

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2525 (Ward) – As Amended April 6, 2026

**SUBJECT:** Surplus lands: Mission Bay Park

**SUMMARY:** Exempts Mission Bay Park in San Diego from the Surplus Land Act (SLA). Specifically, **this bill:**

- 1) Exempts from the SLA the lands comprising Mission Bay Park, located within the City of San Diego, and under stewardship of the City of San Diego, as those lands were held for park, recreation, and public trust purposes as of January 1, 2026.
- 2) Defines “Mission Bay Park” to mean the land identified in the Mission Bay Park Master Plan Update adopted by the City Council on August 1, 1994, and updated on July 9, 2002.
- 3) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the necessity to improve the economic opportunities in Mission Bay Park for the people of the City of San Diego.

**EXISTING LAW:**

- 1) Establishes the SLA. [Government Code (GOV) § 54220-54234]
  - a) Defines “disposition” to mean the sale of surplus land or the entering of a lease for surplus land for a term longer than 15 years, inclusive of any extension or renewal option included in the terms of the initial lease, entered on or after January 1, 2024. (GOV § 54221)
  - b) Provides that “disposition” does not mean the entering of a lease for surplus land for a term less than 15 years, inclusive of any extensions or renewal options, and the entering of a lease in which no development or demolition occurs, regardless of the term of the lease. (GOV § 54221)
  - c) Defines “exempt surplus land.” (GOV § 54221)
  - d) Provides that a local agency that disposes of surplus and in violation of the SLA be liable for 30% penalty of the applicable disposition value for a first violation, and 50% for any subsequent violation. Defines “disposition value” to mean either of the following:
    - i) The final sale price of the land or the fair market value of the surplus land at the time of sale as determined by an independent appraisal of the land, whichever is greater.
    - ii) The discounted net present value of the fair market value of the lease as of the date the lease was entered into, as determined by an independent appraisal of the lease. (GOV § 54230.5)

**FISCAL EFFECT:** None.

**COMMENTS:****1) Bill Summary and Author's Statement.**

This bill exempts Mission Bay Park in its entirety from the SLA. This bill is sponsored by San Diego Mayor, Todd Gloria.

According to the author, "Mission Bay Park is one of California's most extraordinary public recreational resources. Encompassing more than 4,200 acres, it is one of the largest aquatic parks in the United States and welcomes millions of residents and visitors each year to enjoy its beaches, waterways, trails, and open spaces.

"In 1944, the state conveyed much of the tidelands now comprising Mission Bay Park to the City of San Diego through the San Diego Tidelands Trust. The grant required the land to be used for public trust purposes, such as navigation, fisheries, recreation, and visitor-serving facilities. For more than sixty years, the park has been protected as dedicated parkland under the San Diego City Charter, ensuring that it remains open and accessible for recreation and public enjoyment.

"AB 2525 provides a narrow exemption from the Surplus Land Act for lands within Mission Bay Park so that the City of San Diego can continue maintaining and modernizing park facilities consistent with this long-standing dedication. This bill ensures that Mission Bay Park can continue to be maintained, enhanced, and enjoyed by generations of Californians while preserving its status as one of the state's premier public parks."

- 2) Background.** Mission Bay Park is an aquatic park that consists of 4,235 acres in roughly equal parts land and water with 27 miles of shoreline, 19 of which are sandy beaches with locations designated as official swimming areas. The park also includes boat docks and launching facilities, sailboat and motorboat rentals, bike and walking paths, basketball courts and children's playgrounds. There are close to 14 miles of bike paths along Mission Bay. The park also includes various visitor-serving and entertainment uses like hotels, resorts, dining facilities, and Sea World.
- 3) Surplus Land Act.** Public agencies are major landlords in some communities, owning significant pieces of real estate. When properties become surplus to an agency's needs, public officials want to dispose, which means to sell or lease for fifteen years or longer, the land to recoup their investments. The SLA spells out the steps local agencies must follow when they want to dispose of land. It requires local governments to give a "first right of refusal" to other public agencies, nonprofit housing developers, schools, and parks and recreation departments. After notifying these groups that the land is available, the disposing agency must negotiate in good faith with these interested parties to try to come to agreement for 90 days before the local agency can dispose of the surplus land.
- 4) Revenue Generation and the SLA.** Generally, before local officials can dispose of property, they must declare that the land is no longer needed for the agency's use in a public meeting and declare the land either "surplus land" or "exempt surplus land." AB 480 (Ting), Chapter 788, Statutes of 2023, allowed certain types of exempt surplus land to be declared ministerially, in-lieu of a public hearing. The local agency must publish a notice and allow for public comment for a minimum of 30 days. Land that is being used for an agency's work or operations is not surplus and therefore is not disposed. Pursuant to GOV § 54221 (c), "agency's use" includes land that is being used, or is planned to be used pursuant to a written

plan adopted by the local agency.

As a general rule, “agency’s use” cannot include commercial or industrial uses or activities, and land disposed of for the purpose of investment or generating revenue cannot be considered necessary for the agency’s use. As a result, cities and counties are limited in their ability to dispose of properties for economic development or revenue generation purposes. However, most special districts are not subject to those restrictions on agency’s use as long as they can demonstrate that use of the site will do one of the following:

- a) Directly further the express purpose of agency work or operations.
- b) Be expressly authorized by a statute governing the local agency.

The SLA designates certain types of land as “exempt surplus land.” Statute provides that the entirety of the SLA does not apply to disposals of exempt surplus land. However, some exemptions have requirements for eligibility. If the disposal is not consistent with the exemption claimed, the disposition may be illegal. All other surplus land must follow the procedures laid out in the SLA before a local agency can dispose of it.

- 5) **Process of the SLA.** Before agencies can enter into negotiations to dispose of surplus land, they must send a written notice of availability to various public agencies and nonprofit affordable housing developers, commonly referred to as “housing sponsors,” notifying them that land is available for the following purposes:
  - a) Low- and moderate-income housing.
  - b) Park and recreation, and open space.
  - c) School facilities.
  - d) Infill opportunity zones or transit village plans.

Housing sponsors can notify the Department of Housing and Community Development (HCD) if they are interested in acquiring surplus land to develop affordable housing. HCD maintains a list of notices of availability on its website.

If another agency or housing sponsor wants to buy or lease the surplus land for one of these purposes, the agency or housing sponsor must notify the disposing agency within 60 days. If multiple entities want to purchase the land, the housing sponsor that proposes to provide the greatest level of affordable housing gets priority. However, if the land is currently being used for open space or park purposes and an entity expresses interest to continue using the land for park or open space purpose, that entity will receive first priority above other interested parties.

The agency and the housing sponsor then have an additional 90 days to negotiate a mutually satisfactory price and terms in good faith. If they cannot agree, the agency that owns the surplus land can sell the land on the private market. If surplus land is not sold to an affordable housing developer, but housing is developed on it later, 15 percent of the units must be sold or rented at an affordable cost to lower income households.

The SLA says that nothing in its provisions:

- a) Limits the power of any local agency to sell or lease surplus land at fair market value or less than fair market value.
  - b) Prevents a local agency from obtaining fair market value.
  - c) Limits a local agency's authority or discretion to approve land use, zoning, or other entitlement decisions in connection with surplus land.
  - d) Requires a local agency to dispose of land just because it is surplus.
- 6) **Penalties under the SLA.** Local agencies that dispose of surplus land in violation of the SLA face penalties totaling 30 percent of the sales price or the appraised fair market value at the time of disposition for the first violation, and 50 percent for subsequent violations. These penalty revenues must be deposited in a local housing trust fund. The enforcement process in the SLA requires that: Prior to agreeing to terms for the disposition of surplus land, a local agency must provide HCD a description of the notices of availability sent, and negotiations conducted with any responding entities, as specified. HCD must submit written findings to the local agency within 30 days of receipt of the description of the disposal if the proposed disposal of the land will violate SLA.

A local agency has at least 60 days to respond to the findings before HCD may take further action. The local agency must consider findings made by HCD and then either correct any issues found by HCD or respond in writing explaining why the disposal complied with the SLA. If the local agency does not respond or does not address the issues, HCD must notify the local government and may notify the Attorney General that the disposal violates the SLA. A local agency cannot be held liable for the penalties under the SLA if HCD does not notify the agency that the agency is in violation within 30 days of receiving the description.

- 7) **SLA Reform.** In 2023, AB 480 (Ting), Chapter 788 and SB 747 (Caballero), Chapter 786 made significant changes to the SLA. Together the bills attempted to strike a balance between ensuring comprehensive coverage of dispositions, while enacting exemptions and other changes that would streamline the process for local governments. Specifically, AB 480 and SB 747:
- a) Defined "dispose" to include leases of longer than 15 years that are entered into on or after January 1, 2024, but excluded leases of terms shorter than 15 years and leases where no development or demolition will occur.
  - b) Applied penalties to leases that violate the SLA, but provided that penalties don't apply to non-substantive violations of the SLA.
  - c) Added numerous categories of exempt surplus land, such as properties smaller than one-half acre, specified mixed-use developments and developments on larger sites that include affordability requirements, airport land, and others.
  - d) Authorized disposal of certain categories of exempt surplus land without a public hearing, as long as specified notice is provided.

- e) Established additional types of activities that explicitly qualify as “agency’s use”.
  - f) Extended provisions that allow projects with an exclusive negotiating agreement in place to follow a previous version of the SLA.
- 8) **Policy Considerations.** The committee may wish to consider the following:
- a) **Park Land.** The SLA provides “first pass” for affordable housing, school and community college districts, and parks and open space purposes. An exemption of the entire park applies not only to land that is used for commercial, conference, hotel, and visitor-serving purposes, but also land that is used for open space and public recreation. The Committee may wish to consider if exempting land used for parks and open space from the SLA is prudent.
  - b) **Agency Use Exemption.** Since Mission Bay Park includes open space and park purposes, at least a portion of the land may be eligible for the existing exemption allowing disposition of property necessary for the agency’s use. However, land that is solely used for revenue generation or investment is not considered to be necessary for the agency’s use under the SLA. To that effect, leases for the construction of hotels or conference centers are typically not eligible for the agency use exemptions. Considering that the existing exemption may already apply to portions of Mission Bay Park, the Committee may wish to consider whether it is necessary to create a new exemption for the entirety of Mission Bay Park.
  - c) **Additional Details.** Other project-specific SLA exemptions have included HCD oversight and accountability measures through penalties. This bill does not include those guardrails. The Committee may wish to consider if it is prudent to add additional guardrails to the bill similar to those requirements in other project-specific exemptions.
  - d) **Application of State Law.** This bill creates an exemption for the entirety of Mission Bay Park regardless of the use of the land. The Committee may wish to consider if there should be a more specific public benefit consistent with prior SLA exemptions for this bill’s SLA exemption..
- 9) **Committee Amendments.** To address the policy considerations above, the committee may wish to consider the following amendments:
- a) Provide additional details on the land eligible for the exemption and limit the types of uses an exemption can apply to.
  - b) Prohibit the exemption from applying to land that would encroach on land that is used for park and open space purposes.
  - c) Require the City to notify HCD of its disposition of exempt surplus land pursuant to this bill.
  - d) Require that the City be liable for penalties under the SLA if the land is disposed of in violation of the exemption.
  - e) Provide that the City provides an additional public benefit to access the exemption.

- f) Require that any requirements of the exemption be contained in a covenant recorded against the property that runs with land and is enforceable against any owner of successor in interest who violates or continues a violation of the covenants as restrictions on the property.

10) **Related Legislation.** AB 2512 (Valencia) provides that, if an exemption under the Surplus Land Act (SLA) is applied to the disposition of Angel Stadium by the City of Anaheim to the Los Angeles Angels, any disposition documents and promotional or marketing materials refer to the team as the Anaheim Angels, except under certain conditions. This bill is in the Assembly Local Government Committee.

11) **Previous Legislation.** AB 79 (Alvarez) modifies the affordability and density requirements of the Surplus Land Act (SLA) exemption that applies to land subject to a sectional planning document adopted prior to January 1, 2019. This bill was vetoed by the Governor.

AB 480 (Ting), Chapter 788, Statutes of 2023 makes numerous changes to the SLA, including the disposal process, the authority of the Department of Housing and Community Development (HCD), and penalties for violations.

AB 1734 (Jones-Sawyer), Chapter 769, Statutes of 2023, creates, until January 1, 2034, a specific process under the SLA for the disposition of land in the City of Los Angeles for affordable housing and low barrier navigation centers.

AB 837 (Alvarez) of 2023 creates an SLA exemption for land acquired by a local agency for the development of a university and innovation district. AB 837 is pending in the Senate Local Government Committee. However, substantially similar policy adopted via a budget trailer bill was enacted into law in 2023.

AB 983 (Cervantes) of 2023 would have categorized as exempt surplus land, properties that are designated in an adopted downtown revitalization plan, as specified. AB 983 was held in the Assembly Local Government Committee.

AB 2319 (Bonta) Chapter 963, 2022, created an exemption from the Surplus Lands Act (SLA) for the Alameda Naval Air Station (Alameda Point).

AB 1271 (Ting) of 2021 would have expanded the types of land exempt from the SLA, imposed new procedural requirements on local agencies disposing of surplus land, and made various technical changes to the SLA. AB 1271 was held in Assembly Housing Committee.

AB 1486 (Ting) Chapter 664, Statutes of 2019, expanded the scope of local agencies subject to the SLA, revised the definitions of “surplus land” and “exempt surplus land,” revised the noticing requirements relative to local agencies, housing sponsors and HCD, and added penalties for local agencies that sell land in violation of the SLA.

SB 1439 (Ashby) of 2023 creates a new exemption under the Surplus Land Act (SLA) for specified parcels in the City of Sacramento, if the parcels are being or will be developed for specified health facilities. This bill was held in Assembly Housing and Community Development.

SB 747 (Caballero), Chapter 786, Statutes of 2023, makes numerous changes to the Surplus Lands Act (SLA), including modifying SLA procedures, defining disposals of surplus land to include leases of longer than 15 years, altering the definition of exempt surplus land, and other changes.

SB 719 (Min) of 2021 would have provided that land comprising the former Tustin Marine Corps Air Station is exempt surplus land for the purposes of the SLA if certain affordability standards for residential developments and other conditions are met. This bill was held in Assembly Local Government.

- 12) **Arguments in Support.** Mayor Todd Gloria of San Diego, sponsor of the bill, writes, “For decades, the City has utilized carefully structured leases within Mission Bay Park for visitor-serving uses such as lodging, recreation, and event facilities that complement the park’s recreational mission. These leases provide amenities that enhance public access and enjoyment of the park while supporting the region’s tourism economy. They also generate important lease revenues that are reinvested into the maintenance, environmental restoration, and improvement of Mission Bay Park, helping ensure that this extraordinary public resource remains vibrant, accessible, and well maintained for the millions of residents and visitors who enjoy it each year.

However, under current law, the Surplus Land Act (SLA) triggers a robust procedural process whenever a local government renews or enters a long-term lease on public property. While the SLA plays an important role in facilitating housing opportunities statewide, its requirements are not feasible on lands such as Mission Bay Park that are dedicated as parkland and where residential development is prohibited. Because Mission Bay Park is protected by the San Diego City Charter, any conversion of these lands to residential use would require approval by a two-thirds vote of San Diego’s electorate—an outcome that is neither feasible nor supported by the community.

AB 2525 provides a narrow, site-specific solution by exempting lands within Mission Bay Park from the Surplus Land Act, allowing the City to proceed with modernizing visitor-serving facilities consistent with the park’s long-standing recreational purpose while preserving all other applicable state laws, including the California Coastal Act.

- 13) **Arguments in Opposition.** The San Diego Housing Federation, East Bay Housing Organization, Public Interest Law Project, Public Advocates, and Nonprofit Housing Association of Northern California, “Over the years the Legislature, stakeholders and the Administration have made numerous amendments to the SLA that allow for local agencies to follow their preferred approaches for disposing of surplus public land, provided that any new definitions of “exempt surplus land,” or land dispositions outside of the SLA, result in affordable housing and that there is accountability for noncompliance. For instance AB 129 (2023) defined as exempt surplus land Chula Vista’s University Innovation District provided that the site included a minimum number of housing units with at least 25% affordability and subjected the city to penalties for noncompliance, or AB 1734 (Jones-Sawyer, 2023) which created a streamlined process for the City of Los Angeles to dispose of locally owned land outside of the SLA provided the land was used exclusively for affordable housing, navigation centers, supportive, and transitional housing and subjected the city to penalties for noncompliance. These bills allowed for local agencies to pursue their preferred disposition methods so long as the outcomes aligned with the SLA. In the case of Mission Bay Park, this

bill is seeking a unique exclusion from the SLA without any clear public benefit such as affordable housing or open space.

“Should this bill be approved, it would establish a precedent where local agencies can propose that any land be exempt from the SLA without any commensurate public benefit. This would incentivize local agencies across the state to routinely seek exemptions which in the past has included such uses as protecting parking lots from being redeveloped or only allowing luxury residential development with no affordability component.”

14) **Double Referral.** This bill is double-referred to the Assembly Housing and Community Development Committee.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Mayor Todd Gloria, City of San Diego- **SPONSOR**  
Coastal Environmental Rights Foundation  
Mission Bay Lessees Association  
Mission Bay Park Committee - City of San Diego Boards and Commissions  
San Diego County Lodging Association  
Scouting America San Diego-Imperial Council

**Opposition**

East Bay Housing Organizations  
Non-profit Housing Association of Northern California (NPH)  
Public Advocates  
Public Interest Law Project  
San Diego Housing Federation

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