraries

City of San Diego College Heights Branch
City of San Diego Oak Park Branch

Community Service Centers

College/Rolando Community Service Center

Parks

Colina Del Sol
Chollas Creek
Chollas Parkway
Chollas Lake
Oak Park
Emerald Hills Park
Montezuma Park
Clay Park
Zena Mini Park

Recreation Centers

Chollas Lake Park and Recreation Center
Colina Del Sol Recreation Center

Day Care Centers (Excluding 6-6 Providers)

Day Care Centers	Capacity
Darnall Head Start	172
Marion's Child Care	12
Pepper Grove Children's Center	14

Medical Centers	Capacity
University Community Hospital	100 Bed Capacity
La Maestra Family Clinic	Outpatient Only
Mid-City Community Clinic	Outpatient Only

Social Service Providers

College Lutheran Church
 Salvation Army
 Salvation Army Kroc Center
 Mid City Christian Services Agency
 San Diego Center for the Blind
 Jewish Family Services of San Diego
 Supreme Council of Somalia
 Family Support Services

Job Training Centers

SDCC – Mid-City Center
 San Diego Centers for Education & Technology

Office/clerical training, popular computer software classes. Limited job placement. Job bulletin board. Cal Works (formerly GAIN) Citizenship classes and tests.

GLOSSARY

Blighted Areas: In order to use redevelopment power in a neighborhood, a redevelopment agency must first demonstrate that the area suffers from blight as defined by state law. Blight is deemed as areas and/or structures of a community that constitute physical, social, or economic liabilities. Redevelopment must be in the interest of the health, safety, and general welfare of the people of the community and the State.

Redevelopment Agency of San Diego: The San Diego Redevelopment Agency is composed of city staff, the City Council Acts as the executive board and ultimate decision-making body.

Cumulative Impact: A cumulative impact analysis measures the many different existing sources of environmental impacts on a neighborhood or region. The Environmental Impact Report must discuss cumulative impacts, not just the impacts of the project under consideration.

Eminent Domain: Eminent domain is the authority of a public agency to acquire property for public purposes by condemning private property. State law permits redevelopment agencies to acquire private property for private use, provided the project will contribute to the elimination of blight. Property owners must be compensated at fair market value for the seizure of their property.

Environmental Impact Report (EIR): A detailed informational document prepared by the public agency which is responsible for carrying out the project that describes and analyzes a project's significant environmental effects and discusses ways to mitigate or avoid those effects.

Fair Market Rent: Fair Market Rents (FMRs) determine the eligibility of rental housing units for the Section 8 Housing Assistance Payments program. Section 8 Rental Certificate program participants cannot rent units whose rents exceed the FMRs. FMRs are gross rent estimates. They include the shelter rent plus the cost of all utilities, except telephones. The Department of Housing and Urban Development (HUD) sets FMRs to assure that a sufficient supply of rental housing is available to program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible.

Fair Market Value: The developer or the redevelopment agency must offer property owners "just compensation" for condemned property. This amount cannot be less than the "fair market value" as determined by a licensed appraiser. Fair market value is sometimes defined as that amount of money that would likely be paid for a property in a sale between a willing seller who does not have to sell, and a willing buyer who does not have to buy.

General Fund: General Fund revenues are unrestricted government revenues that can be used for any City purpose. Sales, business, and property taxes are some of the revenue sources that make up the General Fund.

Government Subsidies: Subsidies are tax dollars used to finance private business. The

CRA assists private developers and businesses by providing low-interest loans, buying and assembling land to sell to them at below-market rates, building infrastructure, and providing direct cash grants.

Gravity Model: A gravity model is used by retailers to predict the sales volume at new stores, and the impact of new stores on sales at existing stores. In the gravity model, the impact of one store on another is a function of their distance from each other.

Self-Sufficiency Wage: A self-sufficiency wage is a wage level based on the actual cost of living adjusted to local economic conditions. Typically higher than the federal or state minimum wage, the self-sufficiency wage is used by the City of San Diego as a standard when deciding whether or not to authorize certain business development incentives for private firms.

Mitigation: Actions or project design features that reduce environmental impacts by avoiding adverse effects, minimizing adverse effects, or compensating for adverse effects.

Pass-through: A fiscal agreement to set aside revenues for specific agencies. In this case, the pass through ensured a certain amount of tax revenues were directly received by the San Diego Unified School District

Redevelopment plan: This represents a process and a basic framework within which specific projects will be undertaken. The plan provides the agency with powers to take certain actions such as to buy and sell land within the area covered by the plan (project area), improving dilapidated facilities, and to use tax increment financing.

Project Area: A redevelopment project area is an area designated as blighted by the Community Redevelopment Agency. The CRA has special powers that it can use in project areas, including eminent domain and tax increment financing. The Adams La Brea project is part of the Mid City Recovery Redevelopment Project Area, which includes several commercial corridors west of downtown. Each project area must develop a plan that outlines its goals and objectives and its major projects.

Tax Increment Financing: Once established, redevelopment project areas can benefit from increases in property tax, or “tax increment.” Taxes generated by the project area at the time it is established continue to flow to the City, the County, and the schools as is customary. However, a portion of the taxes resulting from an increase in property values is retained within the project area for redevelopment purposes.