



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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DATE: May 6, 2025

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TO: Board of Supervisors

SUBJECT

APPROVAL OF A DISPOSITION AND DEVELOPMENT AGREEMENT AND CEQA EXEMPTIONS FOR DEVELOPMENT OF AFFORDABLE HOUSING ON COUNTY LAND LOCATED AT 5202 UNIVERSITY AVE., SAN DIEGO AND 620 E. VALLEY PKWY., ESCONDIDO (DISTRICTS: 4 & 5)

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 housing on County property located at 620 E. Valley Parkway in the city of Escondido. San Diego Community Housing Corporation in partnership with National Community Renaissance of California (SDCHC/CORE) was chosen with a proposed 134 affordable senior units in addition to an approximately 5,800 sq. ft. childcare center that will be open to the public (Project). The Project meets the requirements of California Government Code section 25539.4. Staff and SDCHC/CORE 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.

On April 4, 2023 (30) the Board authorized staff to explore viability of a potential conveyance of 5202 University Avenue (University Ave.), in the City of San Diego to San Diego Housing Commission (SDHC).

The University Ave. site is adjacent to Casa Colina, an affordable housing development owned and operated by 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. In accordance with Board authorization to explore the viability of a potential conveyance to SDHC of University Ave., SDHC has advised that SDHC's standard development practice is to ground lease property to its nonprofit affiliate

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who will then partner with an affordable housing developer to construct the affordable housing project. SDHC operates in this manner because SDHC does not have the capacity to construct projects or apply for certain affordable housing funding. Staff and SDHC have finalized the terms of the DDA and are now returning for approval of that agreement as well as the relevant CEQA finding.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

620 E. Valley Pkwy. (Recommendations 1 through 3)

1. Find that the proposed action to authorize execution of a Disposition and Development Agreement (DDA) for development of affordable housing at 620 E. Valley Pkwy., Escondido is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15332.
2. Authorize the Director, Department of General Services (DGS), to execute the DDA with San Diego Community Housing Corporation in partnership with National Community Renaissance of California (SDCHC/CORE) 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, including but not limited to, approving, and executing amendments to the DDA, the Ground Lease, and their attachments.
3. Authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or a designee, to execute the Regulatory Agreement and any amendments to the Regulatory Agreement on 620 E. Valley Pkwy., Escondido and perform any actions in furtherance of or necessary to administer or implement the DDA, Ground Lease, and Regulatory Agreement.

5202 University Ave. (Recommendations 4 through 6)

4. Find that the proposed action to authorize execution of a DDA for development of affordable housing at 5202 University Ave., San Diego is exempt from CEQA pursuant to CEQA Guidelines section 15332.
5. Authorize the Director, DGS, to execute the DDA with SDHC or an affiliate entity, to execute the Grant Deed and any other attachments to the DDA and perform any actions in furtherance of or necessary to administer or implement the DDA, including but not limited to, approving, and executing amendments to the DDA, and its attachments.
6. Authorize the Deputy Chief Administrative Officer, Health and Human Services Agency, or a designee, to execute the Regulatory Agreement and any amendments to the Regulatory Agreement on 5202 University Ave. and perform any actions in furtherance of or necessary to administer or implement the DDA and Regulatory Agreement.

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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 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 \$92,700 for a one-person household and \$132,400 for a four-person household.

This item aligns to the County Framework for Ending Homelessness and the Housing Blueprint by ensuring the County continues to focus on prevention and housing stability by addressing root causes, such as housing affordability. Additionally, today's actions support the County vision of a just, sustainable, and resilient future for all, specifically for those communities and populations in San Diego County that have been historically left behind as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished by ensuring low-income residents have long-term housing stability and fosters a deeper connection to one's neighborhood and community.

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 will be accomplished by requiring sustainability features for each site 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 2024-25 Operational Plan in the Department of General Services, Facilities Management Internal Service Fund. If approved, this request will result in total estimated costs and revenue of \$100,000 in Fiscal Year 2024-25 for staff time, consultant costs, as well as short and long-term site management costs for both sites. The funding source is an internal agreement with the Health and Human Services Agency supported by existing General Purpose Revenue. 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

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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 there are now nearly 1,800 affordable homes on County-owned property that are in various stages of the development pipeline. A developer has been chosen via a procurement process for development of 620 E. Valley Pkwy. and the terms of a Disposition and Development Agreement (DDA) have been finalized as outlined below. Additionally, the terms for a nominal conveyance to San Diego Housing Commission (SDHC) for 5202 University Ave. in the City of San Diego.

620 E. Valley Pkwy., Escondido (Recommendations 1 through 3)

On March 1, 2022 (17), the 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 housing on County property located at 620 E. Valley Parkway in the city of Escondido. San Diego Community Housing Corporation in partnership with National Community Renaissance of California (SDCHC/CORE) was chosen as the developer. SDCHC/CORE proposed to develop 134 affordable senior homes serving people with an average Area Median Income of 44%, in addition to an approximately 5,800 sq. ft. childcare center that will be open to the public ("Project"). Additionally, the Project will include amenities such as a small park, bike storage and repair space, a fenced dog run and pet relief area, as well as services such as money management, life skills, exercise and nutrition classes and social activities. The Project will meet the requirements of California Government Code section 25539.4. The DDA and relevant California Environmental Quality Act (CEQA) finding have been finalized and are ready for Board approval. The site will be disposed to SDCHC/CORE in accordance with California Government Code section 25539.4 via a 99-year ground lease at \$1 per year, upon the developers' receipt of all entitlements and financing necessary to construct the Project, which is estimated to occur by 2028.

5202 University Ave., San Diego (Recommendations 4 through 6)

On April 4, 2023 (30) the Board authorized staff to explore viability of a potential conveyance of 5202 University Ave, in the City of San Diego to SDHC. This site is adjacent to Casa Colina, an affordable housing development owned and operated by the SDHC. Casa Colina will be undergoing a densification and rehabilitation project in the coming years and redevelopment of Casa Colina would be more rapidly facilitated if replacement units were first constructed on the adjacent County-owned parcel. Further, this unique instance of two adjacent publicly owned parcels available for affordable housing development provides a natural opportunity for cross-agency collaboration to address a pressing local need. SDHC is in the process of finalizing the design, which will include approximately 90 units for families on the county-owned portion. The University Ave. design will meet the requirements of California Government Code section 25539.4. The DDA and relevant CEQA finding have been finalized and are ready for Board approval. Upon receipt of all entitlements and financing necessary to construct the project, the site will be conveyed to SDHC in accordance with California Government Code section 25539.4 via a nominal sale with a deed restriction limiting the site to affordable housing in perpetuity. SDHC

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will immediately thereafter lease the site to a joint venture, consisting of an affiliate of SDHC and an affordable housing developer. SDHC will ensure that the restriction set forth in the grant deed limiting the site to affordable housing will be restated in the ground lease. The receipt of all entitlements and financing necessary to construct the project, along with the conveyance of the site to SDHC and subsequent ground lease to the joint venture to construct the affordable units is estimated to occur by 2028.

ENVIRONMENTAL STATEMENT

620 E. Valley Pkwy.

The proposed actions to authorize development of affordable housing at 620 E. Valley Pkwy. are categorically exempt from the California Environmental Quality Act (CEQA) under Article 19, Section 15332 of the CEQA Guidelines, because (1) the project is comprised of in-fill development that is consistent with the applicable general plan designation, all applicable general plan policies and all applicable zoning designation and regulations, (2) the project is located within city limits on a project site of no more than five acres substantially surrounded by urban uses, (3) the project site has no value as habitat for endangered, rare, or threatened species, (4) the project will be adequately served by all required utilities and public services, and (5) the project would not result in any significant effects relating to traffic, noise, air quality, or water quality. None of the exceptions to the exemptions described in Section 15300.2 prohibit the use of the categorical exemption for the proposed project. See Attachment A for Notice of Exemption.

5202 University Ave.

The proposed actions to authorize development of affordable housing at 5202 University Ave are categorically exempt from the CEQA under Article 19, Section 15332 of the CEQA Guidelines, because (1) the project is comprised of in-fill development that is consistent with the applicable general plan designation, all applicable general plan policies and all applicable zoning designation and regulations, (2) the project is located within city limits on a project site of no more than five acres substantially surrounded by urban uses, (3) the project site has no value as habitat for endangered, rare, or threatened species, (4) the project will be adequately served by all required utilities and public services, and (5) the project would not result in any significant effects relating to traffic, noise, air quality, or water quality. None of the exceptions to the exemptions described in CEQA Section 15300.2 prohibit the use of the categorical exemption for the proposed project. See Attachment B for Notice of Exemption.

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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 2025-2030 Strategic Plan by providing County owned property for the creation of safe and affordable housing for the region.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ebony N. Shelton', written in a cursive style.

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENTS

Attachment A - 620 East Valley Parkway Notice of Exemption

Attachment B - 5202 University Avenue Notice of Exemption