

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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September 6, 2022

Penny Maus
Director, Real Estate and Airport Management
City of San Diego
1200 Third Avenue
Suite 1700
San Diego, CA 92101

Dear Penny Maus:

RE: Written Comments Regarding the City of San Diego's Proposed Disposition of Surplus Land for the Real Property at 3500, 3250, 3220, and 3240 Sports Arena Boulevard (APN 441-590-04)

The City of San Diego (City) has requested that the California Department of Housing and Community Development (HCD) perform a preliminary review of documents relating to the City's proposed disposition of real property at APN 441-590-04 ("Property") to ensure that the City has complied, to date, with all applicable requirements of the Surplus Land Act (SLA).

Completing the requirements of the SLA is a multi-step process. HCD's review of the documents the City has provided establishes that the City has successfully completed all applicable requirements (detailed below) to date. However, because the City has not yet completed all requirements under the SLA, this letter does not constitute a final approval of the disposition pursuant to Government Code section 54230.5.

According to the City's submitted documents, a Resolution declaring the Property to be surplus was issued on September 9, 2021, and a Notice of Availability (NOA) was sent to all the required housing entities on October 4, 2021. The City has provided HCD with a copy of the signed and dated Resolution, a copy of the NOA, and written evidence that the NOA was delivered to the CalHFA Certified Housing Provider list and the appropriate local public entities. Based on these documents and information, HCD finds that the City has met the requirements under Government Code sections 54221, subdivision (b)(1); 54222, subdivision (a)(1); and HCD's SLA Guidelines sections 200(a) and 201(a).

The City has also provided HCD with documentation showing that, during the required 60-day noticing period under Government Code section 54222, subdivision (e), seven affordable housing entities expressed interest in the Property. Two letters of interest did not address the requirements of the NOA and were rejected pursuant to the HCD Surplus Land Act Guidelines section 202(b)(4)(C). The City provided HCD with a copy and summary of the proposals from

the remaining five developers, detailing the number of affordable housing units at each affordability level by area median income. According to that summary, Midway Rising, LLC, a Delaware limited liability company (Midway), proposed to develop the greatest number of affordable housing units, as well as the greatest number of total housing units. As a result, the City staff is recommending selection of Midway. A review of the five proposals establishes that the City has met the requirements under Government Code section 54227 and HCD's SLA Guidelines section 202(b)(3).

To date, the City has completed the necessary steps under the SLA. However, before the City may agree to terms with Midway for the disposition of the Property, the City must submit a revised summary of negotiations and a draft affordability covenant to HCD, and then await the final disposition review by HCD.

The City or its representatives may send any questions to publiclands@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Zisser', with a long horizontal flourish extending to the right.

David Zisser
Assistant Deputy Director
Local Government Relations and Accountability