## **Hughes Marino**

Because Where You Do Business Matters™

## Businessmen Say 'No' to Fat City Lofts

Monday, November 14, 2011 | U-T San Diego | David Marino, Jason Hughes

ast month's dialogue regarding the potential development of the Fat City lofts within extremely close proximity to the headquarters of one of San Diego's most respected businesses, Solar Turbines, was a feelgood spin to support the speculative developers behind the proposed residential project across the street from Solar, and misses hitting on the hard facts. This residential project is proposed to be built across the street from Solar's operations, approximately 100 feet away. Solar's permits from seven different regulatory agencies would be jeopardized if this project proceeds. These aren't the "whims" of Solar driving this, but rather state and county permits that dictate how Solar can conduct its business at the site. They are non-negotiable.

It does not matter that the developers or any future tenants of the proposed apartments sign documents agreeing not to challenge Solar's ongoing operations. It's not their decision to make. The developers say they want to be good neighbors but sidestep the fact that the apartment units can't be a neighbor at all without potentially driving Solar out of Downtown San Diego. These speculative residential developers are understandably looking out after their own self-interest to do what they do – build residential units. But there are sites all over the county where such projects can be developed without impacting one of San Diego's largest employers.

While the Fat City site is zoned for residential, it doesn't mean that's what has to be built there. Just because that is what is financially feasible now, doesn't mean that it has to be developed into anything now. Longer term, this could be a great site for office, structured parking, a park, a fire station, a supermarket or other retail uses, or for other infrastructure that can support downtown and Little Italy that we can't even envision right now, all while being complimentary to Solar's existing operations and legal uses.

As a business owner that just bought a building in Little Italy and getting ready to move our business there, this apartment project at Fat City isn't important for the success of Little Italy. Protecting Solar Turbines' vital job machine so people can live and work downtown is vital.

What complicates this particular matter is that Jonathan Segal is one of San Diego's most iconic architects. We are huge fans of his work – and he has gifted the city with wonderful projects. But this particular project really shouldn't be pursued at this time. Unfortunately, Jonathan and his partners are probably too deep into the project (both financially and emotionally) to bow out gracefully. They have money and connections – and have been garnering reinforcement for their position. Now it's up to the city's redevelopment agency, the Centre City Development Corp., to decide their fate.

Sadly, the city of San Diego has dealt with highly publicized developments before, but notably after the fact. The Sunroad development office building in Kearny Mesa was under construction when it was revealed that the building's height was not compatible with the adjacent Montgomery Field airport, and thus an entire floor of the building had to be removed. Immediately thereafter, the Hines' La Jolla Commons office tower in University Town Center was determined to be two stories taller than Miramar Marine Corps Air Station would allow, and the building was redesigned to be 13 stories instead of 15. Unfortunately these developments were underway or finished and had to be modified, but it was all driven based on compatibility with adjacent uses.

Fortunately this time we are in front of the conflict of uses. It's a direct choice between job preservation and tax base preservation for the broad public good, versus speculative development for a few private individuals.

Jason Hughes is President of <u>Hughes Marino</u>, a San Diego commercial real estate company specializing in San Diego tenant representation and building purchases. Contact Jason at (619) 238-2111 or <u>Jason@hughesmarino.com</u> to learn more.

San Diego 619.238.2111 **Downtown LA** 213.689.3211

## **Hughes Marino**

Because Where You Do Business Matters™

David Marino is Executive Vice President of <u>Hughes Marino</u>, a San Diego commercial real estate company specializing in San Diego tenant representation and building purchases. Contact David at (619) 238-2111 or <u>david@hughesmarino.com</u> to learn more.

**San Diego** 619.238.2111