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SAN DIEGO

The **10** Most
Influential
Developers





Zephyr Partners' The Park, a super-high-end condo project in Bankers Hill, replaces an old medical center.

From gas station to high-rise

Residential infill development continues to be hot as people are drawn to urban living. But available land isn't cheap.

By Mike Stetz

Brad Termini is banking on Bankers Hill. He's co-CEO of Zephyr Partners, a development firm that is building a super-high-end condo project called The Park.

Just steps away from Balboa Park with stunning, sweeping views, the condos are priced at \$1.5 million and up. Way up, if you want a penthouse.

The Park is an infill project. An aging medical center at Sixth Avenue and Palm Street got bulldozed to make way for it.

During the past few years, infill development has taken off. For one reason, it's hard to find big tracts of suburban land on which to build. Secondly, a growing number of people aren't interested in living in the 'burbs, anymore. They're looking for urban locations so they can be near cool, hip amenities, such as restaurants and coffee shops.

"We work very hard to find parcels of land in unique locations," Termini said. "Bankers Hill is a great neighborhood. This site has views and access to the park. It's very special."

One of the hallmarks of infill developments is their individuality. They may be apartments. Or condos. Or a mix of housing and retail. Many have cutting-edge designs and amenities to attract urban dwellers.

So, how does a developer decide what to put on a piece of land?

For Termini, the answer at Bankers Hill was easy. He knew it would be ideal for high-end living. The location is vastly appealing. It's near downtown, home to restaurants, shops and a pretty decent baseball park. It's near the airport, for ease of travel.

He also sees a demand for this kind of

housing. Empty-nesters living in big suburban properties often find the upkeep tiring. All that ample room that once went to children now sits idle.

"I see a mix of locals and out-of-towners who want this kind of a lifestyle," he said.

The project is a continuation of a vision that another developer saw for Bankers Hill, he said. Robert Lawrence, who died in 2011, helped build Park Laurel, two high-rise towers at Sixth and Laurel. He believed the neighborhood could be similar to that of Central Park West in Manhattan: a home to upscale, high-end apartment and condominium projects with vast views.

However, Termini worries that future infill projects could be threatened by tightening regulations — at least in some San Diego communities. A new Uptown

The investor of this 129-unit, mixed-use project on the 2100 block of Kettner Boulevard looks for walkable neighborhoods.



Community Plan is being hammered out, and so-called incentive zoning — where density limits can be increased in return for public amenities provided by the developers — is apparently off the table.

“They’re trying to make it more restrictive,” he said.

It’s a tough balancing act. The city of San Diego is pushing for higher density along transportation corridors, but community groups are fearful of losing neighborhood character. San Diego’s general plan also promotes the so-called City of Villages concept, in which high-density projects are hallmarks. However, plans for some high-density projects, such as One Paseo in Carmel Valley, receive criticism because nearby residents fear negative effects such as increased traffic congestion.

In the case of One Paseo, the developer came up with a smaller concept to appease the surrounding community.

Not all infill projects get such backlash. Many are looked upon favorably by communities. That’s because they can replace what was once a blighted property or an empty lot with something new and vibrant.

Downtown and East Village are where some of the major projects are unfolding today because density is more welcome.

Little Italy is a hot spot for infill development as that community goes through a renaissance. At 520 W. Ash, Lennar Multifamily Communities is building a 24-story, mixed-use project that will include

upscale apartments. It’s replacing a three-story office building.

Los Angeles’ CityView, in partnership with San Diego-based CityMark Development, is building a six-story, 129-

unit, mixed-use project on the 2100 block of Kettner Boulevard, the site of a former auto-body repair shop.

“We like to look for under-utilized parcels of land and figure out a higher and better use for the property,” said Sean Burton, CEO of CityView.

The company’s philosophy is to build market-rate apartments for the broadest part of the community, rather than high-end, high-rise housing. It also aims for walkable neighborhoods where jobs, entertainment and transit are available. Indeed, the firm will look at a neighborhood’s walk score as a vital indicator of whether to proceed.

“It’s the wave of the future,” Burton said. “It’s the right thing for the residents, and it’s the right thing for the city.”

It’s no easy thing to find the right parcels of land for infill projects, he noted. The firm may look at as many as 20 projects for every

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Beach Crossing at Pt. Loma Near Lighthouse, Circa 1898

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The Alexan, a 313-unit, mixed-used development, has a key location near Petco Park.

one it underwrites.

San Diego is very desirable, he said, because of its youthful population. Young people are three times more likely to rent, he noted.

The East Village continues to see ambitious infill projects. Trammell Crow Residential recently broke ground on The Alexan, a 313-unit, mixed-used development, which will include an indoor-outdoor restaurant. It is being built in a prime location just two blocks from Petco Park and one block from the San Diego Central Library.

So how does one decide what to build in such a key location? Alec Schiffer, managing director of Trammell Crow Residential, likens it to putting a host of ingredients in a pressure cooker.

The firm seeks to learn what potential residents want, what zoning will allow and what can be built there architecturally.

“We try and pick sites where the product

that comes out of the pressure cooker from all these factors results in what we deem to be a desirable project,” he said. “It’s all about the resident. If people want to live there, the project will always be full.”

The firm also looks at numbers. “We look at a lot of demographic data, we talk to people, we talk to experts, we have a large number of projects to judge what’s working and what’s not,” Schiffer said.

Infill projects aren’t limited to large-scale endeavors. Many smaller developments are popping up throughout San Diego. Murfey Construction has done creative infill projects in Hillcrest, Point Loma and Pacific Beach, among other areas.

“We find parcels of land that nobody else wants to touch,” said Jesse Lyons, business development manager for Murfey. “It’s like making lemons out of lemonade.”

For instance, his firm has transformed former gas station lots into stunning, upscale developments. Not many developers want

to touch such properties because of environmental concerns, he said. However, his firm has experience redeveloping such sites. “Everybody wants to be an infill developer now,” he said. “It’s not that easy.”

One of the biggest hurdles is that available land is not cheap, he said. Bosa Development, for example, recently bought a Shell gas station, which takes up two-thirds of a block in East Village, for \$9.6 million.

Once land is secured, it’s important to create a development that appeals to today’s consumers, Lyons noted. Young people like modern amenities and cool design elements, such as common spaces. They like to be in walkable neighborhoods.

With the rise of Uber and other transportation services, a car is not as necessary as it once was, particularly if you live near work or can take mass transit, Lyons said.

“This is the trend in San Diego, and nationally,” he said.