



The City of



Economic Development

MEETING NOTES



Increasing Economic Activities Working Group

April 10, 2019, 2–3:30 p.m.

Diamond CoWork

5003 Imperial Ave., San Diego, CA 92113

Meeting Notes

In Attendance: San Diego Promise Zone (SDPZ), AmeriCorps VISTAs, City of San Diego Economic Development Department (EDD), Local Initiatives Support Corporation (LISC), Workshops for Warriors, AM Industries, Civic San Diego, Southeastern Diamond Business Improvement District and CoPlace.

Welcome and Introductions: Co-chair Luis Ojeda, City of San Diego Economic Development Department, opened the meeting.

Review of the Working Group goals and subgoals:

Goal: Creating a pathway from poverty to promise and prosperity through engaging, attracting and supporting businesses that promote economic and community development.

- **Subgoal A:**
 - Attract new businesses to vacant SDPZ land to decrease retail leakage, in line with resident-informed community plans.
 - Development will be incentivized by New Market Tax Credits.
 - City-created GIS data and maps will be used to market land.
- **Subgoal B:**
 - Make infrastructure improvements along high traffic commercial corridors, addressing SDPZ infrastructure disparities.

- **Subgoal C:**
 - Support small business development/entrepreneurs by providing small business owner training and removing barriers for startup/expansion and acquiring capital.

- **Subgoal D:**
 - Market/rebrand the SDPZ's three distinct neighborhoods by using their unique cultural and geographic assets.
 - Promote them individually as healthy, safe and desirable places to live, work and invest.

Overview of the San Diego Promise Zone:

Katherine Crow, director of the San Diego Promise Zone, gave a brief overview about the goals and activities of the San Diego Promise Zone.

Presentation by CoPlace - Community Activation:

- Alexander Favelukis (Sasha) from CoPlace gave a presentation about the Opportunity Zones and how initiatives like CoPlace could be an ideal model to channel resources from the Opportunity Fund.

- Opportunity Zone Designation:
 - All 19 census tracts of the SDPZ are also classified as Opportunity Zones – one of the very few Promise Zones in the country have this unique overlap.
 - Opportunity Zone designation is a place-based policy enacted as part of the Tax Cuts and Jobs Act of 2017 to trigger private investments in economically distressed neighborhoods.
 - The policy could trigger huge inflows of tax-incentivized private capital to spur economic growth.
 - It is crucial to understand the needs of the community to better plan for spending the investments in a socially sustainable way to avoid gentrification.
 - An investor may defer current capital gains income tax current that are reinvested into an Opportunity Fund. The gains may be deferred as long as they are not yet realized for federal tax purposes.

- Opportunity Zone Investment Conditions:
 - Real estate and businesses (i.e., LLCs, corporations, partnerships, etc.) located in Opportunity Zones are generally eligible for investment.

- Opportunity Funds may generally hold an interest in real estate located in Opportunity Zones and develop real estate properties.
 - Opportunity Funds may invest in entities located in Opportunity Zones (i.e., startup technology companies, business accelerators or incubators).
 - Investments must meet substantial improvement requirement the details of which are set forth in the Treasury regulations.
- To take advantage of these incentives, an Opportunity Zone Fund must hold at least 90% of its assets in the Opportunity Zones. The investor must improve the subject property by 100% of the adjusted improvement value of the property at the time of purchase within a 30-month period.
- CoPlace Map:
 - The [CoPlace map](#) shows the overlap of the San Diego Promise Zone and Opportunity Zones
 - Clicking on the census tract provides additional information about the socioeconomic demographics and “opportunity zone index rank.”
- Target industries:
 - Information and Communication Technology (ICT)
 - Advanced manufacturing
 - Construction
- CoPlace Active Projects
 - Quartyard is believed to have had a strong role in driving improvement in real estate values in this part of the city.
 - Barrio Logan has 10,000+ people coming weekly for shopping, food, art and work and is a great example of success seen by the CoPlace model.
 - The Rainbow Building, the North Park headquarters of CoPlace, is an active project as well.
 - Working with graffiti artist RISK Rock, CoPlace came up with a unique rainbow-colored exterior concept that would capture people's attention.
 - Earlier, that place had an adult bookstore. Many of its neighbors experienced low property values and high crime rates due to types of people that business attracted. CoPlace helped transform the place.

- CoPlace Upcoming Projects
 - 3rd Street in Chula Vista is becoming the cultural hub of the city. The upcoming project “CoPlace Hub” will bring boutique retail and co-working offices to Chula Vista in 2019.
 - “Mega-Coplace” is intended to address the demands of urban centers: preparing for population migration and increased needs for infrastructure.
- Additional Resources:
 - [Additional information](#) about the Opportunity Zones including details from the Congress passed Tax Cuts and Jobs Act 2017.
 - CoPlace [active](#) projects and [upcoming](#) projects.

Key Updates from Past Working Group Meetings:

- Asset Mapping Survey:
 - The SDPZ recently launched a [survey](#) to understand assets in the Promise Zone and identify gaps.
 - Partners are strongly urged to complete the three-minute survey to help inform the decision-making process in the SDPZ by providing an understanding of the assets and barriers among organizations serving the region.

Action Items:

- Resources Map:
 - Co-chairs to start working on creating a ‘Resources Map’ to depict what CIP or other projects are slated to be initiated in different SDPZ neighborhoods.
- Vacant Land:
 - Co-chairs to start working on creating a map that depicts vacant land or land available for sale.
- Schedule:
 - Co-chairs to create schedule for the rest of the year to decide date and location for meetings and business walks.

SDPZ Logan Heights Business Walk

June 12, 2019 1:30-4:30 p.m.