

## Medical Offices

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“The supply was continuing to shrink. We were seeing rents continue to rise as a result of that with most available quality space being taken up,” Moriarty said.

The vacancy rate for Class B medical office space was steadier, peaking at a little more than 10 percent in 2009 and dropping to about 4.9 percent at the end of the first quarter, according to JLL.

Among San Diego County submarkets, the Interstate 15 corridor had the lowest vacancy rate of 3 percent at the end of the first quarter.

“There’s been some acquisitions along that corridor recently,” Moriarty said. “We’ve had some health systems take up space in previously unoccupied large buildings.

### Escondido/San Marcos Area Had Highest Vacancy Rate

The Escondido/San Marcos area had the highest vacancy rate at the end of the first quarter - 8.6 percent, JLL reported.

Rents were also rising during much of the first quarter with asking rates as high as \$4.66 per square foot in coastal North County, JLL reported.

On the flip side, as soon as the pandemic arrived, medical office property was among the hardest hit.

“Even before the shutdowns were happening, hospitals and medical buildings were some of the first places people avoided out of fear of catching the virus, so healthcare providers were among the first to be impacted by the pandemic,” Moriarty said.

Of late, Moriarty said that’s eased a bit.

### Sales Are Going Through

“We’ve seen some non-COVID patient visits to hospital resume,” Moriarty said.

Some sales also are going through.

For example, a nearly vacant Midway District medical office building – Richley Medical Plaza - was recently sold for \$6 million to a pain management group based in Orange County, according to the commercial real estate brokerage CBRE.

**Dan Henry and Lars Eisenhauer** of CBRE represented the seller in the deal. **Andrew Slade** of **CIRE Partners** represented the buyer.

Richley Medical Plaza was 85 percent vacant at the time of the same and one of the few such properties with an existing surgery center, Eisenhauer said.

“We were able to leverage the scarcity of this type of real estate to the healthcare users in the market to achieve a win-win for both buyer and seller,” Eisenhauer said.

Moriarty said that the dramatic drop-off in patients caused by the pandemic led many medical office tenants to seek rent relief, and building owners have been accommodating.

“In most cases building owners have proven to be very professional and responsive during this difficult time, and most tenants seem appreciative” Moriarty said. “It’s nice to see landlords and tenants working together to make it through this.” ■

## Gonzalez

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over the last several years that included NCHS’ expansion into Riverside.

In my role, I worked very closely with our executive team leading, directing and achieving development and growth of various business initiatives. This included researching and evaluating various business models and other innovations to improve the organizations performance through cohesive strategy planning and execution.

With every expansion and growth opportunity we are careful to conduct really strong market analysis and to ensure that we are meeting the needs of our target population while advancing the mission and vision of NCHS.

### How would you describe your leadership style?

That’s such a thought-provoking and humbling question... the reality is while I certainly strive to be the most effective leader possible, I feel most authentic if I simply describe the characteristics of the type of leader I aspire to be: empowering, collaborative, courageous, inclusive, compassionate and one who embodies strong communication while also challenging and encouraging others to achieve more than they ever thought possible and always known as being a leader and individual with tremendous heart.

## YMCA

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so there won’t be any carpet. All the kitchens are going to be completely redone – new cabinets, new sinks, new appliances, new fixtures. The bathrooms all the same,” Esquivel said.

### Converted to Two Bathroom Units

Every apartment had 1 ½ bathrooms but the renovation will convert them into two-bathroom units, Esquivel said.

The exterior of the buildings was in far better condition than the apartments themselves, Pendleton said, but the landscaping will be redone with drought tolerant plants.

A playground outdoor space for residents to just hang out will be added.

“It will be a lovely community space for our tenants to congregate outside, if they want to have a barbecue or be outside to study,” Esquivel said.

Ware Malcomb is the architect on the renovation.

The YMCA has been renting apartments throughout San Diego County for homeless teens and young adults, but the cost was becoming prohibitive because of rising rental rates, Esquivel said.

“We found if we kept going with that

## Villa el Porvenir

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“The property didn’t have any entitlements and did not have any water. Utilities also were lacking,” Haligowski said. “I had to go find farmers that would sell me their water rights.”

He also had to build his own electric substation to have electric power for water pumps to irrigate the vineyards he’s building.

“It took me literally two years to conclude the entitlements and to conclude

### How important is cultivating good relationship with the community?

Strong community relationships are essential to the continued success of NCHS. By virtue of being a community health center, we are designed to be embedded with the community.

Community relationships are the hallmark of success and impact and we are incredibly grateful to all of our community partners and stakeholders for their continued commitment and dedication to our organization.

For nearly 50 years NCHS has been a staple in the communities we serve and I am honored to continue building on that legacy.

### What do you see as the greatest challenge?

In response to our mission and as a Federally Qualified Health Center (FQHC), NCHS is a safety-net provider and we will not refuse care to anyone based on their ability to pay. While we take tremendous pride in doing so, it also comes with unique challenges.

Challenges that come in the form of funding, contending with workforce shortages for physicians and health care professionals. In addition, we hold ourselves to a higher standard and must comply with federal, state and private mandates, all the while ensuring the highest quality of care and excellent

model, renting apartments at the market rate, we will be priced out and we would no longer be able to provide essential and critical services,” Esquivel said.

### First YMCA Residential Project in North County

This is the YMCA’s first residential project in North County and the biggest.

The nonprofit also has two residential complexes in City Heights and one in Clairemont Mesa.

“The need for housing in North County is pretty high,” Esquivel said.

Hall said there are nearly 2,000 homeless teens and young adults countywide, and the need for temporary housing for them is particularly acute in North County.

“The idea is they come to us and we really wrap around them and support them so they don’t need to access public services again,” Esquivel said. “It’s really a place where young people can come in and feel safe and supported.”

The YMCA financed the Escondido project in part through a \$2 million grant from **San Diego County** and through \$1.7 to \$1.8 million it expects to receive under the New Markets Tax Credit program through **Civic San Diego** with **Chase Bank** as the tax credit investor.

“We know there’s a need and we’re

permitting,” Haligowski said.

### Plan Becomes Reality

Construction of the resort structures has just started.

The architect and general contractor is Natana Gulliver. The supervising architect is Alfred Perales of Tijuana.

“I’m basically two months into the process. It’s hard to get supplies sometimes,” Haligowski said. “That’s been a little bit of a drag, but I’ve been making rapid progress. I’m already laying foundations. If all goes well, I’ll be able to open in the summer 2021.” ■

patient and staff experience. Balancing all of these requirements equitability while remaining agile and flexible is all in a day’s work!

### How is the staffing picture? Does San Diego provide a sufficient talent pool?

San Diego is not only a beautiful place to live, work and play it is also incredibly diverse and full of the best talent!

Yet, the shortage for health care professionals is a harsh reality that we must contend with and for this reason, we often have to recruit at a state and national level

### With the COVID-19 crisis will health care be seen through a national lens, with centralized strategies or will it keep its local focus?

If the past is any indication of the future, it would seem that our health care strategies will continue to be coordinated at a state and local level with high-level guidance from the Federal government.

That being said, the response by the **County of San Diego** and our local consortium, **Health Center Partners** has been phenomenal. The state of California was able to successfully contribute to “flattening the curve” because of the incredible response at every level and we should be very proud of the infrastructure that our state has in place. While not perfect, we are certainly ahead. ■

### YMCA of San Diego County

**CEO:** Baron Herdelin-Doherty  
**YEAR FOUNDED:** 1882  
**HEADQUARTERS:** Kearny Mesa  
**EMPLOYEES:** 5,518 full-time and part-time  
**MEMBERS:** 262,109  
**PEOPLE SERVED:** 436,576 in 2018; 480,080 in 2019  
**CO. DESCRIPTION:** Nonprofit social service agency.  
**WEBSITE:** www.ymcasd.org  
**NOTABLE:** In 2019, YMCA of San Diego County officially became the largest YMCA Association in the nation, surpassing New York. The agency has 18 branches countywide.

seeing more and more homelessness of all ages, especially youth that are in transition from foster care,” said **Joanna Whitley Broussard**, Civic San Diego associate project manager. “We also really do like the structure and vision of the YMCA as a partner.”

Civic San Diego has worked with the YMCA to help finance two other San Diego County projects using the tax credits – the Copley-Price Family YMCA in City Heights and the Jackie Robinson Family YMCA in Mountain View.

Established in 2000 by Congress, the New Markets Tax Credit Program allows individuals and corporations to received credit against federal income taxes for investments in low income communities. ■

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