



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

VACANT
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: May 6, 2025 and June 3, 2025

14

TO: Board of Supervisors

SUBJECT

FALLBROOK – APPROVE ACQUISITION OF APPROXIMATELY 3.04 ACRES OF LAND FROM NORTH COUNTY FIRE PROTECTION DISTRICT (05/06/2025 – SET HEARING; 06/03/2025 – HOLD HEARING), APPROVE EXEMPT SURPLUS PROPERTY DECLARATION AND AUTHORIZE THE ISSUANCE OF REQUEST FOR PROPOSALS FOR DEVELOPMENT OF AFFORDABLE HOUSING AND RELATED CEQA EXEMPTION (DISTRICT: 5)

OVERVIEW

The County of San Diego (County) administers various housing programs to increase access to affordable housing options for San Diego County residents. The 6th Cycle Regional Housing Needs Assessment, which covers the planning period of October 2021 through October 2029, indicates that 68,959 units are needed regionally for very low, and low-income individuals and households. Units reserved for very low and low-income individuals and households serve tenant populations earning below 80% area median income, which is currently \$92,700 for a one-person household and \$132,400 for a four-person household. Addressing the housing needs of residents is essential for their self-sufficiency and well-being.

On August 31, 2021 (6), the San Diego County Board of Supervisors (Board) directed the Chief Administrative Officer (CAO) to utilize \$5 million for innovative and sustainable affordable housing policy research, affordable housing policy development and implementation and evaluation of affordable housing pilot programs that advance equity, sustainability, and affordability. Additionally, on May 2, 2023 (9), the Board directed the CAO to explore opportunities to acquire land in Fallbrook and other communities for the development of affordable senior housing and return to the Board with an identified property or properties and funding options, including recommendations to utilize up to \$2.5 million based on unassigned General Fund balance. The Board also authorized the Director, County Department of General Services, to negotiate the acquisition of such site(s), execute option agreement(s), begin due diligence, and return for the necessary funding and approvals of the purchase(s).

Today's item requests the Board to set a hearing for June 3, 2025, to consider approval of the purchase of the Property and direct the Clerk of the Board to provide public notice of the hearing. If approved, staff will return to the Board on June 3, 2025, to request authorization to purchase the

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Property in Fallbrook, declare it exempt surplus land and authorize a request for proposals to select an affordable housing developer for the site or retain or dispose of the site for other permissible uses. This item aligns with the County 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 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 supporting the expansion of affordable housing that is equitable and sustainable and meets the needs of the community for years to come.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER
On May 6, 2025:

1. Find that the proposed action to set a hearing is not subject to California Environmental Quality Act (CEQA) because it is an administrative action and not an approval of a project as defined by CEQA and does not commit the County of San Diego (County) to a definite course of action under sections 15352 and 15004(b)(2)(A).
2. Set a hearing for June 3, 2025, at which time the Board of Supervisors (Board) may authorize the Director, Department of General Services (DGS), to exercise the option to purchase an approximately 3.04-acre portion of Assessor's Parcel Number (APN) 103-233-23 for the appraised value of \$2,064,000.
3. Direct the Clerk of the Board to provide notice of the June 3, 2025, hearing via publication and posting as required by law.

If, on May 6, 2025, the Board takes the actions recommended in Items 1 – 3 above, then on June 3, 2025:

1. Find that the proposed acquisition of a portion of APN 103-233-23 is exempt from CEQA because it does not commit the County to a definite course of action with respect to construction of any project per CEQA Guidelines sections 15352 and 15004(b)(2)(A), which allows agencies to designate a preferred site for CEQA review and enter into land acquisition agreement when the agency has conditioned the agency's future use of the site on CEQA compliance. There are no development plans currently in place for the site, and any potential impacts would be too speculative to analyze at this point. The Board hereby conditions any future use of the site upon CEQA review and compliance.
2. Authorize the Director, DGS or designee, to exercise the option to purchase an approximately 3.04-acre portion of APN 103-233-23 for the appraised value of \$2,064,000 from North County Fire Protection District (utilizing the unassigned General Fund Balance) and to execute all escrow and related documents necessary to complete the purchase of a portion of APN 103-233-23.

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3. Find that the proposed actions to declare the property exempt surplus land and issue a Request for Proposals (RFP) are not subject to review under CEQA pursuant to CEQA Guidelines Section 15060(c)(3) because the actions are not a project as defined in Section 15378 of the CEQA Guidelines.
4. Find that a portion of APN 103-233-23 proposed to be acquired from North County Fire Protection District is not needed for County use at this time, but that the property can be used to potentially provide affordable housing to individuals or households of low or moderate income, or other alternative uses.
5. Find that the 3.04-acre portion of APN 103-233-23 is exempt surplus land under Government Code Section 54221(f)(1)(A) of the Surplus Land Act because it will be disposed of pursuant to Government Code Section 25539.4 for the 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, to issue an RFP for the sale for nominal value and development of a portion of APN 103-233-23 for affordable housing in accordance with the requirements contained in Government Code Section 25539.4, to evaluate the proposals for negotiation, and to negotiate with the selected proposers the terms of a Disposition Development Agreement (DDA) that will document the conditions of the sale for the property, and return to the Board for approval of the DDA.

EQUITY IMPACT STATEMENT

Housing affordability and housing insecurity are key drivers of regional and statewide poverty rates. The high cost of housing impacts all San Diegans, but the burden falls disproportionately on low-income residents. Supporting affordable housing needs of low-income residents including seniors advances equity and reduces financial burden, leading to better physical and mental health outcomes and improved community stability. Purchasing land for potential development of affordable housing creates private sector jobs and economic opportunities in San Diego County and contributes to the County of San Diego efforts to address local housing shortages and meet the needs of low-income residents for years to come. The development of future affordable housing on the identified Fallbrook site is contingent upon the approval of a General Plan Amendment. If approved, a Request for Proposal will be issued, based on findings from a Market Study, to ensure future development aligns to the community's needs, particularly for low-income seniors.

SUSTAINABILITY IMPACT STATEMENT

Today's proposed actions for the Board of Supervisors to set a hearing for June 3, 2025, to consider the acquisition of the proposed property supports the County of San Diego (County) Sustainability Goal #2 to provide just and equitable access to County resource allocation in support of sustainable communities and Sustainability Goal #4 to protect health and well-being of residents. This proposed action supports the building of safe and affordable housing and providing community resources that are equitable and sustainable. These efforts improve the overall health and well-being and reduces barriers for low-income residents.

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FISCAL IMPACT

Funds for this request are included in the Fiscal Year 2024-25 Operational Plan for the Health and Human Services Agency. If approved, this request will result in total costs of \$2,432,000. This includes \$2,064,000 for the acquisition of a portion of Assessor's Parcel Number 103-233-23, \$10,000 for escrow and title fees, \$300,000 for staff time, consultant and due diligence costs related to the proposed acquisition and future Request for Proposal effort, \$18,000 for consultant services to conduct a market analysis, and \$40,000 for land caretaking costs prior to conveyance to a developer. The funding source is unassigned General Fund balance set aside for evaluation of affordable housing pilot programs that advance equity, sustainability and affordability. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The current housing landscape in the San Diego region highlights the urgent need for increasing affordable housing opportunities. The County of San Diego (County) manages several housing programs that focus on enhancing access to affordable housing for all residents within the region. According to the 6th Cycle Regional Housing Needs Assessment (RHNA), which covers the planning period of October 2021 through October 2029, there is a regional requirement for 68,959 housing units designated for very low and low-income individuals and families. Of the required number of housing units identified in the RHNA, the County's goal includes 6,700 total units, of which 2,826 will be allocated for very low and low-income individuals and households. All units allocated for very low and low-income individuals and households cater to tenant populations earning below 80% of the area median income, which is currently \$92,700 for an individual and \$132,400 for a household of four. Supporting the housing needs of residents is critical in reducing financial limitations, leading to improved physical and mental health outcomes.

On August 31, 2021 (6), the San Diego County Board of Supervisors (Board) directed the Chief Administrative Officer (CAO) to utilize \$5 million for innovative and sustainable affordable housing policy research, affordable housing policy development and implementation, and evaluation of affordable housing pilot programs that advance equity, sustainability, and affordability. The funding source was based on unassigned General Fund balance. Additionally, on May 2, 2023 (9), the Board directed the CAO to explore opportunities to acquire land in Fallbrook and other communities for the development of affordable senior housing and return to the Board with an identified property or properties and funding options, including recommendations to utilize up to \$2.5 million based on unassigned General Fund balance. The Board also authorized the Director, County Department of General Services (DGS), to negotiate

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the acquisition of such site(s), execute option agreement(s), begin due diligence, and return for the necessary funding and approvals of the purchase(s).

Following these Board actions, the County Housing and Community Development Services and DGS collaborated to identify land that is potentially suitable for future affordable housing development or other County uses. Staff have identified a 3.04-acre portion of a property (Assessor's Parcel Number 103-233-23) owned by North County Fire Protection District (Seller) located at 315 E. Ivy Street in Fallbrook (Property) for the Board to consider its purchase for the potential future development of affordable housing or other County uses. The Property is currently leased to the Bonsall/Fallbrook Little League (BFL) for use as a baseball field, under a lease that BFL can terminate upon thirty (30) days' notice and NCFPD can terminate upon sixty (60) days' notice. After escrow closes, the County will take ownership of the site and honor the existing lease, allowing BFL to continue using the field until a developer is selected for the future affordable housing development or the Property is needed for another County use.

DGS completed a real estate valuation of the Property and has entered into an Option to Purchase Agreement with the Seller for the appraised value of \$2,064,000. The appraised value of the Property factored in the need for a General Plan Amendment (GPA) and the associated time and costs, which impacts the Property's value. The Property has a General Plan land use designation of Public/Semi-Public Facilities and zoned FB-V3 (24 dwelling units per acre). County Planning and Development Services confirmed that a GPA will be required given public use as the assigned underlying designator of Rural Lands 80 (RL-80).

Should the Board approve today's proposed action to set a hearing for June 3, 2025, to consider the acquisition of the proposed Property and direct the Clerk of the Board to provide public notice of the hearing, a hearing will be set on June 3, 2025, for the Board's consideration of additional actions. This includes declaring the Property exempt surplus land, issuing a Request for Proposals (RFP) to select an affordable housing developer for this site, and authorizing to negotiate with the selected developer on the terms of a Disposition Development Agreement (DDA) that will document the conditions of the sale. Prior to issuing an RFP for the property, a Market Study will be conducted to ensure future development aligns to the community's needs. The Market Study will assess factors such as income levels, demographics, and current housing gaps in the Fallbrook community to ensure the project effectively serves the populations most in need, creating housing that is responsive, sustainable, and promotes long-term housing stability.

These actions are the next steps in the process should the County continue with the development of affordable housing, as directed by the Board on May 2, 2023 (9). The development of affordable housing will only occur after the California Environmental Quality Act (CEQA) requirements have been met and the GPA has been processed. Development of future affordable housing on the identified site is contingent upon approval of a GPA. If the GPA is not approved, the County will

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use the Property for another permissible purpose or dispose of the Property in accordance with all applicable laws.

The total one-time County costs, including site acquisition, land caretaking costs, staff time, Market Study, and due diligence are \$2,432,000. Funds for this request are included in the Fiscal Year 2024-25 Operational Plan of the General Fund balance. The costs of processing the GPA, site due diligence, as well as CEQA will be passed along to the selected development partner who will build and oversee operations at the future affordable housing community. Given that these costs are anticipated to be significant, staff recommends conveyance of the site to the selected developer for a nominal price via a sale that is deed-restricted to affordable housing. The Board will be requested to find that the Property is not needed for County use at this time but can be used to potentially provide affordable housing for individuals or households of low or moderate income.

California Surplus Land Act (SLA) requires the County to declare County-owned land surplus or exempt surplus prior to participating in negotiations to dispose of the land in question. However, the SLA does not require the County to dispose of land should negotiations fail, or the GPA is not approved. Future affordable housing development is subject to the selection of a development partner, meeting CEQA requirement, and the approval of a GPA. As such, the Board is also requested to declare the Property exempt surplus land under Government Code Section 54221(f)(1)(A) of the SLA, because it is to be disposed of pursuant to Government Code Section 25539.4. If the Board makes the requested findings and declares the Property exempt surplus land, the RFP will be released to allow developers to provide their best proposal for development of affordable housing.

The development will be structured so that units and affordability requirements conform, at a minimum, to Government Code Section 25539.4. This requires, among other things, that at least 80 percent of the property being disposed be used for housing development. Additionally, at least 40 percent of the housing units developed must be affordable to households whose incomes meet the requirements outlined in Government Code Section 25539.4. The Property will be conveyed to the selected developer pursuant to the terms of the DDA, upon receipt of all financing, permits and entitlements needed to begin construction, via a Grant Deed with use restrictions.

Additionally, a Regulatory Agreement restricting 100 percent of the residential units to affordable housing will be recorded against the Property. The developer will be selected via a confidential Source Selection Committee procurement process. Staff will then negotiate the DDA, which will outline the terms of development on the site. Upon compliance with all applicable CEQA requirements, staff will then return to the Board for approval of the DDA. CEQA compliance will include completion of a GPA, anticipated to take approximately three to five years.

Today's item requests the Board to set a hearing for June 3, 2025, to consider the acquisition of the proposed Property and direct the Clerk of the Board to provide public notice of the hearing. If

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the Board approves the action as requested, then on June 3, 2025, the Board will be requested to authorize the purchase of the Property, declare the Property exempt surplus land, and authorize the issuance of an RFP to select an affordable housing developer for the site. The development of future affordable housing on the identified Fallbrook site is contingent upon the selected development partner completing CEQA, and the approval of a GPA. If not approved, the County will use the Property for another permissible purpose or dispose of the Property in accordance with all applicable laws.

ENVIRONMENTAL STATEMENT

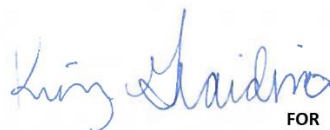
The San Diego County Board of Supervisors (Board) approval to acquire a portion of APN 103-233-23 is exempt from California Environmental Quality Act (CEQA), pursuant to Section 15352 and 15004(b)(2)(A), as it does not commit the County of San Diego to a definite course of action with respect to construction of any project. Additionally, agencies are allowed to designate a preferred site for CEQA review and enter into land acquisition agreement when the agency has conditioned the agency's future use of the site on CEQA compliance. There are no development plans currently in place for this site. Any future changes to the Property that may result in direct or indirect physical changes in the environment will be contingent upon CEQA compliance, once proposed. The development of affordable housing will only occur after the required CEQA requirements have been met and the General Plan Amendment has been processed.

The Board's declaration of the Property, exempt surplus land and issuance of a Request for Proposal, are not subject to CEQA review, pursuant to CEQA Guidelines Section 15060(c)(3), as these actions are not a project as defined in Section 15378 of the CEQA guidelines.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's item supports the Community (Safety, Quality of Life) Strategic Initiative in the County of San Diego (County) 2025 – 2030 Strategic Plan by helping to ensure safety for communities and improve the quality of life for all residents. This item also aligns with the County Housing Blueprint, a broad policy document approved by the Board on August 27, 2024 (14) structured around five essential policy goals known as the 5 Ps, focused on addressing the root causes of the housing crisis. Additionally, this item supports the Blueprint's first two P's to 'Promote Equity' and 'Produce Housing for All', by addressing local housing shortages and meeting the needs of low-income residents for years to come.

Respectfully submitted,



FOR

EBONY N. SHELTON
Chief Administrative Officer

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ATTACHMENT(S)

Attachment A – Site Map