

Midway Rising's sports arena project evolves with start of environmental review process



A new conceptual rendering of the Midway Rising plan by project architect Safdie Rabines shows the proposed 16,000-seat arena pictured on the right and residential buildings pictured on the left. Previous renderings depicted a series of elevated walkways that connected a second level of shops and eateries to the arena and residential buildings, but those elements have been eliminated from the project. (Courtesy, Midway Rising)

By Jennifer Van Grove

The Midway Rising development team selected last year to remake San Diego's sports arena property in the Midway District has moved into the second leg of a negotiation period with the city that should, if all goes according to plan, culminate with a development deal by the end of 2024.

Monday, the city published what's called a notice of preparation, a document that invites the public and other agencies to help define the scope of what is studied in an environmental analysis of the proposed development.

The release marks the official start of the environmental review process, as mandated by California's Environmental Quality Act, and is a precursor to finalizing ground lease terms. It also clarifies in greater detail the project components that will serve as the basis for the analysis. As such, the milestone reveals for the first time new project refinements the development team has made to its housing, commercial retail and park plan over the past 12 months.

"It's a milestone that I think means we're moving in the right direction, that we've got a great partnership with the city, with staff and are looking forward to continuing our dialogue with the community to truly understand what we're shaping here from a business perspective," said Shelby Jordan, project lead and an executive with sports-and-entertainment venue operator Legends. "It's an exciting time. It's a challenging, busy time."

San Diego City Council members selected Midway Rising in September 2022 to redo the city's property at 3220, 3240, 3250 and 3500 Sports Arena Blvd. The development team, which last December entered into a two-year negotiation period with the city, is made up of Legends, market-rate housing developer Zephyr and affordable housing builder Chelsea Investment Corp. In June, a subsidiary of billionaire Stan Kroenke's real estate firm The Kroenke Group took a 90 percent ownership interest in the Midway Rising entity.

The team's winning bid has evolved in consequential ways over recent months. Midway Rising's previously proposed 200-room hotel was scrapped earlier this year, as were 250 residential units set aside for middle-income families. The development team cited a lack of viable financing options as the reason for eliminating the subsidized housing type.

The notice of preparation identifies other changes.

For instance, the project being studied will allow for 4,627 total residential units at build-out — or 377 more units than originally proposed. The increase correlates with a project area that has expanded in size by 2.8 acres for a total of 52 acres and now includes three, privately owned parcels on Kurtz Street that are directly linked to the city-owned real estate. The extra units may or may not be developed by Midway Rising, which does not own the land.

The team, with the permission of the landowners, opted to include the additional acreage in what's being called the Midway Rising Specific Plan to keep its options open, said Brad Termini, who is the CEO of Zephyr.

"The increased unit count is really based off of us including some private property, not owned by the city or Midway Rising, right into the specific plan," Termini told the Union-Tribune. "We feel like having those three parcels not being entitled in harmony with the specific plan is a missed opportunity. And so we're proposing to also include those private parcels in our specific plan boundary, which gives the potential to create more housing."

Midway Rising has not wavered from its promise to build 2,000 residential units deed-restricted for families making 80 percent or less of the area median income. The affordable housing commitment, which served as the basis for the team's selection, is reflected in the notice of preparation and is an obligation memorialized in the team's negotiation contract with the city.

The developers have, however, slashed the square footage allotted for commercial uses from

250,000 square feet to 130,000 square feet (or 145,000 square feet when including the privately owned parcels). The change reflects a marked shift in a vision that previously included second-level shops, bars and eateries connected to the arena and residential buildings by elevated walkways.

Instead, Midway Rising is moving forward with a simplified, ground-level-only retail promenade cascading through the central spine of the project. The changes, Jordan and Termini said, were made in response to community member input and retail market dynamics. The team is retaining its public square, or what they're calling the Zocalo, near the arena, they said.

"Today, we really envision the retail corridor to be restaurants, food and beverage to serve the visitors that are coming to the arena, and then also neighborhood services there to allow residents to have a walkable village-type community," Termini said. "And we think we can do that really well within 125,000 square feet."

Although not reflected in the notice of preparation, Midway Rising's green roofs and rooftop parks, as depicted in earlier renderings, may also get the boot due to a city policy that requires solar panels on rooftops, the team said. Discussions on the topic are still ongoing, the executives said, but the change, if necessary, would trim by an unknown amount the total project acreage dedicated to parks and plazas. The team has said previously that its project would include 20 acres of parks, plazas and open space.

The parking program has also been tweaked. The plan now calls for eight stories of podium parking as a part of residential buildings, with units wrapped around the garages to mask their appearance. Arena and retail parking will be distributed throughout the project, as opposed to spaces being housed in a large, central garage, Jordan said.

Otherwise, the team is still planning to build a 16,000-seat arena that emphasizes entertainment uses over major league sports tenants. The city's environmental review, however, will study a larger venue as an option, Jordan said.

"There are multiple lanes as part of that (environmental) process," he said.

"On a whole, the vision truly hasn't changed," Jordan said. "We're really focused, and have stayed focused, on two lanes. One, making sure the venue is patron-friendly, that people will be excited about coming here. ... The other layer that we're keenly focused on is making sure that (the venue) is attractive to promoters to artists, to tours to want to come to this market, making sure that we're developing it and designing it in a way that is efficient for them to operate."

The project's environmental analysis — what's called a subsequent environmental impact report — will build off the work completed in 2018 for the Midway-Pacific Highway Community Plan. The report will study the environmental impacts associated with greater density and a range of land uses — allowing for up to 109 dwelling units per acre in some areas — across four planning areas.

The Midway Rising Specific Plan requires a general plan amendment and community plan amendment.

The notice of preparation is available for public comment through Jan. 17. The city is not hosting

an in-person public scoping meeting for feedback, as has been routine in the past, and instead has posted a **YouTube video** that explains the project and next steps. Public comments can be submitted using the form available at sandiego.gov/ceqa/meetings.

A draft environmental impact report is anticipated to be released for public review in the spring. The development team hopes the work will be finalized alongside deal terms before the end of 2024.