

## Navy Nears Selection of Developer for One of Largest Projects in San Diego History

### Military Looks to Replace Former Bomber Factory With Housing, Retail, Hotel



The U.S. Navy is planning to replace an aging former aircraft bomber factory with a defense technology research facility as part of a larger mixed-use commercial development in San Diego. (U.S. Navy)

By Lou Hirsh

The U.S. Navy expects to select a developer by year's end for a massive planned mixed-use redevelopment of its defense technology research complex in San Diego, billed as one of the largest redevelopment projects in the city's history.

The Navy is looking to replace its current Naval Information Warfare Systems Command complex, built in 1942 to produce bomber aircraft, with a new facility as part of a larger redevelopment in partnership with private commercial developers.

Future elements could include more than 4,000 apartments along with new retail, commercial offices and possibly a hotel.

Greg Geisen, revitalization project manager for the Navy's defense tech research division based in San Diego, said the facility has been used for its current purpose since 1995 but needs to be replaced after years of patchwork repairs and renovations to its hangar-centric configuration and aging infrastructure.

"This is really a Navy town, and the revitalization of this campus is not only an opportunity for the Navy to meet its requirements, but also for San Diego to take advantage of what is a World War II bomber factory and convert it into something amazing for the city," Geisen said during a public forum this week on the project at University of San Diego.

Stath Karras, executive director of the university's Burnham-Moores Center for Real Estate, said the Navy project "may be one of the largest redevelopments in the history of San Diego," after numerous prior developments that helped make the military the region's largest single generator of jobs.

#### Developer Choice Narrows

The Navy issued a request for proposals last year and has since narrowed the selection process to at least four development teams, according to local media reports. Geisen said the Navy is not identifying the names or number of candidates for security and competitive reasons.

Public filings show the Navy is looking to grant the selected developer a 99-year ground lease at no charge on the 70-acre federal property about 2 miles north of downtown San Diego.

In exchange, the developer would build the Navy a new defense tech research campus spanning about 1.7 million square feet on 10 acres within the property. Subject to negotiations with the Navy, the remaining 60 acres could be deployed by the private developer to build elements including between 4,000 and 8,000 apartments, up to 1.3 million square feet of commercial offices, 225,000 square feet of retail space and an on-site hotel.

A similar process was deployed previously when developer Manchester Financial Group built the Navy a new southwestern headquarters to replace older military buildings on the downtown San Diego waterfront. Biotech developer IQHQ now has a life science campus under construction and Manchester is planning a hotel on the remainder of that waterfront land.

Karras noted that many elements of the defense tech campus project will be subject to further public discussion, including the project's density and the number of housing units that would be acceptable to local residents. But he noted that the development would likely need a sizable residential component to make it financially feasible for developers while meeting regional needs to boost the supply of affordable housing.

According to the Navy, San Diego has the world's largest single military contingent, with more than 150,000 active-duty personnel stationed at eight large Navy and Marine Corps bases. It also has among the nation's largest concentrations of defense contracting companies.

Geisen said San Diego has received much of the Navy's attention related to expansion and

redevelopment over the past decade, as the nation shifts military resources from eastern to western locations in response to changes in the Pacific region, especially Asia.

According to media reports, the Navy has facility redevelopment projects in early stages in other regions, including plans for housing and commercial elements near its Pearl Harbor base in Hawaii. Another redevelopment is in the works at a Navy shipyard in Philadelphia, with proposed elements including medical research offices.