



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

PALOMA AGUIRRE
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: October 21, 2025

11

TO: Board of Supervisors

SUBJECT

AUTHORIZATION TO NEGOTIATE PURCHASE OF PROPERTY FOR THE TROY STREET SLEEPING CABINS PROJECT AND ADOPTION OF A RESOLUTION DECLARING THE LAND WILL BE USED FOR A PUBLIC PURPOSE (DISTRICT: 4)

OVERVIEW

On October 19, 2021 (15) and February 8, 2022 (14), the San Diego County Board of Supervisors (Board) approved recommendations to advance Compassionate Emergency Solutions and Pathways to Housing (CESPH) efforts for people experiencing homelessness in the unincorporated areas of San Diego County. Subsequently and as part of these efforts, on July 16, 2024 (21), the Board directed staff to enter a lease with State of California Department of Transportation (Caltrans) and develop the Caltrans owned site located at 2800 Sweetwater Road in Lemon Grove (Property) into a non-congregate, emergency housing facility for people experiencing homelessness.

The planning, assessment, design and pre-construction activities have been completed, and the County of San Diego (County) is ready to break ground as soon as the rights to the Property can be secured. Staff have been engaging with Caltrans in efforts to execute a lease. The Property was initially purchased by Caltrans using federal grant funds, which requires the Federal Highway Administration (FHWA) to approve the use of this site. Caltrans recently informed the County that the required lease approval by the FHWA was denied, and the only viable path forward would be for the County to purchase the Property directly from Caltrans, under certain conditions, at an estimated price of approximately \$2 million.

Today's item requests the Board to authorize the Director, Department of General Services, to negotiate the purchase of the Property from Caltrans and adopt a Resolution declaring that the Property will be used for public purposes. Staff will return to the Board to request approval to post the required notices and authority to complete the purchase of the Property at the conclusion of negotiations.

This item supports the County vision of a just, sustainable, and resilient future for all, specifically 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.

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RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed action to negotiate the purchase of the property, as well as the action of adopting a resolution declaring that if the property is acquired, the property will be used for public purposes, are both administrative in nature and are not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(3) and 15378(b)(5) of the CEQA Guidelines.
2. Authorize the Director, Department of General Services, or designee, to negotiate the purchase of the property located at 2800 Sweetwater Road, Lemon Grove, CA from the State of California Department of Transportation, which is the future site of the emergency shelter for people experiencing homelessness and return to the Board for the necessary funding and approvals to complete the purchase.
3. Adopt a Resolution entitled: A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO DECLARING THAT THE LAND IDENTIFIED IN DIRECTORS DEED DD16450-01-01 WILL BE USED FOR PUBLIC PURPOSES (Attachment A).

EQUITY IMPACT STATEMENT

According to the Regional Taskforce on Homelessness, the 2025 Point-in-Time Count identified 9,905 individuals living on the streets or in shelters; of those, 5,714 individuals were counted as unsheltered. Regionwide, there was a decrease of 7% from the previous year. Among those experiencing unsheltered homelessness, 7% are veterans, 7% are youth, 1% are families, and 46% are chronically homeless. Troy Street project will expand access to emergency housing and homelessness services to marginalized populations and assist them in attaining support to secure and retain permanent housing.

SUSTAINABILITY IMPACT STATEMENT

Today's proposed action supports the County of San Diego Sustainability Goal #2 to provide just and equitable access to services and resources, and Sustainability Goal #4 to protect the health and well-being of everyone in the region. The Troy Street Project improves access to critical emergency housing and homelessness services, including housing navigation, financial support, employment services, and access to behavioral healthcare. Access to this array of services will help address the needs of unhoused individuals and improve public health across the region.

FISCAL IMPACT

There is no fiscal impact associated with today's actions for Fiscal Year 2025-26. If approvals are received by the Federal Highway Administration and California Transportation Commission, staff will return to the Board for approval to allocate the funding, post the required notices and authority to complete the purchase of the Property at the conclusion of negotiations. At this time, there is no change in net General Fund cost and no additional staff years.

There is a fiscal risk associated with the acquisition of this property. If the Board approves the acquisition of the State of California Department of Transportation (Caltrans) property, Caltrans will require that the deed conveying the Property contains a clause requiring the stated public

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purposes continue for a period of 15 years. If the property ceases to be used exclusively for public purposes during the 15-year period, Caltrans may exercise power of termination and take back ownership of the property. Any change of use of the property will be subject to California Environmental Quality Act review.

BUSINESS IMPACT STATEMENT

NA

BACKGROUND

On October 19, 2021 (15) and February 8, 2022 (14), the San Diego County Board of Supervisors (Board) approved recommendations to advance Compassionate Emergency Solutions and Pathways to Housing (CESPH) efforts for people experiencing homelessness. The County of San Diego (County) Office of Homeless Solutions (OHS), in partnership with the County Department of General Services (DGS), actively engaged in efforts to move viable sites forward to assist people experiencing homelessness in the unincorporated areas of San Diego County. As part of CESPH efforts, three safe parking programs were launched – Magnolia Safe Parking in 2022, Bancroft Safe Parking in 2024, and Grantville Safe Parking in 2025. Combined, these programs serve up to 44 households experiencing homelessness, living in their vehicles on any given night.

Subsequently, on July 16, 2024 (21), the Board directed staff to develop a State of California Department of Transportation (Caltrans) owned site located at 2800 Sweetwater Road in Lemon Grove (Property) into non-congregate emergency housing for people experiencing homelessness (Troy Street Project). The site would feature a mixture of approximately 60 single and double sleeping cabins, common areas, and hygiene facilities. This emergency housing program is expected to serve on average 70 individuals on any given night and 140 individuals annually, providing shelter, case management, and housing navigation toward permanent housing. The anticipated length of stay is on average six months per person. The program would also provide meals, access to internet, flexible funding to remove barriers to housing such as rental application fees, rental deposits, car repairs, transportation, job-seeking costs, and connections to services and resources based on individuals' needs. Additionally, on July 16, 2024 (21), the Board allocated \$11.1 million in planning, design and construction costs for this project which commenced in the same year.

County staff hired a designer to prepare construction drawings and engaged the community through several events in late 2024. Safety was a key focus throughout these conversations, and community feedback helped refine the design to ensure it met that goal. For example, discussions around visibility led to a hub-and-spoke layout that reduces blind spots and improves sightlines between future residents and security guards, reinforcing both safety and community trust in the project. Staff presented the updated plans at a Lemon Grove City Council meeting in March 2025 to show the community the design and how their feedback helped guide it.

Thus far, approximately \$1.1 million has been expended on assessment, design, and pre-construction activities that included design and construction drawings, Aerially Deposited Lead Survey, a Phase 1 Environmental Site Assessment, and a National Environmental Policy Act

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Categorical Exclusion. Staff estimate this program’s ongoing operational costs at approximately \$3.6 million per year. This analysis assumes an average stay of 180 days based on the data collected from the two years of operations of the Regional Homeless Assistance Program (2023 and 2024).

Caltrans initially offered this Property to the County for homeless solutions in 2021 and confirmed that property was still available for this use in July 2024 when the Troy Street Project was approved by the Board. Subsequently, County staff engaged with Caltrans in lease negotiations, and the lease package was submitted to Caltrans in Spring of 2025 for approval by Caltrans and the Federal Highway Administration (FHWA). Because the Property was originally purchased by Caltrans with federal grant funds as part of the State Route 125 project, FHWA approval is required before Caltrans may lease the Property to the County. Over the past several years, Caltrans has leased several of its properties to local governments to build homeless solutions without objection from FHWA. However, in August 2025, FHWA changed course and denied approval of a lease of the Property to the County. FHWA objected to the lease because this Property was considered “excess land,” and as such, must be sold at a public auction per State and federal regulations.

Since receiving the FHWA’s determination, the County and Caltrans have been collaborating to determine whether the Property can be directly sold to the County instead of at a public auction. Caltrans believes that this may be possible so long as the County’s use of the property as a homeless solution is considered a “public purpose” by the California Transportation Commission (CTC) and the FHWA. If these two entities agree that the Troy Street Project meets the public purpose requirement, Caltrans can sell the property directly to the County at market rate, which is estimated to be approximately \$2 million. Caltrans will also require that the deed conveying the property contains a clause requiring the stated public purpose continue for a period of 15 years and if the Property ceases to be used exclusively for public purposes during the 15-year period, Caltrans may exercise power of termination and take back ownership of the Property. Per Caltrans, a Board approved Resolution stating the intended public purpose must be submitted for approval to CTC and FHWA. As such, this item requests the Board to adopt a Resolution that states if the Property is acquired, it will be used for public purposes, such as emergency shelter for people experiencing homelessness, public park, public works projects, and/or public safety facility(ies). If either CTC or FHWA does not approve homeless solutions as a “public purpose,” Caltrans will not be permitted to sell the Property directly to the County and must dispose of it at a public auction.

The County has completed the design and permitting of this project and could break ground soon after securing rights to the Property. Staff will continue to work with Caltrans as the project moves forward. Today’s item requests the Board to authorize the Director, Department of General Services, to negotiate the purchase of the property from Caltrans and adopt a Resolution declaring that the Property will be used for public purposes. If approved, staff will return to the Board to request approval to post the required notices and authority to complete the purchase of the Property at the conclusion of negotiations with Caltrans. The new timeline if direct purchase is approved estimates that the project would break ground in Summer 2026 and the program would launch in Summer 2027.

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ENVIRONMENTAL STATEMENT

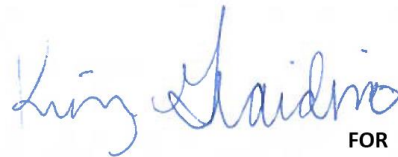
Today's proposed actions to negotiate the purchase of property as well as to adopt a resolution declaring that if the property is acquired, the property would be used for public purposes, are both administrative in nature and are not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(3) and 15378(b)(5) of the CEQA Guidelines. The Board approved a Notice of Exemption for construction of the project on July 16, 2024 (21) and found that the work proposed at the Troy Street Sleeping Cabins site is exempt from CEQA pursuant to State CEQA Guidelines sections 15301, 15303, 15304, 15311 and 15269(c).

Meaningful CEQA review for any other future use of the project site cannot be completed at this stage as other future projects and designs have not been established for the site. Any future changes to the site or changes in use that may result in direct or indirect physical changes in the environment will be contingent upon CEQA compliance once proposed.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the County of San Diego 2025-2030 Strategic Plan initiatives of Sustainability (Resiliency), Equity (Economic Opportunity), and Community (Quality of Life) by expanding access to homelessness services for individuals experiencing or at-risk of experiencing homelessness.

Respectfully submitted,



FOR

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A – A Resolution of the Board of Supervisors of the County of San Diego Declaring that the Land Identified in Directors Deed DD16450-01-01 Will Be Used for Public Purposes