

# Proposals for San Diego's sports arena site now headed for elimination phase

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By Jennifer Van Grove March 16, 2022 6:03 PM PT For subscribers

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Pechanga Arena in the Midway District.

(Kristian Carreon / For The San Diego Union-Tribune)

**A public forum in late April will kickstart the process to narrow down the field of contenders, focusing first on each team's commitment to affordable housing.**

San Diego City Council members, as well as the public, will soon get to weigh in on the five development teams looking to remake the city's sports arena site in the Midway District with thousands of apartments and a new or refashioned entertainment venue.

Proposing teams, which are battling to win a long-term ground lease for the 48-acre property currently home to Pechanga Arena, are scheduled to pitch their plans to the city's Land Use and Housing Committee on April 21 at 1 p.m. The public forum will kickstart a process of elimination, and serve as the most important test yet of neighborhood-defining plans that have morphed over the past few months.

"The next step will be for staff to bring forward a recommendation (to short-list some of the teams)," said Penny Maus, who runs the city's Department of Real Estate and Airport Management. "We'll be taking the recommendation to the Land Use and Housing committee first, getting their feedback before we go to the full council."

The committee and council have the opportunity to accept, modify or reject staff's recommendation, she said. The recommendation will become public once staff materials, including redacted versions of the bids, are posted alongside the agenda for the April 21 hearing, likely two weeks in advance of the meeting.

San Diego's real estate department — in a second attempt to offload the land at 3500, 3250, 3220 and 3240 Sports Arena Blvd. — is following by the book new state guidelines for leasing or selling surplus land, as spelled out by the California Department of Housing and Community Development. The oversight agency has been charged with enforcing the Surplus Land Act, which was amended in 2019 to compel municipalities to give preference to affordable housing builders when offloading their excess land.

In October, the city of San Diego published what's called a "notice of availability," alerting builders to the redevelopment opportunity. The notice included a requirement that at least 25 percent of proposed housing units be deed-restricted for low-income families, and included a development condition to replace or refurbish the existing sports arena. Seven teams responded to the notice, although two were deemed inadequate and eliminated.

Now city staff, after consulting with the state oversight agency, are ready to pare down the field of contenders.

The initial round of cuts will center around the state's definition of affordable housing, meaning units that are set aside by covenant for families making 80 percent or less of the area median income, or AMI. Currently, the median income for a family of four in San Diego is \$95,100.

San Diego must give preference to teams offering the most affordable units.

"We are following the Surplus Land Act guidelines, and it requires that we first make sure that teams propose 25 percent or more of their housing units as affordable. In this case, all of the teams proposed at least 25 percent. So the second level of preference, under the Surplus Land Act guidelines, is the number of (affordable) units. And beyond that, the third level of

preference is the deepest level of affordability,” Maus said. “We have taken a look at all of those items, and that has weighed heavily on recommendations that we will be bringing forward.”

In the final weeks of the negotiation period, some of the development teams revised their plans to include more housing units at 80 percent or less of the AMI.

- Discover Midway, led by Brookfield Properties, did not provide the number of units it is currently proposing to offer at 80 percent or less of the AMI. The team has previously said the plan calls for 1,046 units within the threshold and a total of 3,277 units.
- HomeTownSD, led by Monarch Group and Essex Property Trust, is proposing 1,726 units at 80 percent or less of the AMI, a spokeswoman said. The team’s plan calls for a total of 3,250 units.
- Midway Rising, led by Zephyr Partners, did not provide the number of units it is proposing to offer at 80 percent or less of the AMI. The team has previously said the plan calls for a total of 4,000 units.
- Midway Village+, led by Toll Brothers Housing, is proposing 1,610 units at 80 percent or less of the AMI, a spokesman said. The team’s plan now calls for a total of 4,210 units.
- Neighborhood Next, led by the ConAm Group, is proposing 1,350 units at 80 percent or less of the AMI, a spokesman said. The team’s plan calls for a total of 5,400 units.

After City Council narrows the field of bidders, staff will engage in a second round of negotiations that will focus on the financial and operational capability of the remaining teams, Maus said. She anticipates recommending a winning bidder by the end of the year.

Meanwhile, San Diego’s planning department is simultaneously moving forward with a repeat attempt to lift the 30-foot height limit in the Midway District, as all plans include buildings that tower above the limit. In December, a court order invalidated the voter-approved ballot measure that eliminated the restriction.

Last week, the city formally gave notice that it will prepare a supplemental environment impact report to the Midway-Pacific Highway Community Plan Update, meaning it will study the impact of taller buildings in the 1,324-acre Midway region. The action lays the groundwork for a do-over ballot measure to go before voters, potentially as soon as November.

Jennifer Van Grove

