



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

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**DATE:** April 4, 2023

**30**

**TO:** Board of Supervisors

### **SUBJECT**

**SURPLUS REAL PROPERTY DECLARATIONS ON COUNTY-OWNED EXCESS PROPERTIES, AUTHORIZATION TO ISSUE REQUEST FOR PROPOSALS FOR DEVELOPMENT OF AFFORDABLE HOUSING, APPROVAL TO EXPLORE THE POTENTIAL TRANSFER OF A PROPERTY TO SAN DIEGO HOUSING COMMISSION AND APPROVAL OF A DISPOSITION AND DEVELOPMENT AGREEMENT AND CEQA EXEMPTIONS (DISTRICTS: 1 & 4)**

### **OVERVIEW**

The San Diego region faces a severe and chronic shortage of affordable housing units that directly impacts housing insecurity and housing cost burden for lower-income households across San Diego County. Over the past decade, the region has produced only enough very low-income housing to meet 10% of the need. Given this housing crisis, we need to leverage every available option to develop more affordable housing. One of these options is the redevelopment of excess County of San Diego (County)-owned property into affordable homes.

On March 1, 2022 (17), the Board of Supervisors (Board) authorized staff to issue a Request for Proposals (RFP) to qualified firms to begin the competitive selection process for the ground lease and development of affordable homes on County property located at 5001 73<sup>rd</sup> Street in the city of San Diego. Eden Housing (Eden) was chosen with a proposed 120 homes for families, including Permanent Supportive Housing set aside for families experiencing homelessness. Staff and Eden have finalized the terms of a Disposition and Development Agreement (DDA) and are now returning for approval of that agreement as well as the relevant California Environmental Quality Act (CEQA) finding.

Three additional excess County-owned properties have also been identified for the development of affordable housing; 4588 Market Street, 3177 Ocean View Boulevard, and 5202 University Avenue, all in the city of San Diego.

The recommendations before the Board today provide for the County to take actions necessary to declare 4588 Market Street (Recommendations 1 through 6) and 3177 Ocean View Boulevard (Recommendations 7 through 12) as surplus to County needs, demolish the current structures, and authorize the initial steps in moving forward with development of affordable housing. In addition, the recommendations declare 5202 University Avenue (Recommendations 13 through 16) as

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surplus to County needs and authorizes staff to work with the San Diego Housing Commission for the development of affordable housing. Finally, the recommendations before the Board related to 5001 73<sup>rd</sup> Street (Recommendations 17 through 19) are to approve the DDA between the County and Eden for the development of affordable housing, approve the Ground Lease, and authorize other documents necessary for implementation of the project.

**RECOMMENDATION(S)**

**CHIEF ADMINISTRATIVE OFFICER**

**4588 Market Street (Recommendations 1 through 6)**

1. Find that the proposed action to authorize demolition of 4588 Market Street is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301.
2. Find that the proposed actions to declare the property surplus exempt and issuing a Request for Proposals is not subject to review under CEQA pursuant to CEQA Guidelines Section 15060 (c)(3) because the action is not a project as defined in Section 15378 of the CEQA Guidelines.
3. Authorize the Director, Department of General Services (DGS) to advertise for demolition of County buildings located at 4588 Market Street.
4. Find that Assessor's Parcel Numbers (APNs) 547-041-43, -44 and 541-523-10 located at 4588 Market Street are no longer necessary for County use.
5. Find that 4588 Market Street is exempt surplus land under Government Code Section 54221(f)(1)(F)(i) of the Surplus Land Act, because it is to be sold or leased for development of affordable housing in accordance with the requirements of those Sections.
6. Authorize the Director, DGS in consultation with the Director, Housing and Community Development Services (HCDS) to issue a Request for Proposals for potential lease or sale for nominal value and development of 4588 Market Street for affordable housing, to evaluate the proposals, select proposals for negotiation, and to negotiate with the selected proposers the terms of a DDA that will document the conditions of ground lease or terms of sale for the Property.

**3177 Ocean View Boulevard (Recommendations 7 through 12)**

7. Find that the proposed action to authorize demolition of 3177 Ocean View Boulevard is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15301.

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8. Find that the proposed actions to declare the property surplus exempt and issuing a Request for Proposals is not subject to review under CEQA pursuant to CEQA Guidelines Section 15060(c)(3) because the action is not a project as defined in Section 15378 of the CEQA Guidelines.
9. Authorize the Director, DGS to advertise for demolition of County buildings, located at 3177 Ocean View Boulevard.
10. Find that APNs 545-611-36, 545-621-22 and 545-532-18 located at 3177 Ocean View Boulevard are no longer necessary for County use.
11. Find that 3177 Ocean View Boulevard is exempt surplus land under Government Code Section 54221(f)(1)(F)(i) of the Surplus Land Act because it is to be sold or leased for development of affordable housing in accordance with the requirements of those Sections.
12. Authorize the Director, DGS, in consultation with the Director, HCDS, to issue a Request for Proposals for potential lease or sale for nominal value and development of 3177 Ocean View Boulevard for affordable housing, to evaluate the proposals, select proposals for negotiation, and to negotiate with the selected proposers the terms of a DDA that will document the conditions of ground lease or terms of sale for the development of the Property.

**5202 University Ave. (Recommendations 13 through 16)**

13. Find that the proposed actions to declare the property surplus exempt is not subject to review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c)(3) because the action is not a project as defined in Section 15378 of the CEQA Guidelines.
14. Find that Assessor's Parcel Numbers (APN) 472-390-03 located at 5202 University Avenue is longer necessary for County use.
15. Find that 5202 University Avenue is exempt surplus land under Government Code Section 54221(f)(1)(F)(i) or 54221(f)(1)(D), because it is to be conveyed for development of affordable housing in accordance with the requirements of those Sections.
16. Direct the Chief Administrative Officer to conduct a due diligence review and explore viability of a potential conveyance of 5202 University Avenue to the San Diego Housing Commission for the development of affordable housing and return to the Board for necessary approvals for the disposition of the property.

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**5001 73<sup>rd</sup> Street (Recommendations 17 through 19)**

17. Find that the proposed actions to authorize execution of a DDA for development of affordable housing at 5001 73<sup>rd</sup> Street is exempt from CEQA pursuant to CEQA Guidelines section 15332.
18. Authorize the Director, DGS, to execute the DDA with Eden Housing Corporation or an affiliate entity, to execute the Ground Lease and any other attachments to the DDA and perform any actions in furtherance of or necessary to administer or implement the DDA and Ground Lease for 5001 73<sup>rd</sup> Street, including but not limited to, approving, and executing amendments to the DDA, the Ground Lease, and their attachments.
19. Authorize the Agency Director, Health and Human Services Agency, or a designee, to execute the Regulatory Agreement and any amendments to the Regulatory Agreement on the 5001 73<sup>rd</sup> Street and perform any actions in furtherance of or necessary to administer or implement the DDA, Ground Lease, and Regulatory Agreement.

**EQUITY IMPACT STATEMENT**

Today's recommendations will result in the development of much-needed affordable housing in the region. The 6th Cycle Regional Housing Needs Assessment (RHNA) indicates that 68,959 units are needed regionally for very low, and low-income individuals and households. Restricted affordable housing for low-income households may serve seniors, families, homeless, at-risk of homelessness, veterans, homeless with serious mental illness, and transitional aged youth. All units reserved for low-income individuals and households serve tenant populations earning below 80% area median income, currently \$72,900 for a one-person household and \$104,100 for a four-person household.

Approval of the recommendations contribute to the County's efforts to address local housing shortages and, in alignment with the 5 P's of SANDAG's Housing Acceleration Program (HAP), will help Promote Equity Inclusion and Sustainability, Preserve Vulnerable Housing, and Produce Housing For All. Additionally, approval will result in the creation of private sector jobs and economic opportunities in San Diego County. It is anticipated that these actions will lead to increased housing for extremely low, very low, and low-income individuals and families throughout the County.

**SUSTAINABILITY IMPACT STATEMENT**

Today's proposed actions support the County of San Diego's Sustainability Goals to provide just and equitable access; and to protect health and wellbeing. The recommended actions will provide just and equitable access to housing for extremely low, very low, and low-income individuals and households countywide, including those who are Black, Indigenous, and People of Color. These actions also align with the goal to protect the environment as well as health and wellbeing, which

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will be accomplished by incorporating robust sustainability criteria into each Request for Proposal that are in alignment with California Tax Credit Allocation Committee requirements, and our regional efforts to decarbonize.

### **FISCAL IMPACT**

Funds for this request are included in the Fiscal Year 2022-23 Operational Plan for the Health and Human Services (HHSA). If approved, this request will result in total estimated costs and revenue of \$1,860,000. This includes \$320,000 for staff time, consultant costs for historical and CEQA review and findings as well as short and long-term site management costs and demolition costs estimated to be \$890,000 for Ocean View Blvd. and \$650,000 for Market Street. HHSA will use existing appropriations to fund costs. The funding source is General Purpose Revenue. At this time, there will be no change in net General Fund cost and no additional staff years.

### **BUSINESS IMPACT STATEMENT**

N/A

### **ADVISORY BOARD STATEMENT**

N/A

### **BACKGROUND**

The County of San Diego (County) has undertaken coordinated efforts to address the needs of affordable housing within the region. Since 2017, excess County-owned property has been evaluated for affordable housing redevelopment and developers have been chosen via a procurement process for development of four County-owned sites. The development of these sites will result in construction of over 1,200 homes.

Three additional excess County-owned properties were recently identified for the development of affordable housing based on the review of zoning, environmental factors, land use compatibility, and proximity to commercial/retail, transit, jobs, schools, hospitals, and other essential supportive services. They are as follows:

#### **4588 Market Street – District 4 (Recommendations 1 through 6)**

The former Central Region Family Resource Center – Southeast, is located at 4588 Market Street in the city of San Diego (Market Street) and is comprised of three parcels totaling approximately 2.62 acres that will be vacated by the Health and Human Services Agency (HHSA) in approximately July 2023. Once vacated, the site will be demolished by the County prior to redevelopment and a Request for Proposals (RFP) will be released to qualified developers for affordable housing. Additional information about this project and a project location map are attached to this Board Letter as Attachments B and F.

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**3177 Ocean View Boulevard – District 1 (Recommendations 7 through 12)**

The second property is located at 3177 Ocean View Boulevard in the city of San Diego (Ocean View) and is comprised of three parcels totaling approximately 1.82 acres. Two of the parcels are County-owned parking lots and the third is occupied by the HHS Central Region Public Health Center and San Ysidro Health (SYH). HHS staff and services will be relocated into the new Southeastern Live Well Center (SELWC) once construction is complete. SYH has been given notice of redevelopment plans and will be allowed to remain in the facility as long as possible without impacting the timeline for affordable housing. Once vacated, the site will be demolished by the County prior to redevelopment and an RFP will be released to qualified developers for affordable housing. Additional information about this project and a project location map are attached to this Board Letter as Attachments C and G.

**5202 University Avenue – District 4 (Recommendations 13 through 16)**

The third property is Central Regional Public Health Center, comprised of approximately 0.53 acres, located at 5202 University Avenue in the city of San Diego (University Ave.). HHS staff and services will be relocated into the new SELWC when construction is complete. This site is adjacent to Casa Colina, an affordable housing development owned and operated by the San Diego Housing Commission (SDHC). Casa Colina will be undergoing a densification and rehabilitation project in the coming years and as a result, the County and the SDHC are in a unique position to leverage vital public resources to maximize the benefit to the public. Staff requests authorization to explore viability of a potential conveyance the site to SDHC and to conduct due diligence and evaluate the viability of the development of affordable housing at the site and return to the Board for necessary approvals. Additional information about this project and a project location map are attached to this Board Letter as Attachment D.

**County Surplus Declaration Process**

The first step in the disposition process is a declaration by the Board of Supervisors (Board) that the sites are no longer necessary for County use. If approved, the RFPs will be released in a staggered manner to ensure proper review of each proposal received and allow developers to provide their best proposal by focusing on one RFP at one time. Staff intends to structure the projects so that units and affordability requirements will conform at a minimum to Government Code Section 54221(f)(1)(F)(i) of the Surplus Land Act. This requires, among other things, that the land be offered through an open, competitive process and with 100% of the residential units restricted to persons and families of low- or moderate-income households, with at least 75% of the residential units restricted to lower income households, and with the maximum affordable sales price or rent level no higher than 20% below the median market rents for the neighborhood in which the site is located.

Developers will be selected via a confidential Source Selection Committee procurement process. Staff will then negotiate Disposition and Development Agreements (DDA) with each selected developer, which will outline the terms of development on the sites. Staff will then return to the

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Board for approval of each DDA. The sites will be conveyed pursuant to the terms of the DDA upon receipt of all financing, permits and entitlements needed to begin construction either via a Grant Deed with use restrictions or a long-term Ground Lease. Additionally, a Regulatory Agreement restricting 100% of the residential units to affordable housing will be recorded against the sites for monitoring and enforcement under both scenarios.

Staff will also explore the viability of a potential conveyance of the site to the San Diego Housing Commission (SDHC) and complete due diligence reviewing viability of development of affordable housing on 5202 University Avenue and return to the Board for necessary approvals.

**5001 73<sup>rd</sup> Street – District 4 (Recommendations 17 through 19)**

The Disposition and Development Agreement (DDA) between County and Eden Housing Corporation as well as the relevant California Environmental Quality Act (CEQA) finding on the property at 5001 73<sup>rd</sup> Street (73<sup>rd</sup> Street) have been completed and are ready for approval. Additional information about this project and a project location map are attached to this Board Letter as Attachments A and E.

**ENVIRONMENTAL STATEMENT**

The proposed action to authorize demolition of 4588 Market Street and 3177 Ocean View Boulevard is categorically exempt from the California Environmental Quality Act (CEQA) under Article 19, Section 15301 of the CEQA Guidelines, as it involves demolition of existing facilities, involving negligible or no expansion of the existing use, and the facilities to be demolished and removed have been determined not eligible for listing on the National Register of Historic Places, California Register of Historic Places, and the Local Register, and do not meet the qualifications for a historical resource pursuant to CEQA or a significant historic site under the County's Resource Protection Ordinance.

The proposed action to authorize development of affordable housing at 5001 73<sup>rd</sup> Street is categorically exempt from CEQA under Article 19, Section 15332 of the CEQA Guidelines, as it involves in-fill development consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations, occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses, has no value as habitat for endangered, rare, or threatened species, will be adequately served by all required utilities and public services, and would not result in any significant effects relating to traffic, noise, air quality, or water quality.

The proposed actions of declaring these properties surplus exempt and issuing a Request for Proposals are not subject to review under CEQA pursuant to CEQA Guidelines Section 15060(c)(3) because these actions are not a project as defined in Section 15378 of the CEQA Guidelines. The proposed actions are administrative activities that will not result in direct or indirect physical changes in the environment. Additionally, today's actions do not commit the

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County to any specific project which may result in a potentially significant physical impact on the environment. Upon determination of future development projects for the sites, appropriate CEQA review would be conducted prior to authorization of such projects.

**LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN**

Today's action supports the Health and Housing Equity Initiatives in the County of San Diego's 2023-2028 Strategic Plan by providing County owned property for the creation of safe and affordable housing for the region.

Respectfully submitted,



HELEN N. ROBBINS-MEYER  
Chief Administrative Officer

**ATTACHMENT(S)**

- Attachment A – 73<sup>rd</sup> Street – Property Overview and Location Map
- Attachment B – Market Street – Property Overview and Location Map
- Attachment C – Ocean View Blvd. – Property Overview and Location Map
- Attachment D – University Ave. – Property Overview and Location Map
- Attachment E – Notice of Exemption – 73<sup>rd</sup> Street
- Attachment F – Notice of Exemption – Market Street
- Attachment G – Notice of Exemption – Ocean View Blvd.