

The New York Times

A San Diego Barrio's \$58 Million Moment Arrives

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Published: July 12, 2011



Sandy Huffaker for The New York Times

The developer Kevin McCook next to a support column of the Coronado Bridge in Barrio Logan.

SAN DIEGO — A 20-year effort by city officials to bring a supermarket and other essential services to Barrio Logan, a working-class neighborhood south of downtown, has entered its final phase with the construction of a \$58 million retail and housing development aimed at Hispanic shoppers.

The anchor of the 311,000-square-foot project, called Mercado del Barrio, is Northgate González Market, a grocery chain based in Anaheim, Calif. Kevin McCook, an acquisitions and development manager for Shea Properties, which is building the retail part of the Mercado, described it as the “Whole Foods of the Hispanic community.”

“The community has lacked a modern, Hispanic-oriented supermarket,” Mr. McCook said. “We’re trying to fill that void.”

The market and a restaurant tenant will occupy free-standing buildings in the development, which is in the shadow of the huge San Diego-Coronado Bridge. In a third building, retail storefronts wrap around all four sides of the building on the ground level, while 92 affordable apartments sit atop the retail space. Within the structure is a three-story, above-ground parking garage.

Chelsea Investment Corporation of Carlsbad, Calif., which specializes in low-income housing, is the apartment developer. Completion of the entire project is scheduled for late 2012.

Located on the San Diego Bay waterfront, Barrio Logan dates back to the early 20th century. The former neighborhood of fishermen became industrialized during World War II, when San Diego became a center of

shipbuilding. Nassco, a unit of General Dynamics, continues to operate the largest shipbuilding operation on the West Coast in the area; its tall cranes are visible as one looks south from between the massive bridge piers.

Freeway construction in the 1950s bisected the community, while postwar zoning laws further damaged the residential neighborhood by encouraging industrial construction amid aging wood-frame houses, according to Xavier Del Valle, a project manager for the city's redevelopment agency. Construction of the Coronado bridge in 1969 introduced another barrier to the neighborhood.

In the 1970s, the community organized to fight a proposed police substation, which would have blocked a popular view of the bay from beneath the bridge. The contested site is today Chicano Park, a symbolic center of the community, where the bridge piers are covered in colorful murals depicting Emiliano Zapata, Frida Kahlo and other figures from Mexican history and pop culture. The area has a population of about 4,300, according to the city and census figures, with a median household income of \$28,342. San Diego County as a whole has a median household income of about \$60,000.

The city has invested heavily in the Mercado venture. The San Diego Redevelopment Agency spent about \$8 million in the early 1990s to assemble the seven-acre site. Later, in 2008, the city sold the land to the Shea-Chelsea team for \$100, using a tool in California redevelopment known as land conveyance, which is an incentive for developers to undertake projects by reducing land costs.

The redevelopment agency also contributed more than \$9 million from an affordable housing fund. The city put together a loan and a grant from the federal Department of Housing and Urban Development worth a total of about \$7.9 million.

The redevelopment agency began assembling land for a future supermarket and retail center in 1991, but the project was delayed for many years by the failure of two earlier developers in succession to build the commercial project.

The master plan for the project, designed by Safdie Rabines Architects of San Diego, arranges the new buildings as a continuation of an existing shopping street. To minimize the visual impact of the bridge on the neighboring retail and apartment building, the architects oriented the larger rental units toward unobstructed views; apartments facing the Coronado bridge have angled windows to maximize views of the bay.

The Mercado is not the only development in Barrio Logan. The local community college district is building a new campus immediately west of the Mercado for 3,800 students. With the combined market and college campus, the Mercado area "becomes the focal point of the community," Mr. Del Valle said.

And if the elevated freeway and bridge present difficulties in site planning, they may also help promote the Mercado, said Mr. McCook, the developer. "This location is the definition of freeway visibility," he said wryly.

Beyond the benefit to Barrio Logan, the Mercado project is an indication that mainstream developers have awakened to the commercial potential of projects that reflect the culture of the nation's growing Latino population.

Steve Duffy, managing director of Moss Adams Capital of Irvine, a real estate finance firm with no ties to the project, said that in projects like Mercado del Barrio "we are seeing bigger developers working in redevelopment areas, building at a scale that we haven't seen before."

Shopping centers aimed at specific ethnic groups, Mr. Duffy said, are "just emerging as a feasible real estate project for developers to undertake, because the underlying demand is there."

"In this case," he said, "the demand just happens to be Latino."

"We're going to see far more of those in California, the Southwest and around the country," Mr. Duffy said.