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## Salvation Army sells assets, expands Kearny Mesa facility



Image courtesy of M.W. Steele Group, Inc.

The Salvation Army is expanding The Rady Residence at the Salvation Army Door of Hope in Kearny Mesa by 150 beds as part of a county-wide series of plans.

**By Thor Kamban Biberman**

Kilroy Realty Corp. paid \$16 million for three Salvation Army buildings situated on 3.68 acres in downtown's East Village as the service organization plans to move the beds in those facilities to Otay Mesa.

The sale was reported by CoStar and public records.

The properties, which consist of 51,023 square feet, are located at 1335 Broadway, 920 14th Street, and 901 Park Boulevard. The Broadway and 14th Street buildings will continue to be used as a Salvation Army Adult Rehabilitation Center for the time being. The Salvation Army's Family Store & Donation Center on Park also is expected to remain until Kilroy Realty is ready to develop that portion of the site.

Kilroy is saying little about what will be constructed on the site, but acknowledged it will be some sort of mixed-use development, which could include office, retail, and perhaps residential.

No buyer's broker was identified in connection with the sale.

The commercial real estate firm Flocke & Avoyer marketed the property on behalf of the Salvation Army. Michael Burton and Pasquale Loele of Flocke & Avoyer represented the organization in the transaction.

"This rare opportunity to acquire almost two city blocks offers an exciting development opportunity in the heart of Downtown San Diego's East Village," Flocke & Avoyer wrote prior to the sale. "East Village is the largest district in downtown San Diego and home to a majority of downtown's newest developments -- including Makers Quarter, the new mixed-use urban hub offering lush and creative office, commercial and residential spaces that exemplify the excitement and innovation driving the submarket."

The East Village consists of 130 blocks and features more than 700 businesses, restaurants and art galleries, according to the firm.

"We've been eying the East Village for a while," Kilroy Realty president and CEO John Kilroy said. "It is a place in transition, with far-reaching possibilities."

The Salvation Army also just sold another parcel downtown, at the corner of Park and Broadway, for \$7.75 million to Liberty National Corp., which is planning a 640-unit residential tower. It wasn't clear what the Salvation Army plans to do with those funds.

The Salvation Army plans to take the \$16 million from the sale to Kilroy and apply it towards the creation of a new 120-bed facility at the junction of State Route 905 and Britannia at Murphy Development Co.'s brand new Brown Field Technology Park. Any remaining funds are expected to come from monies garnered by Salvation Army thrift stores and private donations.

As explained by Pamela Davis, communications manager for the Salvation Army Regional Office, the Otay Mesa facility will have one main 85,000-square-foot industrial building and a 45,000-square-foot building serving as a support facility. They will be developed as a build-to-suit by Murphy.

A groundbreaking has been scheduled at the end of September. Kaitlin Arduino, Murphy Development's executive vice president, noted the Salvation Army will be the first tenant in the business park, which could ultimately grow to 3 million square feet.

"It's a great move for them," she said.

"We are elated that we're going to be down in Otay Mesa," Maj. Henry Graciani said. "The building we're in is very expensive."

Graciani added that while the Salvation Army has been in downtown San Diego for 70 years, it was important to make the move so 20 more men could be accommodated.

When asked if Otay Mesa might be too far from the homeless people they are trying to serve, Graciani said he didn't see it as a problem.

"When folks need services, they find a way to get there," he said. "There's public transportation, so they can get there on their own [or] they can have someone bring them. Folks get to us in Perris, where there isn't even a bus line."

The new Salvation Army Adult Rehabilitation Center in Otay Mesa is slated for completion in the first quarter of 2021.

The project is being designed by architect Tim Schulze of Pacific Cornerstone Architects. Other team members include K&S Engineering. Lusardi Construction will be the general contractor.

Graciani and Davis noted that the Salvation Army facility at 825 Seventh Avenue in the East Village (also known as The Rady Center City Corps. due to a \$50 million donation from the philanthropist) calls for as many as 100 additional beds.

The organization is planning to add another 150 beds to The Rady Residence at the Salvation Army Door of Hope in Kearny Mesa. Being designed by the M.W. Steele Group, the facility currently houses 142 people and serves women and families. That project is under way, and is expected to be completed next August.

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