

Brookfield, undeterred, has a new plan for sports arena

‘Discover Midway’ project
reworked to account for
affordable-housing rules



The city of San Diego, which owns the 48 acres around Pechanga Arena in the Midway District, has again put the land on the market. (Kristian Carreon)

BY JENNIFER VAN GROVE

On a sunny August day more than a year ago, a small crowd of politicians and real estate professionals gathered at Pechanga Arena to celebrate what then-Mayor Kevin Faulconer called a “great day” for the city.

San Diego, Faulconer said, had searched worldwide for the best team to remake the 48 acres the city owns around the arena and chosen [prolific real estate developer Brookfield Properties](#) to turn

the expansive parking lot into a thriving community “second to none.” The ballyhooed public-private partnership cratered 10 months later when a state agency said the city [was not in a position to dispose of the land](#).

Today there’s a new mayoral administration, the city and state are finally in lockstep, and the Midway District parcels [are back on the market](#). And Brookfield, undeterred by the city’s missteps, is ready to make another offer.

Brookfield and its partners have reworked their concept for a mixed-use development called “Discover Midway.” The expanded team now includes two experienced affordable-housing developers and retains ASM Global, the current operator of Pechanga Arena. The project, which includes a commitment to set aside at least 25 percent of housing units for lower-income families, centers on the Point Loma-adjacent region’s past, present and future.

“The thought behind this is that we are discovering what there is today — Kobey’s (Swap Meet) and all of the other local business, the makers district and the history of the area — as well as discovering what the community wants,” said Jessica Jones, who is a senior director at Brookfield Properties. “And, of course, (we are) discovering what’s to come, and creating a true mixed-use destination with an emphasis on adding meaningful community benefits, additional housing for all income levels, active parks and green space, and a reimagined sports arena for all San Diegans.”

There are no specifics, no renderings, and none of the pomp and circumstance of the last go-around. Some of that will come as the Discover Midway group works to fine-tune its bid, which is due Dec. 3.

Brookfield, which has 20 properties spread across the county, is

crafting the overall vision, and would be responsible for building the market-rate housing units, shops, restaurants, office space and parks. The plan calls for green buildings, bike- and pedestrian-friendly roads and new transit connections.

Affordable-housing partners Affirmed Housing and National Community Renaissance (National CORE), each three decades old and operating thousands of units, would erect and run the neighborhood's subsidized units. They've promised high-quality homes for people making between 30 percent and 60 percent of the area's median income, as defined by the U.S. Department of Housing and Urban Development, as well as services to improve people's financial footing.

Amenities, such as community and recreation facilities and bike lockers, will be shared across the project, meaning all residents can enjoy the same perks, said Affirmed Executive Vice President Jimmy Silverwood and National CORE Vice President John Seymour.

"Between Affirmed and National CORE, our developments tend to be the nicest on the block," Silverwood said. "It is not unique for our properties to be mistaken with market-rate, luxury apartments."

ASM Global, whose parent company AEG created the Staples Center-anchored L.A. Live sports and entertainment district, would be tasked with substantially improving or rebuilding the sports arena. Regardless of the approach, it will be a world-class venue with an all-new, state-of-the-art guest experience, said ASM Executive Vice President Chuck Steedman.

"We have assembled people that are best in class, in the nation and the world, at what they do," Steedman said of the broader Discover Midway team. "This is a group of people that has the experience,

the talent, the subject-matter experts ... to come together and deliver for San Diego what no one else can.”

Presumably, with the addition of more housing options, the project will offer more than the 2,100 units previously proposed. The site allows for a total of 2,112 units, although a developer can build up to 4,224 units if its affordable units are between 600 square feet and 800 square feet.

The team’s high-level plan already checks the boxes required by the notice of availability issued by the city on Oct. 4. That document, written in a format prescribed by the state, simply notes that the city intends to lease its parcels at 3500, 3250, 3220 and 3240 Sports Arena Blvd. It effectively made the land available once again, this time with two conditions: The city wants as much affordable housing built on site as possible, and a renovated or all-new arena is required.

The current disposition process differs substantially from last year’s more involved solicitation effort, which essentially asked developers to send in their best and final offers at the outset.

But that process was flawed from the get-go. The city, assuming it could lease its land to anyone, paid little heed to a newly revised Surplus Land Act, amended in 2019 with more teeth to ensure that excess government-owned land is made available for affordable housing. In June, nearly a year after the city ceremoniously picked Brookfield to redo the site, California’s Department of Housing and Community Development, or HCD, said the city would risk millions in fines if it did not start over.

The new way forward is as defined as it is open-ended.

Per HCD’s rulebook, a local government must first make a formal declaration as to whether the property is surplus land or exempt

surplus land. San Diego addressed the first misstep and declared the sports arena property surplus land on Sept. 21. Then the local agency must issue a notice of availability to state-vetted affordable-housing developers, which have 60 days to respond. The city issued its notice on Oct. 4. And finally, the municipality must go through a 90-day negotiation period with any interested party.

That means Brookfield will go up against all teams that satisfy the minimum requirements of the notice of availability. So, theoretically, a team that expresses interest and puts forward just a high-level idea that reserves 25 percent of units as affordable to lower-income households and agrees to redo the arena could move on to the next phase.

At least two other groups are preparing to respond.

Toll Brothers, which also participated in the city's previous solicitation process, has a rebranded vision that will be unveiled at an event on Sunday. A third group led by The ConAm Group, an apartment builder and property management company, recently told the Midway-Pacific Highway Community Planning Group that it, too, would respond to the city's notice of availability.

The state doesn't provide a rubric for how to evaluate multiple proposals, although San Diego must give priority to teams offering the greatest number of affordable units at the lowest average affordability level.

There are enough unknowns that even the most seasoned real estate prospectors would be forgiven for losing steam. But Brookfield isn't going anywhere, said Jones, the Brookfield director.

"The bottom line is that we're still fully committed to the city of San Diego and the sports arena site," she said. "I think we're even more

excited now that we've had the opportunity to, this last 12 months, work with the community to further enhance our original bid.”

The competition is likely to play out in the public sector at City Council hearings in the second half of 2022, after the city negotiates with all qualified respondents.

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