



The City of San Diego

Report to the Historical Resources Board

DATE ISSUED: July 10, 2025 REPORT NO. HRB-25-029

HEARING DATE: July 24, 2025

SUBJECT: **ITEM #1** – 3500 Sports Arena Boulevard Site Development Permit

RESOURCE INFO: [California Historical Resources Inventory Database \(CHRID\) link](#)

APPLICANT: Midway Rising, LLC; represented by Scott Moomjian

LOCATION: 3500 Sports Arena Boulevard, Midway-Pacific Highway Community, Council District 2
APN 441-590-04-00

DESCRIPTION: Consider the historical resources section, recommendations, findings, and mitigation measures of the environmental document and findings associated with the Site Development Permit (SDP) as presented and consider the inclusion of additional permit conditions related to a designated historical resource if needed.

STAFF RECOMMENDATION

Recommend to the Planning Commission approval of the historical resources section, recommendations, findings, and mitigation measures of the environmental document and findings associated with the SDP related to the designated resource located at 3500 Sports Arena Boulevard (HRB #1525, the San Diego International Sports Arena) as presented.

BACKGROUND

San Diego Municipal Code (SDMC) [Section 126.0504\(b\)\(2\)](#) requires a recommendation from the Historical Resources Board (HRB) prior to a Planning Commission decision on an SDP when a historical district or designated historical resource is present. The HRB has adopted the following procedure for making recommendations to decision-makers (Historical Resources Board Procedures, Section II.D):

When the HRB is taking action on a recommendation to a decision-maker, the Board shall make a recommendation on only those aspects of the matter that relate to the historical aspects of the project. The Board's recommendation action(s) shall relate to the cultural resources section, recommendations, findings, and mitigation measures of the final

environmental document, the SDP findings for historical purposes, and/or the project's compliance with the Secretary of the Interior's Standards for Treatment of Historic Properties. If the Board desires to recommend the inclusion of additional conditions, the motion should include a request for staff to incorporate permit conditions to capture the Board's recommendations when the project moves forward to the decision maker.

The resource, the San Diego International Sports Arena ("Resource"), is a New Formalist style stadium constructed in 1966 in the Midway-Pacific Highway Community Planning Area. The Resource was designated by the HRB on April 25, 2024 as HRB #1525 under San Diego Historical Resources Board Criteria A, B and C (Attachment 2). The designation excluded all other structures on the parcel. The San Diego International Sports Arena was historically designated under Criterion A with a period of significance of 1966-1974 as an important catalyst in the Midway neighborhood's transformation into an entertainment and commercial hub after World War II. The Resource was designated under Criterion B with a period of significance of 1966-1974 for an association with Robert Breitbart, a significant person in the history of San Diego sports, who was instrumental in acquiring the land and funding for the Arena's construction. Lastly, the Resource was designated under Criterion C with a period of significance of 1966 as an example of New Formalist architecture. A Historical Resources Technical Report submitted in conjunction with the proposed project also found the property to be significant under California Register Criteria 1, 2 and 3 and National Register Criteria A, B and C. A full discussion regarding the historic significance of the resource is available in the Historical Resources Technical Report (Attachment 3). The building is currently being used as an indoor sports and entertainment venue.

PROJECT DESCRIPTION

The current project proposes to demolish the designated historic arena and construct a new, 16,000 seat, multi-purpose Entertainment Center, approximately 4,254 housing units, including 2,000 affordable units, public parks and open space, and up to 130,000 square feet of commercial uses under the guidance of the Midway Rising Specific Plan. The full Midway Rising Specific Plan is included as Attachment 1.

The 49.23-acre project site is located in the Midway-Pacific Highway Community Plan area and designated for Community Commercial-Residential Permitted (O-44 du/ac). The site is zoned CC-3-6. Additionally, the site is located in the following overlays: Airport Land Use Compatibility Overlay Zone (San Diego International Airport (SDIA) and NAS North Island); Airport Influence Areas Overlay Zone (SDIA – Review Areas 1 and 2; NAS North Island – Review Area 2); Airport FAA Part 77 Noticing Areas Overlay Zone (SDIA notification threshold at 70 feet through 100 feet AMSL and NAS North Island notification threshold at 181 feet through 206 feet AMSL); Airport Noise Contours (CNEL) Overlay Zone (SDIA 60-65 CNEL – partially within); Community of Concern: Low; Community Plan Implementation Overlay Zone: Type B, Complete Communities Mobility Zone 2; Complete Communities Housing Solutions FAR Tier 2.5; Parking Standards Transit Priority Areas Overlay Zone; Transit Priority Area Overlay Zone; Sustainability Development Area; and partially within the Transit Area Overlay Zone.

The Midway-Pacific Highway Community Plan (MPHCP) establishes the strategy for the preservation of historical resources as part of Midway-Pacific Highway's continued development. The following are some key applicable MPHCP Goals and Policies, and City of San Diego General Plan Housing Element Goals and Policies for the project:

- Historic Preservation – Goals: Identify and preserve significant historical resources in the Midway - Pacific Highway community. Create commemorative, interpretive and educational opportunities related to historical resources in the Midway - Pacific Highway community and pursue incentives for historic preservation and adaptive reuse (MPHCP, p. HP-154).
- Historic Preservation– Policy 2.1: Preserve designated historical resources and promote the continued use and new, adaptive reuse of these resources consistent with the U.S. Secretary of the Interior’s Standards (MPHCP, p. HP-168).
- Historic Preservation– Policy 2.5: Work with members of the community to identify and evaluate additional properties that possess historic significance for social or cultural reasons (such as an association with an important person or event) for potential historic designation.
- Historic Preservation– Policy 3.1: Promote opportunities for education and interpretation of the Midway - Pacific Highway community’s unique history and historic resources through mobile technology (such as phone apps); printed brochures; walking tours; interpretative signs, markers, displays, and exhibits; and public art. Encourage the inclusion of both extant and non-extant resources, as well as the retention of existing commemorative and interpretive markers, as appropriate.
- City of San Diego Housing Element: HE-C.9: Pre-clear potentially historic sites or structures in exchange for a commitment to build housing that includes onsite affordable units.

ANALYSIS

The redevelopment of the project site cannot be determined consistent with the Secretary of the Interior’s Standards (Standards) due to the total demolition of the designated Resource. Therefore, the proposed development is, by definition, a substantial alteration requiring an SDP, consistent with [SDMC Section 143.0251](#). Specific SDP Supplemental Findings pursuant to [SDMC Section 126.0505 \(i\)\(1-3\)](#) Supplemental Findings – Historical Resources Deviations for Substantial Alteration of a Designated Historical Resource or Within a Historical District are required for projects proposing substantial alterations to a designated historical resource or within a historical district, including findings that require analysis of alternatives that could minimize the potential adverse effects on the Resource.

The required SDP Supplemental Findings regarding the project’s proposed substantial alteration to the San Diego International Sports Arena and supporting information are below.

- 1. There are no feasible measures, including a less environmentally damaging alternative, that can further minimize the potential adverse effects on the designated historical resource or historical district.**

The San Diego International Sports Arena (HRB #1525) was designated in April 2024 under Criteria A and B with a period of significance of 1966-1974, and Criterion C with a period of significance of 1966. The designation excludes all other buildings on the parcel. The HRB

designated the property under Criterion A as a special element of the development of the Midway-Pacific Highway Community and the City of San Diego as a whole, under Criterion B for its association with Robert Breitbard, and under Criterion C as an example of the New Formalist architectural style.

The San Diego International Sports Arena (SDISA or “Arena”), constructed in 1966, is currently outdated and cannot compete with the amenities provided by modern arenas. The conditions of the site and existing Arena represent programmatic deficiencies that affect the long-term economic viability of the Arena. The number of events that can use the Arena decreases as technology advances, which financially impacts both the Arena itself and the surrounding community. The Arena’s lack of production space and sufficient rigging capacity to accommodate many current concert performances results in the loss of shows that require these resources. Additionally, the undersized and steep loading dock on the northeast façade provides another obstacle for modern performance tours because large trucks cannot efficiently load and unload using the ramp. The Arena also does not contain a main kitchen commissary onsite, which results in a significant loss of food and beverage revenue. Another programmatic deficiency is the lack of premium seating areas, suites and group seating, which also results in a loss of potential revenue. The City’s primary indoor arena should have comparable resources to other modern facilities of a similar size in order to stay economically viable.

A structural analysis conducted by Walter P. Moore and Associates, Inc. (included in Attachment 4) revealed that the existing arena has structural deficiencies that represent significant challenges to its redevelopment. The SDISA, built in 1966, has never undergone structural upgrades to comply with modern codes. The arena exhibits non-ductile concrete design, which does not meet current seismic safety standards, including inadequate reinforcing and confinement. The seismic force resisting system relies on outdated and segmented precast concrete panels, which lack continuity and redundancy. The roof diaphragm and shear wall connections require further evaluation to address structural deficiencies during seismic events. The existing steel H-pile foundation system does not meet current code requirements and lacks grade beams for interconnected stability, and geotechnical concerns include poor soil conditions and the need for pile load tests to assess vertical and lateral load capacities.

The applicant explored various options for rehabilitating the existing Resource; however, the Walter P. Moore structural investigation concluded that the existing arena “has significant limitations for structural renovations without providing substantial gravity and seismic retrofit to the arena structure and foundations. This is based on [SDISA’s] era of design and construction, seismic lateral systems, and foundations.” According to the structural investigation, the poor structural integrity of the building would make rehabilitation of the Resource as an entertainment venue infeasible unless significant structural repairs and a seismic retrofit occurred.

An economic analysis of three different alternatives, including the Base Project was prepared in an Economic Feasibility Study (Feasibility Study) (Attachment 4) prepared by London Moeder Associates (LMA).

The **Proposed Project** includes the construction of a new entertainment center over a 24-month period. During this period, there will be ongoing operations from the SDISA as the new entertainment center will be constructed in a different location within the project. The total cost of the project is estimated to be \$522.2 million. Based on a Loan-to-Cost ("LTC") of 41.1%, the required equity investment is estimated to be \$307 million. After the project is completed, the forecasted Net Operating Income ("NOI") at stabilization is \$31.5 million. After a 15-year holding period, the total profit from the project is estimated to be \$597.7 million. The Internal Rate of Return ("IRR") achieved from this alternative is estimated at 10.5% with an equity multiple of 3.06.

Alternative A includes the renovation of the SDISA with an assumed construction timeline over a 36-month period, due to the extensive renovations required to bring the facility up to operational needs and building code requirements while maintaining the historic elements of the structure. To match the lifespan of the Midway Rising development, the renovated SDISA would need to entail a dramatic transformation to provide the type of facility that could exist for the next 50 plus years. Renovations will need to address the multiple programmatic deficiencies of the SDISA including a lack of production space and services, an undersized loading dock, no main kitchen commissary, and the lack of premium space offerings. Therefore, the renovation concept put forth attempts to address these deficiencies by adding programs with additional building footprint at every level. A new premium level for suites would be added at the top of the seating bowl. This scale of renovation would trigger a full seismic retrofit and new building envelope to address the added program. However, due to the limitations of the height of the long span trusses within the SDISA, the overall height of the seating bowl is limited, resulting in a maximum capacity of 12,000 seats (4000 less than the new entertainment center in the Proposed Project). During the renovations required for this alternative, the SDISA will not generate any revenue as the facility will be closed for construction. This 36-month closure of the SDISA will also create significant business operation interruption for the existing sports tenants, concerts, and entertainment events. The 36-month closure may have permanent negative market impacts.

The total cost of the project is estimated to be \$403.5 million. Based on the LTC of 41.1%, the required equity investment is estimated to be \$237.5 million. After the project is completed, the forecasted NOI at stabilization is \$6.3 million, or \$25.2 million less than the Proposed Project. The principal reason for a lower NOI in Alternative A is that the construction program will not produce a seating program that matches Alternative A, resulting in reduced revenue streams. Upon sale, the Year 16 NOI is projected to be \$10.7 million, resulting in a sale price of \$177 million. After a 15-year hold, the project is estimated to result in a financial loss of negative \$234.7 million. The IRR achieved for this alternative rounds to approximately zero.

Alternative B includes a conversion and adaptive reuse of the SDISA into a residential building that includes 240 rental apartments. The construction timeline is estimated to be over a 24-month period. During this time the SDISA will not generate any entertainment revenue during or after the completion of construction. The total capital expenditure is

estimated to be \$519.8 million. Based on a LTC of 65%, the required equity investment is estimated to be \$181.9 million. After the project is completed, the forecasted NOI at stabilization is \$4.2 million, or \$27.3 million less than the Proposed Project. Upon sale, the Year 11 NOI is projected to be \$5.6 million, resulting in a sale price of \$102.5 million. After a 10-year hold, the project is estimated to result in a financial loss of *negative* \$404.1 million. The IRR achieved for this alternative is *negative* 26.4%.

The following table summarizes each alternative:

Alternative	Description	Components	Impact to Resource
Base Project	Development of a new 16,000-seat entertainment center in a different location on site	16,000-seat entertainment center; 130,000 Sq.ft. commercial uses; approx. 4,250 total dwelling units	Total demolition of SDSA
Alternative A	Renovation of SDSA	12,000-seat entertainment center; 72,000 sq.ft. commercial uses; approx. 3,900 total dwelling units	Partial demolition of SDSA, modifications to interior and exterior of the building to include a seismic retrofit and new building envelope.
Alternative B	Conversion and adaptive re-use of SDSA into a residential building consisting of 240 rental apartments; Development of a new 16,000-seat entertainment center in a different location on site	16,000-seat entertainment center; 65,000 sq.ft. commercial uses; approx. 3,610 total dwelling units	Partial demolition of SDSA, façade would be left in place with new structure elements added to reinforce it and a new free-standing structure built within the interior footprint with a single-loaded residential building with views to an interior courtyard that is open to the sky.

According to the Feasibility Study, the applicant has assumed the following:

- A construction period of 24 months for the Proposed Project, 36 months for Alternative A, and 24 months for Alternative B.
- Holding period of 15 years for the Proposed Project and Alternative A; 10 years for Alternative B is assumed in order to calculate the IRR.
- Construction cost estimates of \$552 million for the Proposed Project, \$403.5 million for Alternative A, and \$519.8 million for Alternative B.

- Proposed project LTC of 41.1% and an interest rate of 7.33% for 24 months, Alternative A LTC of 41.1% and an interest rate of 7.33% for 36 months, Alternative C LTC of 65% and an interest rate of 7.5% for 24 months.
- Revenue assumptions provided by applicant and available market revenue data.
- Revenue inflation: Proposed Project (3%); Alternative A (3%); Alternative B (3%).
- Expense inflation: Proposed Project (2.3%); Alternative A (2.3%); Alternative B (2%).
- Cap rate at time of sale: Proposed Project (6%); Alternative A (6%); Alternative B (5.5%).

According to the Feasibility Study:

- Alternative A is not economically feasible. This alternative is estimated to result in a financial loss of *negative* \$234.7 million and would not meet the necessary return on investment for financing. Furthermore, due to the deficiencies in current SDSA, it is not possible to renovate the SDSA to create a programmatically equivalent entertainment center as the Proposed Project. To do so would drastically change the exterior of the building (i.e. additional height, building protrusions, and building footprint), having a significant adverse impact on the historic integrity of the Resource. Although Alternative A is less environmentally damaging than the Proposed Project, it is not an economically feasible option.
- Alternative B is not economically feasible. This alternative is estimated to result in a financial loss of *negative* \$404.1 million and would not meet the necessary return on investment for financing. Furthermore, this alternative proposes a significant adverse impact to the Resource because it proposes modifications to the façade and demolition of the interior for use as a residential building, resulting in a loss of historic integrity. Although Alternative B is less environmentally damaging than both the Proposed Project and Alternative A, it is not an economically feasible option.

The feasibility study also includes an analysis of the project's impact to the masterplan feasibility. Utilizing a market rate podium residential prototype with a total net revenue per unit of \$440,385 as a basis, the economic impacts of the two alternative masterplan scenarios were analyzed and compared to the Proposed Project:

- **Proposed Project:** This masterplan scenario proposed a total of approximately 4,250 units.
- **Alternative A:** This master plan scenario proposes 3,900 units, representing a reduction of 350 units compared to the proposed project. The reduction of 350 units at \$440,385 per unit results in a total revenue loss of \$154,134,761 when compared to the proposed project.
- **Alternative B:** This master plan scenario proposes 3,610 units, representing a reduction of 640 units compared to the proposed project. Utilizing the \$440,385 per unit basis, the reduction of 640 units results in a total net revenue loss of \$281,846,421 when compared to the proposed project.

The reduction in units across the 2 alternative master plan scenarios results in identifiable net revenue losses, directly impacting overall feasibility when compared to the Proposed

Project. Moreover, the significant cost of infrastructure and site improvements are fixed costs, meaning there are no cost reductions if the unit count is reduced. Therefore, as the unit count decreases, the development cost per unit would increase, further compromising project feasibility.

As demonstrated by the Economic Feasibility Study, the Base Project is the only economically feasible option due to the structural and programmatic upgrades required to bring the Resource up to current standards as an arena and the high cost of converting the Resource to residential use. Both alternatives A and B had less of an impact to the Resource; however, they resulted in a negative profit when the arena component of the project was analyzed in isolation. Additionally, both alternatives would result in a significant loss of residential units and revenue when compared to the proposed Base Project. Therefore, for these reasons, there are no feasible measures, including a less environmentally damaging alternative that can further minimize the potential adverse effects on the designated historical resource.

2. The deviation is the minimum necessary to afford relief and accommodate the development and all feasible measures to mitigate for the loss of any portion of the historical resource have been provided by the applicant; and

The City's Historical Resources Regulations require that all designated historical resources be maintained consistent with the Standards. The proposed project is a substantial alteration that is not consistent with the Standards; therefore, a deviation from the Historical Resources Regulations is being requested. As demonstrated by the Economic Feasibility Study prepared by the applicant, demolition of the Resource is the minimum deviation from the City's Historical Resources Regulations necessary to afford relief and accommodate the development of the site due to the historic building's deficiencies in meeting programmatic goals for the site.

Historical resource mitigation measures have been developed for adoption within the Midway Rising Environmental Impact Report (Project No. PRJ-1106734, Attachment 5), with which the Base Project has been evaluated and deemed necessary. The Mitigation Monitoring and Reporting Program (MMRP) for the Resource requires the implementation of a documentation program submitted to City Historic Resources Division staff for review and approval, architectural salvage and a Monitoring Plan, and interpretive signage displays to ensure appropriate implementation of the Base Project. The MMRP identifies mitigation measures, mitigation timeframes, responsible parties, and approving agencies.

In order to mitigate the impacts to the Resource, the applicant will be required to submit Historic American Building Survey (HABS) documentation of the SDSA prior to the issuance of a demolition permit. The HABS documentation shall achieve Level 2 standards in accordance with the Historic American Buildings Survey Guidelines for Preparing Written Historical Descriptive Data. The HABS documentation shall include detailed drawings, photo documentation and written documentation of the Resource consistent with National Park Service guidance. A copy of this documentation will be archived with the City and other depositories as outlined in the MMRP.

Prior to the issuance of the demolition permit, the applicant shall assess the Resource and create a Salvage Plan that indicates architectural elements that are proposed for salvage.

The salvage plan, to be implemented during the demolition of the SDSA, shall catalog and identify elements proposed for removal from the existing Resource and shall include historic period architectural elements, as well as memorabilia, including photographs, posters, and plaques of past athletic and entertainment events, teams, and entertainers, for display in publicly accessible areas throughout the new entertainment center. Once the items for salvage are identified, the Project's qualified historic preservation professional (QHPP) shall submit this information to the City's Heritage Preservation Section for approval. As a condition of closure of the demolition permit for the SDSA, the Owner/Permittee shall document that the various displays presenting the salvaged items from the SDSA have been installed at the entertainment center to the satisfaction of the City of San Diego Heritage Preservation staff.

"The Green" Interpretive Display - Prior to issuance of a demolition permit for the SDSA, the City of San Diego Heritage Preservation staff shall review and accept plans for an interpretive display to be installed in "The Green" area of the site near the old footprint of the SDSA to be prepared by a qualified team, including a historian and a graphic designer. Verification that the display has been installed shall be as outlined in the MMRP. The display shall do the following:

1. Explain the history of the site from the Pre-European era through present day, including demolition of the SDSA.
2. Describe the SDSA building's New Formalist architecture and the role of the SDSA in the Midway neighborhood development.
3. Discuss the Frontier Housing Project as the first modern development on the site and the current Project returning the site to affordable housing with a new entertainment center.

Robert Breitbard Interpretive Display

Prior to issuance of a demolition permit for the SDSA, the City of San Diego Heritage Preservation staff shall review and accept plans for an interpretive display that shall be designed by a qualified team, including a historian and a graphic designer, that focuses on the life of Robert Breitbard as it relates to his work in the sports field.

The Owner/Permittee shall document that the interpretative display has been installed in a location accessible to the public at the new entertainment center. The display shall include photographs of Breitbard, the SDSA, the San Diego Gulls, and the San Diego Rockets and a text description of Breitbard's sports career.

The Breitbard Interpretive displays shall be installed in a publicly visible location. The installation shall describe the history and significance of SDSA under Criteria A, B, and C. The installation shall be reviewed and approved by the City of San Diego Heritage Preservation Staff.

Therefore, the project is designed with the minimum necessary deviations to afford relief from the restrictions of the Historical Resources Regulations and accommodate the development and all feasible measures to mitigate for the loss of any portions of the historical resource have been provided by the applicant.

3. The denial of the proposed development would result in economic hardship to the owner. For purposes of this finding, “economic hardship” means there is no reasonable beneficial use of the property and it is not feasible to derive a reasonable economic return from the property.

As discussed above, only the Proposed Project is economically feasible, as neither a reasonable beneficial use nor a reasonable economic return can be derived from the subject property under Alternatives A and B. Renovation and adaptive reuse of the existing SDISA is infeasible due to the building’s multiple programmatic deficiencies, the requirement for a full seismic retrofit and new building envelope, and the need for closure of the existing SDISA during construction, all resulting in a financial loss. Due to these factors and the reduction of dwelling units in the overall master plan, without the relief provided by a deviation from the City’s Historical Resources Regulations, the alternatives would result in an economic hardship to the owner.

An economic analysis of three different alternatives was prepared, including the Base Project (Proposed Project), in an Economic Feasibility Study conducted by LMA which determined that the Base Project is the only feasible option among those analyzed and is the only one to provide an economic return from the property based upon market appropriate performance metrics. The table below summarizes the conclusions of the LMA analysis for each alternative.

Alternative	Total Profit	Internal Rate of Return
Base (Proposed Project)	\$597,674,773	10.5%
A	-\$234,682,026	0.0%
B	-\$404,085,343	-26.4%

The proposed project includes the construction of a new entertainment center. The project is expected to retain the NOI of the SDISA while under construction for 24 months and assumes a sale after a 15-year holding period. At stabilization, the project revenue is assumed to be \$50.4 million and operating expenses are assumed to be \$19 million. The estimated revenue of the new entertainment center includes ticket sales, ticket fees, premium seating, general and premium concessions, merchandise, parking, advertising and sponsorships, and other revenues. Operating expenses include staffing, utilities, general and administrative fees, operations, insurance, repairs and maintenance, and materials and supplies. The project is estimated to generate an NOI at stabilization of \$31.5 million. The proposed project is estimated to generate a total profit of \$597.7 million. The resulting IRR for the \$307.4 million of capital invested in the project is forecasted to be 10.5%. The proposed project also achieves an equity multiple of 3.06. This demonstrates that the project is economically feasible.

Alternative A includes the renovation of the SDISA. In this scenario, the project is expected to shut down entirely while under construction for 36 months. At stabilization, project revenue is assumed to be \$20.9 million and operating expenses are assumed to be \$14.6 million. The

estimated revenue of the new entertainment center includes ticket sales, ticket fees, general concessions, merchandise, parking, advertising and sponsorships, and other revenues. Operating expenses include staffing, utilities, general and administrative fees, operations, insurance, repairs and maintenance, and materials and supplies. The project is estimated to generate an NOI at stabilization of \$6.3 million. The forecasted sale price for the project is \$177.8 million. Total project costs are anticipated to be \$403.5 million. Based on a LTC of 41.1%, the required equity investment is estimated to be \$237.5 million. This alternative is estimated to result in a financial loss of negative \$234.7 million. The resulting IRR for the \$237.5 million of capital invested in the project is forecasted to round to approximately zero. This demonstrates that Alternative A is not economically feasible, and neither a reasonable beneficial use nor any reasonable economic return could be derived from the SDISA under this alternative.

Alternative B includes the conversion and adaptive reuse of the SDISA into a residential building consisting of 240 rental apartments. The project is forecasted to be sold after a 10-year holding period. The 240 units include an average of approximately 860 square feet of rentable space. When the 240 units are leased after construction is completed, the forecasted average rent is estimated to be \$3,473, or \$4.04 per square foot of rentable space (2026 dollars). The forecasted sale price for the entire project is \$102.5 million. Total project costs are anticipated to be \$519.8 million (\$2.2 million per unit). Based on the LTC of 65%, the required equity investment is estimated to be \$181.9 million. This project is estimated to generate an NOI at stabilization of \$4.2 million, which when compared to the total cost of the project represents a yield on cost ("YOC") of 0.9%. For the project to be economically feasible the YOC for a residential project must be a minimum of 6.25%, which indicates Alternative B is not economically feasible. This alternative is estimated to result in a financial loss of *negative* \$404.1 million dollars. The resulting IRR for the \$181.9 million of capital invested in the project is forecasted to be *negative* 26.2%, which also demonstrates that this alternative is not economically feasible, and neither a reasonable beneficial use nor any reasonable economic return can be derived from the SDISA under this alternative.

Since all analyzed alternatives to the Base Project failed to meet the minimum thresholds for financial feasibility, there is no other reasonable beneficial use of the property from which the applicant may derive a reasonable economic return besides the Base Project as demonstrated above. There are no reasonable beneficial uses of the Resource without a substantial alteration of the Resource. Therefore, it is not feasible to derive a reasonable economic return from the property without substantial alteration and the denial of this proposed development would result in economic hardship for the owner.

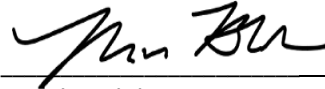
City Staff from the City Planning and Development Services Departments believes that there is sufficient evidence to support the SDP Supplemental Findings related to the designated historical resource. In addition, Staff believes that the proposed mitigation measures of the MMRP and draft permit conditions (Attachment 6) are sufficient to reduce the identified impacts to the San Diego International Sports Arena, HRB #1525.

CONCLUSION

Staff recommends that the HRB recommend to the Planning Commission adoption of the historical resources section, recommendations findings and mitigation measures of the environmental document and findings associated with the SDP related to the designated historic resource.



Suzanne Segur
Senior Planner/ HRB Liaison
City Planning Department



Martha Blake
Development Project Manager
Development Services Department

SS/mb

Attachment(s):

1. Midway Rising Specific Plan
2. Historical Resources Board Resolution #R-24042501
3. Historic Resources Technical Report
4. Economic Feasibility Study
5. Environmental Impact Report (SCH No. 2023120451)
6. Draft Permit