



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Second District

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Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: September 30, 2025

09

TO: Board of Supervisors

SUBJECT

ADOPTION OF RESOLUTION OF INTENTION TO SELL SURPLUS REAL PROPERTY - 11.71 ACRES ON COTTONWOOD AVENUE, SANTEE - COUNTY PARCEL NUMBER 2013-0091-A; AUTHORIZATION TO CONDUCT PUBLIC AUCTION AT COUNTY OPERATIONS CENTER; AND APPROVAL OF RELATED CEQA EXEMPTION (DISTRICT: 2)

OVERVIEW

On December 3, 2013 (18), the Board of Supervisors (Board) declared County of San Diego (County) Parcel Number 2013-0091-A (Property 1) surplus to County needs. Property 1 is also identified as Assessor's Parcel Number (APN) 381-051-17 and consists of approximately 11.71 acres of vacant land located immediately south of the Edgemoor Skilled Nursing Facility. The property is zoned TC-R-14, 14 to 22 residential units per acre. In November 2016, the County issued a Notice of Availability per State of California Surplus Land Act (SLA) and attempted to sell the property twice to repay the Edgemoor Development Fund, per Board Policy F-38, Edgemoor Property Development.

On August 1, 2024, the County issued the Notice of Availability (NOA) as required by SLA to local public entities, as defined by Section 50079 of the Health and Safety Code, that have jurisdiction where the surplus land is located and to California Housing Finance Agency Certified Housing Sponsors, as defined by Section 50074 of the Health and Safety Code, that have notified the California Department of Housing and Community Development of their interest in surplus land for the development of affordable housing. In accordance with SLA, interested parties were given 60 days to respond to the NOA. The County did not receive interest from any public entities, but did receive proposals from three housing sponsors, and entered into a good faith negotiation period with the selected developer as required by SLA. However, the County and the selected developer were not able to agree on mutually satisfactory terms for the sale.

Today's request is for Board authority to take the actions necessary to sell Property 1 to the highest bidder in accordance with California Government Code Sections 25520 et seq. If the Board takes the actions recommended on September 30, 2025, then on October 27, 2025, the Director of General Services, or designee, will conduct the bid openings for the sale of Property 1, open bids from bidders, open the floor for oral bids, select the highest responsible bidder, and return to the Board on December 9, 2025 for the final acceptance of Property 1 selected bidder and approval of

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the sale. As allowed by Government Code 25527, if the winning bidder is represented by a licensed real estate broker, a commission will be paid from the proceeds of the sale to the licensed real estate broker at the rate of two percent of the sale price. As required by Section 54233 of the California Government Code, at the time of sale, the County will record a restrictive covenant against Property 1. The restrictive covenant will state that if 10 or more residential units are developed on the property then at least 15% of the total units shall be rented or sold at affordable housing cost or affordable rent to lower income households as defined in Section 54233. The minimum bid for Property 1 is \$15,000,000 representing an as-is value based on an appraisal addendum dated August 23, 2025. Pursuant to Board Policy F-38, *Edgemoor Property Development*, the net proceeds from the sale of the property will be deposited to the Edgemoor Development Fund.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed actions are exempt from review under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15312 as it is the sale of surplus government property that is not located in an area of statewide, regional, or areawide concern identified in Section 15206(b)(4) of the State CEQA Guidelines.
2. Approve and adopt the Resolution entitled: RESOLUTION OF INTENTION TO SELL REAL PROPERTY AND NOTICE INVITING BIDS FOR REAL PROPERTY NUMBER 2013-0091-A. **(4 VOTES)**
3. Direct the Clerk of the Board of Supervisors to post the adopted Resolution and advertise the County's Notice of the Adoption of the Resolution of Intention to Sell Real Property Number 2013-0091-A in accordance with the Government Code Sections 25528 and 6063.
4. Authorize the Director, Department of General Services, or designee, to conduct the bid opening and select the highest bidder for Real Property Number 2013-0091-A on October 27, 2025, and return to the Board for the final approval of the highest bidder.

EQUITY IMPACT STATEMENT

Parcel Number 2013-0091-A (Property 1) is among 25 sites in the City of Santee (City) that were recently rezoned to reduce the residential density and is now in the moderate-income category of housing. It is anticipated that the approval of today's recommendations will increase housing production that meets the needs of the community in the City. As required by Surplus Land Act Government Code Section 54222.5 and California Department of Housing and Community Development, the County will record a restrictive covenant against Property 1 at the time of sale, which state that if 10 or more residential units are developed on Property 1, then at least 15% of the total number of units developed on the property shall be sold or rented as affordable housing for a period of 45 or 55 years, respectively, from the date of occupancy. The revenue resulting

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from the sale of Property 1 will be deposited to the Edgemoor Development Fund and used to support annual debt service for the Edgemoor Skilled Nursing Facility.

SUSTAINABILITY IMPACT STATEMENT

Today's proposed action contributes to the County of San Diego's Sustainability Goal No. 1 to engage the community to partner and participate in decisions that impact communities and Goal No. 2 to provide just and equitable access to develop land for housing needs.

FISCAL IMPACT

Funds for this request are included in the Fiscal Year 2025-26 Operational Plan in the Department of General Services. If approved, this request will result in DGS staff costs of approximately \$60,000 in Fiscal Year 2025-26. The funding source is charges to client departments.

If the sale of Parcel Number 2013-0091-A (Property 1) is completed, this will result in revenue of \$15,000,000 anticipated in Fiscal Year 2026-27. Pursuant to Board Policy F-38, *Edgemoor Property Development*, the net proceeds from the sale of the property will be deposited to the Edgemoor Development Fund to support the annual debt service for the Edgemoor Skilled Nursing Facility. 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

In the 1920s, the County of San Diego (County) acquired approximately 426 acres of land in what is now the City of Santee (City). Portions of the property are used by the County for the Edgemoor Skilled Nursing Facility and the Las Colinas Detention and Reentry Facility. Other portions of the land have been sold or leased to private entities, have been conveyed to the City for public purposes, or are undeveloped.

County Parcel Number 2013-0091-A (Property 1) is the only County-owned undeveloped residential land north of the San Diego River. Property 1 is also identified as Assessor's Parcel Number 381-051-17 and consists of approximately 11.71 acres of vacant land located immediately south of the Edgemoor Skilled Nursing Facility between Cottonwood Avenue and Park Center Drive in the City (Attachment A, Location Map). The property is zoned TC-R-14, 14 to 22 residential units per acre.

On December 3, 2013 (18), the Board of Supervisors (Board) declared Property 1 surplus to County needs and adopted a Resolution declaring the County's intention to sell the property. On January 28, 2014 (6), Property 1 was offered for sale through a competitive bidding process. A local development company was the highest bidder, and the Board approved the sale for Property

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1 for \$4,500,000. The buyer had a 30-day period to conduct due diligence and then either close escrow within 60 days or cancel the transaction. As the result of the due diligence investigation, the bidder cancelled the transaction.

On November 8, 2016, the County issued a 60-day Notice of Availability (NOA) to other public agencies pursuant to State of California Surplus Land Act (SLA), Government Code section 54220 et seq. of 10 parcels in the City, including Property 1. No notices of interest in response to the issued NOA were received.

On September 12, 2017, the Board adopted a Resolution of Intention to Sell Real Property and Notice Inviting Bids for County Parcel Number 2013-0091-A. On October 10, 2017 (8), the Board conducted a bid opening and accepted the highest bid. Following Board approval of the sale of the property, a Purchase and Sale Agreement (PSA) for Property 1 was executed and escrow opened on October 31, 2017. Although obtaining development entitlements was not a condition to complete the sale, the ability to sell Property 1 was impacted by two issues related to zoning that arose after the opening of escrow. The zoning issues impacted the ability to develop the property as contemplated at the time of the bid opening and the Board approved a PSA Amendment, which resulted in escrow being canceled.

The County worked with the City on their rezone, which shifted high density housing from Property 1 and County property immediately south of Property 1 (Property 2) to the Edgemoor Remainder Parcel, which is located east of the Las Colinas Detention and Reentry Facility. In October 2022, the City approved a General Plan Amendment, Town Center Specific Plan Amendment, Rezone Ordinance/Zoning Amendment Ordinance that impacted Property 1. The property was rezoned TC-R-14, 14 to 22 residential units per acre, reducing the residential density and placing it in the moderate-income category and is eligible for By-Right residential development. The rezone became effective on November 26, 2022, and the County is now pursuing the sale of Property 1.

On August 1, 2024, the County issued a NOA to public entities and housing sponsors as required per SLA; interested parties were given 60 days to respond to the NOA. The County did not receive any proposals from public agencies but did receive proposals from three housing sponsors. As required per SLA, Government Code Section 54227, the County selected a proposal based on the greatest number of affordable units proposed. However, after almost eight months of good faith negotiations, the parties were not able to agree on mutually satisfactory terms for the sale of Property 1. California Housing and Community Development confirmed that the County complied with the requirements of the SLA, as such, the County can now sell the property to the general public. Today's request is for Board authority to take the actions necessary to sell Property 1 to the highest bidder in accordance with California Government Code Sections 25520 et seq. Pursuant to Board Policy F-38, *Edgemoor Property Development*, the net proceeds from the sale of the property will be deposited to the Edgemoor Development Fund to support the annual debt service for the Edgemoor Skilled Nursing Facility.

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Bid Openings

If the Board takes the actions recommended on September 30, 2025, then on October 27, 2025, the Director, Department of General Services, or designee (Director), will conduct the bid openings for the sale of Property 1 in accordance with Government Code Sections 25539 and County Administrative Code Section 73.2(a). The Director will open written bids (Attachment E) submitted by prospective buyers, if any, and the highest bid will be announced. At that time, prospective buyers will have the opportunity to orally bid at least 5% higher than the highest conforming written bid submitted. The oral bidding will continue until the highest bid is identified. Each bidder shall submit a bid deposit in the amount of \$10,000, and may submit a written bid, an oral bid, or both. The bid deposit of the successful bidder will become part of the deposit required at the opening of escrow and will be applied to the purchase price. Bid deposits will be returned to each unsuccessful bidder.

The Director will return to the Board on December 9, 2025, for final acceptance of the highest bidder and approval of the sale of Property 1 to the highest bidder. If the Board accepts the highest bidder and approves the sale, the successful bidder shall execute a Purchase and Sale Agreement within five business days after the approval of the sale by the Board. At the opening of escrow, the selected bidder shall deposit into escrow the greater of \$450,000 or 3% of the selected highest bid minus the \$10,000 bid deposit that was retained by the County. The deposit will be applied to the purchase price for Property 1 at the close of escrow or paid to the County as liquidated damages if escrow does not close and the sale is cancelled due to a buyer default.

The close of escrow will occur no later than 180 days after the opening of escrow. Additionally, the buyer will have three options of 30 days each to extend the close of escrow, at a cost of 1% of the purchase price or as determined by the Director in the Director's discretion.

Per California Government Code Section 54233, at the time of sale, the County will record a restrictive covenant against Property 1. The restrictive covenant will state that if 10 or more residential units are developed on the property then at least 15% of the total units shall be rented or sold at affordable housing cost or affordable rent to lower income households as such terms are defined in Section 54233.

ENVIRONMENTAL IMPACT

Today's proposed action to sell surplus County Parcel Number 2013-0091-A is categorically exempt from environmental review pursuant to Section 15312 of the California Environmental Quality Act (CEQA) Guidelines as the actions involve the sale of surplus government properties that are not located in an area of statewide, regional, or areawide concern identified in Section 15206(b)(4) of the State CEQA Guidelines. Additionally, no exceptions listed in CEQA Guidelines Section 15300.2 apply to the proposed actions. There are no development plans currently in place for the site, recording a restrictive covenant is required pursuant to Government Code Section 54222.5, and any potential impacts would be too speculative to analyze at this point. See Attachment C for Notice of Exemption.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Sustainability Strategic Initiative in the County of San Diego's 2025-2030 Strategic Plan by aligning the County's available resources with services, maintains fiscal stability, and ensures long-term solvency. This action will enhance fiscal stability through the generation of revenue from the sale of Parcel Number 2013-0091-A to repay the Edgemoor Development Fund annual debt service. This action also aligns with the draft Housing Blueprint's goal of Producing Housing for All. Directed by the Board on December 13, 2022 (30), this goal aims to support and implement policies to increase housing production of all kinds in areas with access to transit, jobs, and amenities that enhance quality of life for residents.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A – Location Map
Attachment B – Site Map
Attachment C – Notice of Exemption
Attachment D – Property 1 Resolution
Attachment E – Property 1 Bid Package
Attachment F – Property 1 Notice of Adoption of Resolution