



The City of San Diego

Staff Report

DATE ISSUED: January 2, 2024

TO: City Council

FROM: Economic Development Department

SUBJECT: Update on the redevelopment of the City-owned real property located at 3220, 3240, 3250 and 3500 Sports Arena Boulevard (Midway Site)

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Council District(s): 2

OVERVIEW:

On September 13, 2022, the City Council selected Midway Rising as the successful respondent to the Midway Notice of Availability and authorized staff to negotiate and enter into an Exclusive Negotiating Agreement for the redevelopment of a 48.5 acre city-owned site in the Midway District of Council District 2.

As part of its action, the City Council requested that City staff, at a minimum provide the City Council with quarterly information updates to include progress made to date, completion of milestones, anticipated next steps and to receive additional input.

Since the last quarterly update to City Council in October 2023, Midway Rising continues to progress with their milestones, submittals in accordance with the timeline and completing site due diligence. A draft specific plan was submitted to the City in October for review and comments. The project currently contemplates the development of up to 4,250 residential dwelling units, 2,000 are affordable units, a 16,000 seat entertainment arena, up to 145,000 retail/commercial square footage and parks and open space. The changes that were shared in October 2023 included the elimination of a 200-room hotel use onsite, as well as reduction of 200 middle-income residential dwelling units.

Additionally, a Notice of Preparation (NOP) was prepared and became available on the City's website on December 18, 2023 and will feature Midway Rising's formal project description. It should be noted that the project description in the NOP included an additional 417 residential units for a total of up to 4,667 units. This increase in units is a result of the inclusion of three privately owned outparcels, not owned by Midway Rising which will be considered as part of the environmental analysis for the project. Comments on this Notice of Preparation will be accepted for 30 days and must be received no later than January 17, 2024.

Due to the size and scope of the proposed project, further modifications and changes to the scope of the project may be warranted due to site conditions, codes and regulations, input from the community and environmental review process, alignment with the community plan, and other factors related to the project. The next steps in this process are to continue negotiations, come to agreeable terms, evaluate all financial

details and work toward an agreed upon recommendation to come to City Council for consideration in late 2024.

PROPOSED ACTIONS:

This item is for information only.

DISCUSSION OF ITEM:

In accordance with the City Council's action requesting quarterly informational updates, City staff will provide an update to Council on the progress made to date on the proposed redevelopment of the Midway Site.

City of San Diego Strategic Plan:

N/A – This item does not have a connection to the Strategic Plan

Fiscal Considerations:

N/A

Charter Section 225 Disclosure of Business Interests:

N/A - There is no contract associated with this action.

Environmental Impact:

N/A

Climate Action Plan Implementation:

N/A – This action does not have a connection to the Climate Action Plan.

Equal Opportunity Contracting Information (if applicable):

N/A

Previous Council and/or Committee Actions:

Selection of Midway Rising and Authorization to negotiate and enter into an Exclusive Negotiating Agreement with Midway Rising: City Council - September 13, 2022, Land Use & Housing – September 8, 2022

Shortlist to Hometown SD, Midway Rising, Midway Village +: City Council – May 23, 2022, Land Use and Housing – April 21, 2022

Declaration of Surplus Property and Development Condition: City Council – September 21, 2021 and August 3, 2021, Land Use and Housing – July 23, 2021

Quarterly Update: City Council – December 12, 2022

Quarterly Update: City Council – March 07, 2023

Quarterly Update: City Council – June 20, 2023

Quarterly Update: City Council – October 2, 2023

Christina Bibler

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Director, Economic Development

Casey Smith

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Deputy Chief Operating Officer