

Economic Development

April 24, 2026

California Department of Housing and Community Development
651 Bannan Street, Suite 400
Sacramento, CA 95811

RE: City of San Diego - Proposed Disposition of Surplus Land for the Real
Property at 3500, 3250, 3220, and 3240 Sports Arena Boulevard (APN 441-
590-04) (Midway Rising Site)

Dear HCD Review Team:

The City of San Diego ("City") respectfully submits the enclosed materials for your review and concurrence regarding compliance with the California Surplus Land Act (Government Code Section 54220 et seq.) for the proposed redevelopment of the Midway Rising Site.

Background and Prior HCD Review

On September 6, 2022, HCD issued written comments (Attachment A) confirming that the City had successfully completed the initial procedural requirements of the Surplus Land Act, including the declaration of the property as surplus and the issuance of the Notice of Availability (NOA) to required entities.

HCD further confirmed that the City appropriately received and evaluated responses from qualified housing sponsors and applied the statutory priority criteria, including identifying Midway Rising as the respondent proposing the greatest number of affordable housing units.

HCD advised that, prior to final disposition, the City must submit: 1) a summary of negotiations and 2) draft affordable housing covenants for final review. This submittal is intended to satisfy those remaining requirements.

Process Overview

Following the City Council's declaration of the property as surplus land, the City issued an NOA in accordance with statutory requirements and distributed it to entities identified by HCD. The City received five responsive submittals from qualified development teams and subsequently conducted the required 90-day good faith negotiation period, engaging each respondent through meetings, supplemental information requests, and iterative discussions.

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Throughout this process, the City evaluated proposals based on the priorities established under the Surplus Land Act, including maximizing the number of affordable housing units and the depth of affordability. Upon completion of the negotiation period, and in coordination with HCD, the City advanced a shortlist of respondents and conducted additional due diligence to assess feasibility, financial capacity, and deliverability.

The City ultimately advanced the Midway Rising proposal, consistent with the statutory requirement to provide first priority to the proposal with the greatest number of affordable housing units.

Advancement of Disposition Terms and Affordability Provisions

Following HCD's prior correspondence, the City continued negotiations with the selected development team and has since advanced and substantially finalized the material terms of the proposed disposition, including the structure of a Disposition and Development Agreement and associated ground leases.

In accordance with HCD's direction, the City has also prepared draft affordable housing covenants establishing the applicable affordability levels, duration, and delivery framework. These materials are included with this submittal and are intended to satisfy the remaining requirements identified by HCD.

Conclusion and Request for Findings

The City believes that it has satisfied all applicable statutory obligations and has fully addressed the items identified in HCD's prior correspondence. Therefore, the City respectfully requests that HCD issue a determination that the City has complied with the requirements for disposition of the property under the Surplus Land Act. The City remains committed to advancing the proposed redevelopment in a manner that effectuates the affordable housing objectives of the Surplus Land Act.

Should you have any questions or require additional information, please contact Nick Baldwin via email at NBaldwin@sandiego.gov

Thank you for your review and consideration.

Sincerely,

Aida L Contreras

Lucy Contreras

Deputy Director, Real Estate and Lease Administration
Economic Development Department

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Attachments

- **Attachment A:** HCD Letter dated September 6, 2022
- **Attachment B:** Summary of Negotiations
- **Attachment C:** Draft Affordable Housing Covenants