

Monday, March 14, 2022

## REAL ESTATE: PROJECTED COST HITS \$3.5B ON DOWNTOWN MEGA-REDEVELOPMENT

# Revised Seaport San Diego: Bigger Project, Higher Price Tag

By [Ray Huard](#)

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Rendering courtesy of 1HWY1 New plans for Seaport San Diego would enlarge the project envisioned to replace Seaport Village on San Diego's downtown waterfront.

The price tag on a massive redevelopment that will replace Seaport Village on San Diego's downtown waterfront has jumped from \$2.5 billion to \$3.5 billion under a revised plan.

The \$1 billion increased cost of Seaport San Diego is due partly to a surge of new development downtown focused on job creation, which prompted Seaport developers – [1HWY1](#) – to rethink the project, adding hotel rooms and expanding other portions of the project that will include a 500-foot-tall observation tower that will itself contain a hotel.

The project also has grown from about 70 acres to 105 acres of land and water – and now includes about 36.6 acres of land and 68.5 acres of water stretching from Embarcadero Marina Park North to just south of the USS Midway Museum.

Concern over climate change also has led to some design changes that include raising the overall site an average of three feet, said Yehudi “Gaf” Gaffen, the founder and CEO of Gafcon, who formed 1HWY1 to develop Seaport San Diego.

“This project is going to be here 100 years from now, more, and that’s the way we’re looking at that,” Gaffen said. “All of the utilities, the electrical infrastructure, is being kept up high so if there was a bad event, we wouldn’t lose power.”



*Figure 1 Yehudi ‘Gaf’ Gaffen CEO and Founder 1HWY1*

### **Reevaluating Project Cost**

The added space in the new plan is for the addition of new piers and extension of existing piers.

Rising construction costs and overall inflation also were factors in pushing up the cost of the project, according to Gaffen.

“We were ready to submit the (project) description pre-COVID then COVID hit,” Gaffen said. “In some ways, it was a blessing. It allowed us to reevaluate where we were.”

The revised plan was presented to the San Diego Port Commission as an information item March 8 and is still a long way from becoming a reality.

The plan is subject to an environmental impact review that hasn’t even started and must be approved by the San Diego Port Commission and the California Coastal Commission.

An optimistic timetable would have the project going to the Port in April for the go-ahead to begin the formal environmental review, which is estimated to take one to two years.

Under ideal circumstances, Gaffen said that actual construction could begin in 2025.

At best, Gaffen said Seaport wouldn’t be finished until 2030, although some elements could be completed earlier. He said the project will be built in phases, with public elements the first to be completed.

“If the economy was right and we could finance the entire thing, it’s probably a five-year build-out,” Gaffen said.

## **Blue Tech and a Tower**

Among the biggest changes in the plan was a sizeable increase in the number of hotels rooms – from 1,075 rooms in the original 2016 plan to 2,058 and the makeup of the hotels has changed, with a bigger emphasis on high-end hotels.

“Our hospitality advisory group feels that San Diego is poised to become even a bigger tourist draw than we have been,” Gaffen said. “They advised us, and we agree, that we should try to entitle as many hotel rooms as we could.”

The new plan also has more than doubled the amount of space allocated to what Gaffen called the blue tech sector of the market for companies and researchers involved in water-related activities.

“We see a lot of opportunity in that space relative to companies that want to locate close to the ocean,” Gaffen said. “We also think San Diego is poised to become a national or international hub for blue technology. There’s tremendous opportunity because of our focus to really capitalize on that. San Diego has the biggest cluster of blue companies in the country.”

Presented as a “blue tech campus,” that part of Seaport would include a 201,837- square-foot aquarium, a 30,000-square-foot butterfly pavilion and an 80,479-square-foot learning center.

The most dramatic feature of Seaport is the 412,588-square-foot, 34-story tower, described as a “tapering circular pyramid,” that includes a 400-room hotel, 34,000 square feet of exhibition space, a 40,000-square-foot yacht club, a 20,000- square-foot open air market, and a 7,500 square-foot observation deck.

The revised plan also includes a two-story, 102,739-square-foot event center that Gaffen said is designed as a smaller concert venue.

“It would be indoors and it would cater to both emerging artists and also new artists,” Gaffen said.

The northernmost portion of the property near the USS Midway Museum would include improvements to Tuna Harbor, and a new three-story building with a restaurant, a commercial fish processing operation, office space, and commercial markets.

The area also would have a new one-story fish market.

## **Beaching It**

All of what is now Seaport Village would be cleared to make way for the new development, with the exception of the Looff Carousel, which will be preserved but moved elsewhere on the site.

Among the public spaces that Seaport would add is an 87,000 square-foot urban beach at the

south end of the project near the convention center.

The sandy portion of the area beach would be about 700 feet long and 80 feet wide and designed to be suitable for a wide-range of recreational activities from swimming and kayaking to volley ball.

The area also would include a 26,000-square-foot children's play area and an 84,000-square-foot living shoreline of artificially built wetlands and tide pools.

"I personally think this is the best site in the country right now for waterfront development, maybe the world," Gaffen said. "This is one-of-a-kind. I think it's going to be the kind of poster child for sustainable waterfront development."

### **1HWY1**

Founded: 2017

CEO: Yehudi "Gaf" Gaffen

Headquarters: San Diego

Business: Development

Partners: Gaffen, Jeff "JJ" Jacobs and Jeffrey Essakow

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Notable: Formed to pursue the Central Embarcadero redevelopment, 1HWY1 refers to the site's location, 1 Pacific Highway.