Office of Senate Floor Analyses
(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 344
Author: Weber Pierson (D), et al.
Amended: 8/26/26
Vote: 27- Urgency

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 11-0, 4/28/25
AYES: Ashby, Choi, Archuleta, Arreguín, Grayson, Menjivar, Niello, Smallwood-Cuevas, Strickland, Umberg, Weber Pierson

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 34-0, 5/15/25 (Consent)
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Pérez, Richardson, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Alvarado-Gil, Cervantes, Grove, Padilla, Reyes, Rubio

ASSEMBLY FLOOR: 72-2, 8/30/26 - See last page for vote

SUBJECT: California Environmental Quality Act: City of San Diego: mixed-use development project

SOURCE: Author

DIGEST: This bill declares the City of San Diego's Midway Rising Specific Plan Subsequent Environmental Impact Report (SPSEIR), which is pending certification by the City, fully complies with the California Environmental Quality Act (CEQA).

Assembly Amendments remove the provisions that were previously in the bill and replace them with the current version of this bill, which declares that Midway Rising's Specific Plan Subsequent EIR fully complies with CEQA.

ANALYSIS:

Existing law:

1) Requires under CEQA that a lead agency determines whether a project is exempt from CEQA, or if it must do an initial study to determine if a project will have significant effects on the environment. If a project has no effect on the environment or effects that can be mitigated, the lead agency prepares a negative declaration (ND) or mitigated ND (MND). If the project will have significant impacts, the lead agency prepares an environmental impact report (EIR) to evaluate and propose mitigation measures for any effects on the environment, including impacts or likely impacts to land, air, water, minerals, flora, fauna, ambient noise, and historic or aesthetic significance. (Public Resources Code (PRC) §§21000 et seq.)

2) Establishes over 135 statutory CEQA exemptions in the public resources code, water code, government code and other statutes.

3) Establishes 33 categorical CEQA exemptions in the California Code of Regulations. (CEQA guidelines §15260- 15285). Categorical exemptions generally do not apply if there are significant environmental effects of the project, and specific exclusions include the site being located in a sensitive environment, on a hazardous waste site, having cumulative impacts over time, significantly adversely impacting a historic resource, or it there are other unusual circumstances that would cause a project to have a reasonable possibility for a significant effect on the environment due to unusual circumstances.

This bill:

1) Deems the Midway Rising SPSEIR is sufficient, adequate, and complete for full compliance with CEQA, and shall be final and conclusive for purposes of reliance on that report. Authorizes any approval of the project reviewed in the SPSEIR to rely on that report for compliance with CEQA.

2) Requires all SPSEIR mitigation measures to be conditions of approval of the project, fully enforcement by the lead and responsible agencies, and monitored and enforced for the life of each mitigation obligation. Requires the project applicant to submit annual status reports to the lead agency.

3) Requires this bill to become operative upon its effective date, or on the date the City certifies the SPSEIR, whichever occurs later.

4) Makes related findings regarding the Midway Rising project.

5) Includes an urgency measure.

Background

1) *The A, B, C's of CEQA*. CEQA is designed to (a) make government agencies and the public aware of the environmental impacts of a proposed project, (b) ensure the public can take part in the review process, and (c) identify and implement measures to mitigate or eliminate any negative impact the project may have on the environment. CEQA is enforced by civil lawsuits that can challenge any project's environmental review. Nonprofits, private individuals, public agencies, advocacy groups, and other organizations can all file lawsuits under CEQA: CEQA is the only state environmental protection law that allows for citizen lawsuits. In the case of a CEQA lawsuit, it is ultimately up to the courts to determine if the environmental review was sufficient to meet the requirements of CEQA.

2) *Environmental Review under CEQA*. Under CEQA, projects (unless they have a specific exemption) must undergo environmental analysis. This process starts with an initial study which determines what level of further environmental review is needed for a given project. If a project has no significant effects on the environment, or if those effects can be fully mitigated, the project can move forward with a negative declaration (ND) or mitigated negative declaration (MND). If the initial study finds that the project has potential significant effects on the environment, then a full EIR is conducted. An EIR provides thorough environmental review of a proposed project, analyzing the significant direct and indirect environmental impacts of a proposed project on water quality, transportation, air quality and greenhouse gas emissions, terrestrial and aquatic biological resources, surface and subsurface hydrology, land use and agricultural resources, aesthetics, geology and soils, recreation, public services and utilities such as water supply and wastewater disposal, and cultural resources, among other factors. The EIR also includes proposed mitigation measures for any significant effects that it identifies and considers alternatives to the proposed project.

3) *Midway Rising.* Midway Rising is a proposed development in the City of San Diego that covers 49 acres of City-owned land at the San Diego Sports Arena site in the Midway-Pacific Highway community. The project is envisioned to include a 16,000-seat sports arena, 14 acres of parks and public space, a mixed-use entertainment, arts, and cultural district, and 4,250 housing units (2,000 of which will be affordable at 80% below area median income). The project is intended to replace an older stadium and associated parking lots. When built, Midway Rising will include one of the largest mixed-income and affordable housing projects in California. The project is also expected to generate roughly 21,900 temporary construction jobs and 3,100 permanent positions in entertainment, hospitality, and retail, and is subject to a project labor agreement with the San Diego County Building and Construction Trades Council.

   The path to permitting Midway Rising has not been smooth. The project is located within an area of San Diego that is subject to San Diego's Coastal Height Limit Overlay Zone, which generally limits building heights to 30 feet. In 2018, the City completed a program environmental impact report (PEIR) for the land use plans governing the area to enable development of the project. Because aspects of the project exceeded the 30-foot height limit, the City submitted a ballot measure to voters to raise the height limit for the project area in 2020. The City relied on the PEIR as the environmental analysis for the project. However, the Fourth District Court of Appeals invalidated that ballot measure because the PEIR did not consider potential environmental impacts of removing the height limit. While that appeal was pending, in 2022 the City prepared a supplemental environmental impact report (SEIR) and approved a second ballot measure to remove the height limit from the same area. The Fourth District also invalidated the second ballot measure for similar reasons. The Court noted:

   "The 2022 draft SEIR recognized removal of the Coastal Zone height limit was a changed circumstance from the 2018 PEIR. Yet, for almost every category of potential environmental impacts the initial study addressed, it said the PEIR adequately examined potential impacts because the project 'would be limited to the [Midway Rising] area footprint and land use, density, and zoning analyzed in the 2018 PEIR.'"[1]

   The Court went on to identify a litany of impacts that could be related to building height that were not examined in the PEIR. The City of San

[1] *Save Our Access v. City of San Diego*, 115 Cal. App. 5th 388

Diego wants to streamline the CEQA process for the Midway Rising project.

Comments

1) *Purpose of Bill.* According to the author, "The Midway Rising Project will transform nearly 50 acres of underused, blighted City-owned land into a vibrant, modern district that directly addresses our region's housing shortage while delivering lasting economic and community benefits. It will deliver more than 4,000 homes, including 2,000 affordable and income-restricted, a state-of-the-art sports and entertainment venue, and more than 14 acres of parks and open space. SB 958 is a targeted, catalytic solution to move this transformational project forward after years of planning, extensive environmental review, and voter approval through two separate ballot measures. The bill upholds environmental accountability and is explicitly contingent on the certification and adoption of the final Environmental Impact Report already completed by the City of San Diego.

   "Once completed, Midway Rising is projected to generate millions in local economic impact, create thousands of permanent jobs, support new businesses, utilize a highly-skilled and trained workforce, and produce long-term economic opportunities and tax revenue for the City and County of San Diego. Proposed to be the largest affordable housing project in the western United States, Midway Rising carries significant statewide importance and promise. At a time when California faces an urgent housing crisis, SB 958 advances a meaningful solution for San Diego and the state."

2) *What does SB 344 do?* This bill is intended to advance the Midway Rising project by shielding the City of San Diego from judicial review of its CEQA actions. The City's prior CEQA reviews in connection with the Midway Rising project have been subject to adverse court decisions, most recently by the Fourth District Court of Appeal in 2025.
   The project is located within an area of San Diego that is subject to San Diego's Coastal Height Limit Overlay Zone, which was established by the voters in 1972 and generally limits building heights to 30 feet west of I-5 to protect coastal views. In 2018, the City completed a program environmental impact report (PEIR) for the land use plans governing the area to enable development of the project. The project includes a 250-

foot high-rise residential building, 105-foot mid-rise mixed-use buildings, and 165-foot arena.

The City submitted a ballot measure to voters in 2020 to raise the height limit for the project area, relying on the PEIR as the environmental analysis for the project. However, the Fourth District Court of Appeals invalidated that ballot measure because the PEIR did not consider potential environmental impacts of removing the height limit. While that appeal was pending, in 2022 the City prepared a supplemental environmental impact report (SEIR) and approved a second ballot measure to remove the height limit for the same area. In October 2025, the Fourth District invalidated the second ballot measure for similar reasons. The Court noted:

The 2022 draft SEIR recognized removal of the Coastal Zone height limit was a changed circumstance from the 2018 PEIR. Yet, for almost every category of potential environmental impacts the initial study addressed, it said the PEIR adequately examined potential impacts because the project "would be limited to the [Midway Rising] area footprint and land use, density, and zoning analyzed in the 2018 PEIR." The Court went on to identify a litany of impacts that could be related to building height that were not examined in the PEIR.

However, this building height issue is addressed by SB 958 (Weber Pierson), which passed this committee and the Assembly and is pending concurrence in the Senate. SB 958 provides that building height is not a significant impact on the environment under CEQA for specified non-industrial infill projects, including Midway Rising. However, on August 24, the City Council repealed the measure exempting the Midway Rising site from the 30-foot coastal height limit to comply with the 2025 court decision. Instead, the City intends to override the height limit for the entire project, including for the sports arena, pursuant to the state density bonus law. Moreover, the City prepared a new EIR specifically for the Midway Rising project, which was approved by the city planning commission last September, prior to the October Court of Appeal decision. The project, including the EIR, is now scheduled for final approval by the City Council in November.

This bill is not necessary for the City to certify the new EIR and approve the project. Rather, this bill is intended to shield the City, and the

project, from litigation claiming that the new EIR does not comply with CEQA.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 8/30/26)

Building Industry Association of San Diego
California Conference of Carpenters
California State Council of Laborers
California Yimby
Circulate Planning & Policy
City of San Diego
Mayor Todd Gloria, City of San Diego
San Diego Regional Chamber of Commerce
State Building & Construction Trades Council of California
State Building and Construction Trades Council

OPPOSITION: (Verified 8/30/26)

None received.

Assembly Floor 72 2 5
Ayes: Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Davies, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
Noes: Castillo, DeMaio
No Vote Recorded: Addis, Boerner, Connolly, Hart, Muratsuchi

Prepared by: Brynn Cook / E.Q. / (916) 651-4108
11/5/26 15:06:00

****** END ******