



TERRA LAWSON-REMER

VICE-CHAIR

**SUPERVISOR, THIRD DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS**

AGENDA ITEM

33

DATE: April 30, 2024

TO: Board of Supervisors

SUBJECT

ENSURING TRAFFIC ALLEVIATION, PEDESTRIAN SAFETY, AND ACCESS TO GREENSPACE IS PRIORITIZED AT THE SPORTS ARENA REDEVELOPMENT SITE BY PARTICIPATING IN THE ONGOING DISCUSSIONS REGARDING A CITY OF SAN DIEGO ENHANCED INFRASTRUCTURE FINANCING DISTRICT OR SIMILAR ALTERNATE FUNDING MECHANISMS TO SUPPORT THE CONSTRUCTION OF 2,000 AFFORDABLE HOUSING UNITS (DISTRICTS: ALL)

OVERVIEW

The County and City of San Diego held a joint meeting on October 3, 2022, passing a resolution committing to developing 10,000 affordable homes on public land by 2030. Since then, the County has advanced 11 county-owned sites with construction of over 1,500 affordable units under way.

The 48.5-acre Sports Arena site is owned by the City of San Diego and is being considered for one of the single largest and most consequential public redevelopment sites in the history of the San Diego region. The proposed Midway Rising project represents a transformative scale investment in public benefits including 2,000 deed-restricted affordable housing units, over 13 acres of parks, plazas, and open space, spillover economic impact including high-quality jobs, and improvements to key public infrastructure for a longstanding underserved neighborhood. This will be the largest affordable housing project in State history and significantly advances progress towards meeting the City and County's 10,000 units affordable housing on public land goal.

The potential benefits to the County as a whole are huge, however, as the representative of District 3, the interest of my residents must be represented in ongoing discussions. Those interests include traffic and congestion mitigation, transportation infrastructure, green space connections, and stormwater, sewage, and flood control infrastructure. This Board letter seeks to ensure that our Board can advocate for the amenities and infrastructure that District 3 residents and project neighbors need to protect their quality of life.

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Project Highlights

- 2,000 deed-restricted affordable homes
 - All units capped 80% and below of the Area Median Income, for example approximately \$878 to \$2,342 per month for a 2-bedroom unit.
- Affordable housing will include a diversity of unit types and sizes, the current proposed mix includes:
 - 60% families
 - 25% one-bedroom
 - 50% two-bedroom
 - 25% three-bedroom
 - 15% seniors
 - 15% veterans
 - 10% permanent supportive housing (200 units)
- 8,500 new jobs – all construction jobs are covered under a project labor agreement, and permanent jobs operated and maintained by San Diego working families.
- On-site childcare, healthcare, and job training academy.
- 13 acres of public parks, plazas, and open spaces.
- Public infrastructure investment and neighborhood improvements

On March 11, 2024, the San Diego City Council discussed potential financing structures to support the Midway Rising project, including the City's intention to engage the County of San Diego in their exploration of options around an Enhanced Infrastructure Financing District (EIFD), or similar alternative funding mechanism, to assist in financing the infrastructure necessary for the construction of the project, including the 2,000 affordable homes at the Midway site. The Council adopted a resolution supporting further exploration of options.

Today's item directs County staff to participate in the City of San Diego's exploration of potential options for alternate funding mechanisms, including an EIFD, to support the redevelopment of the Sports Arena site. This action does not commit the County to any funding or support but allows the County a seat at the table as EIFD explorations unfold.

The County would benefit from such a collaboration in several ways. First, the project itself yields many clear public benefits, including the investment in 2,000 deed-restricted affordable homes, the largest affordable housing project in the history of the State, 8,500 high-quality jobs with a project labor agreement in place ensuring high quality jobs for working families, 13 acres of parks and open space, and major investments in public infrastructure and neighborhood improvements. Second, the project would significantly advance progress towards the County and

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City's joint 10,000 affordable homes on public land goal. Third, the County and the City of San Diego can explore a Regional Housing Needs Assessment (RHNA) credit sharing model for the affordable units developed at Midway Rising. Finally, a potential EIFD would cover the project site and capture property tax growth would not exist but for the initial multi-billion dollar private investment by the Midway Rising development team.

RECOMMENDATION(S)

VICE-CHAIR TERRA LAWSON-REMER

1. Direct the Interim Chief Administrative Officer to collaboratively participate with the City of San Diego's Department of Economic Development and Department of Finance to investigate funding mechanisms, including an EIFD for the Sports Arena Village footprint, or similar alternative funding mechanism, for the Midway site redevelopment. As part of this process, explore options with the City of San Diego for Regional Housing Needs Assessment (RHNA) credit sharing models for the affordable housing units developed at Midway Rising.
2. Direct the Interim Chief Administrative Officer to schedule an informational presentation from the Midway Rising development team and City of San Diego representatives within 60 days.

EQUITY IMPACT STATEMENT

As recognized in the October 3, 2022, joint City and County resolution (Resolution Number 22-145), the region's affordable housing crisis has worsened since the COVID-19 pandemic as those at the lowest end of the economic spectrum are most adversely impacted, with the number of newly unsheltered individuals continuing to outpace the number of individuals connected with housing on a month over month basis. As such, the lack of affordable housing is one of the primary drivers of our homelessness crisis and further represents the greatest risk to the long-term economic health and prosperity of the region.

SUSTAINABILITY IMPACT STATEMENT

This action aims to promote sustainable growth and ensure alignment with climate goals set by state and federal law. An EIFD can be used to support a variety of multimodal and transit mobility improvements identified in the Community Plan through transit-oriented development design guidelines, including Metropolitan Transit System Bus Rapid Transit (BRT) service, pedestrian and bicycle improvements and public park spaces and pathways for Midway site circulation and recreation. Additionally, an EIFD can support stormwater prevention measures and the infrastructure need to support those measures.

FISCAL IMPACT

There is no fiscal impact associated with this action. At this time, there will be no change in net General Fund cost and no additional staff years.

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BUSINESS IMPACT STATEMENT

This Midway Rising development project economic modeling projects approximately \$8 billion in local economic benefit, including direct, indirect, and induced economic activity, new streams of revenue to the city and county in the form of increased sales tax revenue, the creation of thousands of local, skilled-trained construction jobs, thousands of permanent jobs for San Diego's working families upon project completion as well as enhancing future property values of surrounding areas, thereby increasing property tax revenues to both taxing entities.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County and City of San Diego held a joint meeting on October 3, 2022 passing a resolution committing to developing 10,000 affordable homes on public land by 2030. Since then, the County has advanced 11 county-owned sites with construction on over 1,500 affordable units under way.

The 48.5-acre Sports Arena site is owned by the City of San Diego and is one of the single largest and most consequential public redevelopment sites in the history of the San Diego region. The proposed Midway Rising project represents a transformative scale investment in public benefits including 2,000 deed-restricted affordable housing units, over 13 acres of parks, plazas, and open space, and improvements to key public infrastructure for a longstanding underserved neighborhood. This will be the largest affordable housing project in State history and significantly advances progress towards meeting the City and County's 10,000 units affordable housing on public land goal.

On September 13, 2022, the City Council of San Diego selected Midway Rising as the successful respondent to the Midway Notice of Availability and entered into an Exclusive Negotiating Agreement with the development team. The proposed project contemplates the development of 4,250 residential homes including 2,000 deed-restricted affordable units, a new 16,000 seat entertainment arena, and up to 145,000 in retail/commercial square footage, 13 acres of parks and public spaces, and public and community-based infrastructure improvements. The project would be the single largest affordable housing development effort in the history of the State and help our region address the long-standing deficit of affordable housing that impacts working families, seniors, and veterans alike.

The San Diego City Council has since entered into a two-year Exclusive Negotiating Agreement with the Midway Rising team for the redevelopment of the Midway site. On March 11, 2024, the City Council of San Diego approved a resolution to explore options for an Enhanced

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Infrastructure Funding District (EIFD) or other similar alternative funding mechanisms to assist with redeveloping the city-owned site. As part of that hearing, City officials discussed the benefits of County participation in the City's EIFD exploration.

Enhanced Infrastructure Financing District

An Enhanced Infrastructure Financing District (EIFD) is a tax increment financing (TIF) district, that captures future tax growth within a defined geographic boundary, to fund improvements with that District. The assessed value and property tax revenue at the time of formation is used as a base level revenue, and with the growth of revenue over future years, some of the growth (tax increment revenue) can be earmarked to fund improvement in the designated area, and to pay back bonds issued against the anticipated increment from the EIFD.

The City and County of San Diego have collaborated to form another EIFD to support the San Diego River in November 2022. This effort will bring hundreds of millions in funding to support new parks, bicycle bridges, and flood prevention projects along the 52-mile river.

Examples of public improvements that an EIFD can fund include, but are not limited to: Interchanges, ramps and bridges, transit facilities, sewage treatment, flood control infrastructure, childcare facilities, parks, libraries, brownfield restoration and other environmental mitigation, and projects that implement a sustainable community's strategy.

Today's item directs staff to collaborate with the City of San Diego in exploring potential options for funding mechanisms, including an EIFD, to support the redevelopment of the Sports Arena site. The EIFD would be constrained to the Sports Arena Village geography, which includes the Sports Arena redevelopment site and two additional parcels owned by the City of San Diego, which may be included in EIFD discussions. This exploration would include focusing on the potential public benefits of such a project, including 2,000 units of affordable housing, improvement in community-based infrastructure, potential investments towards improving local roads, schools, parking, bike paths, open space connectivity and streetscape upgrades. The Draft Environmental Impact Report will be completed later this year and provide additional modeling, data, and information on specific opportunities to mitigate local impacts. To date, some of the public infrastructure needs that have been identified by local stakeholders include: improvements to the intersection of Sports Arena Blvd and Rosecrans Blvd; extension of Sports Arena Blvd to Pacific Highway; extension of Greenwood Street; as well as linkages from Hancock Street to I-8 and/or a connection from Greenwood to Camino Del Rio West.

The County should also explore opportunities for shared Regional Housing Needs Assessment (RHNA) credit for the affordable housing units developed at Midway Rising. Other jurisdictions, such as Napa County and Napa City have developed similar types of agreements that can be mutually beneficial.

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Today's action does not commit the County to provide funding or support of any kind but allows the County a seat at the table to explore EIFD or other similar alternative funding options and ensure community concerns and priorities are uplifted.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Equity, Sustainability and Community Initiatives of the County of San Diego's 2024-2029 Strategic Plan, by promoting new housing opportunities that meet the needs of the community, reduce, and eliminate poverty, promote economic sustainability for all, advance opportunities for economic growth and development to all individuals and the community, as well as enhance the community through increasing the wellbeing of our residents and our environments.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Terra Lawson-Remer', with a stylized flourish at the end.

TERRA LAWSON-REMER
Supervisor, Third District

ATTACHMENT(S)
N/A