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## San Diego Bets Millions of Dollars on Plan to Turn Skydiving Center into Homeless Hub



By JEFF MCDONALD

Two massive wind tunnels dominate the room.

Fifteen feet across and encased in thick glass tubes, they sink well below ground and rise through the first, second and third floors of the City San Diego's newest real estate purchase — a former indoor skydiving facility.

There's an industrial kitchen in the southwest corner of the main level, with a wide lunch counter and chairs, cafe tables and floor-to-ceiling window views across 14th Street toward Petco Park.

Piles of T-shirts with the Airborne San Diego logo are neatly folded in cubicles just past the reception area. Helmets and jumpsuits hang in closets a few steps away, where thrill-seeking customers used to sign up for flight instruction in one of the nearby classrooms.

The city bought the once-showcase entertainment destination out of foreclosure in February for \$7 million in cash, without an independent appraisal. Escrow closed in just over a week.

Critics of the project say the property is worth millions less than what the city paid, but city officials say the purchase was well under market value.

Either way, the three-story downtown building will be re-outfitted for a different use: a "housing navigation center" to help shepherd people with nowhere to live into a place of their own.

That's the main purpose of this facility, to provide a space to connect homeless people with supportive services," said Jonathan Herrera, the senior adviser to Mayor Kevin Faulconer on issues regarding homelessness. "There's adequate space on every level."

The 26,000-square-foot skydiving center was built on two vacant lots at 14th Street and Imperial Avenue under the vision and direction of Alan "Buzz" Fink, a longtime San Diego businessman with an affinity for flying.

His venture failed last year amid design problems, cost overruns and lawsuits. In September, Fink lost the property to his lender, San Diego financier David Malcolm.

The next day, title was transferred to 1401 Imperial Holding Co. LLC, an entity owned by the John M. Tworoger trust. Malcolm and the Tworoger family have done business together in San Diego and Texas dating back years.

The City Council approved the purchase in January after Real Estate Assets Department Director Cybele Thompson and Deputy Chief Operating Officer Ronald Villa told council members the property had been appraised at between \$15 million and \$22 million.

The San Diego Union-Tribune reported in February that the appraisal the city relied on was done for a prior owner in 2016 -- when the Chargers were still eyeing a stadium in East Village. Also, more than \$11 million of that value was for furniture, fixtures and equipment related to the skydiving business.

The city said most of the furniture and other leftovers inside the skydiving center will be re-purposed, either for use by the incoming operator or somewhere else across city facilities.

At the time of sale, the Imperial Avenue property was assessed by the county for tax purposes at \$5.8 million. It was reassessed at \$7 million last month.

Downtown businessman and homeless advocate George Mullen criticized San Diego officials for their handling of the sale. He said they should have taken more time to discuss the project more broadly across the community.

"Astonishingly, the city did this purchase in the shadows, without an appraisal, and never discussed the idea with top civic leaders working on the homeless issue," he said. "Why? Something is rotten here."

Mullen is not the only one concerned about the investment.

Real estate broker Sam Patella, who specializes in commercial properties in East Village, said the city paid too much for the failed skydiving center.

"I'm going to say it's worth \$325 a square foot, the dirt on that lot, or \$3.25 million – possibly less with demolition costs," he said. "The building basically is not worth anything. I really don't see a useful life for it in its present shape and configuration."

City officials stand by the sale price, saying their experts recommended the sale even without an updated appraisal. They point to a letter to the editor in the Union-Tribune by real estate investor Casey Brown, calling it "a great deal for the city." Brown did not respond to a request for comment.

"We don't anticipate major tenant improvements," Falconer spokesman Greg Block said. "It used to be a skydiving center. It's now a building with a lot of space that can be used to help guide people into permanent and supportive housing."

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The former skydiving facility is an unlikely hub for social services.

Besides the wind tunnels, which take up a significant portion of the square footage on each floor, the facility features gathering spaces designed for people to watch skydivers from several points of view.

There are two banks of lockers for people to store belongings, training rooms with partial kitchens on each floor and a west-facing terrace on the top story featuring a built-in stainless steel barbecue.

Most of the usable floor space is confined to the meeting spaces scattered along the east and west sides of the three-story atrium. Horseshoe-shaped walkways and viewing areas furnished with chairs and couches ring the wind tunnels.

A series of locked mechanical rooms that control the skydiving equipment take up thousands of square feet of what would otherwise be usable space.

City officials say the building configuration, unusual as it is, will well serve whatever organization is selected to run the navigation center when bids are returned and evaluated this summer.

"We're going to have to get creative, but there's plenty of opportunity here," Herrera said.

The homeless-services center is not designed to deliver direct services to the growing number of people who make camp on the streets of San Diego every night.

Instead, the idea is to get homeless people identified and enrolled in whatever programs for which they may be eligible, an intake center where clients could sign up for housing, veterans assistance, Social Security benefits or even a drivers license.

The eventual operator could be a current provider like Father Joe's or the Alpha Project or a combination of groups with different specialties, Herrera said. The winning bidder will have to demonstrate working collaborations with government agencies to maximize effectiveness.

"We expect them to leverage those relationships in their operating proposals," Herrera said. "But we left them a lot of room in the plans."

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According to the request for proposals circulated by the city earlier this year, the winning bidder will agree to operate the housing navigation center seven days a week, with reduced hours on weekends.

In exchange for finding and enrolling needy people into a variety of social services, and maintaining the facility in an appropriate and professional manner, the operator will receive \$1.5 million from the city in each of the next five years.

There are no specific requirements on the number of clients the eventual operator will be expected to serve, according to the city request, although they will not be allowed to deny help to people based on sobriety, religious beliefs or a client's ability to pay.

"This is what we desperately need — a starting point," Herrera said.

Others think the city's \$12 million-plus investment in the new housing center could have been better spent.

Instead of buying a foreclosed skydiving center with limited space, the city could have leased offices nearby — and in multiple locations across the city — where social workers could interview clients and get them enrolled in programs, they said.

"A housing-assistance center is not the highest and best use of that property," said Patella, the real estate broker. "It's not even a smart business decision. A smart business decision would have been to lease 1,500 square feet nearby for \$30,000 a year and do something that's more useful with the \$7 million."

Mullen agreed. He said San Diego doesn't need a shiny new assessment center.

"We would be far more effective having five or 10 mobile teams with iPads — on the streets, in the canyons — assessing each homeless person where they are and inputting the assessment data into a central database," he said. "This would make infinitely more sense and we would have \$7 million more in the bank to fund homeless outreach operations."

Herrera said those complaints are misguided.

The navigation center is one element of a multi-pronged, multi-jurisdictional response to the housing crisis confronting the San Diego region, and the mayor is considering regional outreach centers, he said.

"The scattered-site model is still something we may pursue," Herrera said.

Responses to the city's request for proposal are due later this spring and the bids will be evaluated over the summer. If everything goes according to plan, Herrera said, the navigation center will be open Aug. 1.