

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2525 (Ward) – As Amended April 16, 2026

Policy Committee:	Local Government	Vote:	10 - 0
	Housing and Community Development		10 - 1

Urgency: No                      State Mandated Local Program: No                      Reimbursable: No

**SUMMARY:**

This bill exempts lands within Mission Bay Park in the City of San Diego (City) from the Surplus Land Act (SLA), subject to specified conditions.

Specifically, this bill:

- 1) Exempts land within Mission Bay Park from the SLA, if certain conditions are met.
- 2) Requires the exempted land to be identified in the Mission Bay Park Master Plan, be subject to a lease agreement and contain existing commercial, retail, hotel, parking, or conference uses as of January 1, 2026, and requires that expansion of an existing use does not encroach on open space, public recreation, or park uses.
- 3) Requires the City to notify the California Department of Housing and Community Development (HCD) at least 30 days prior to disposition, including findings and any recorded restrictions, which must include affordability requirements if 10 or more residential units are developed.
- 4) Establishes an HCD review process for the disposition.
- 5) Authorizes the City to use the exemption only if it meets one of the following conditions:
  - a) The City has not received a notice of violation from HCD in the prior five years and has facilitated at least 4,000 housing units in that period, with at least 50% affordable to lower income households, and deposits 10% of the land value into a local housing fund.
  - b) The City deposits 30% of the greater of the sales price or fair market value (or lease value) into a local housing fund at the time of disposition.
- 6) Requires funds collected (including any penalties) to be deposited into a local housing-specific set-aside account and used within three years for housing affordable to extremely low-, very low-, or low-income households.
- 7) Requires unspent funds after three years to revert to the state for deposit into the Building Homes and Jobs Trust Fund or the Housing Rehabilitation Loan Fund for affordable housing in the same jurisdiction, subject to legislative appropriation.

- 8) Specifies that violations are deemed to impact the availability of affordable housing and are treated as second or subsequent violations under existing SLA penalty provisions.
- 9) Requires the provisions of this bill to be recorded as a covenant or restriction running with the land and enforceable against future owners.
- 10) Defines “fair market value” of a lease as the discounted net present value at the time the lease is executed.

**FISCAL EFFECT:**

Minor and absorbable costs to HCD.

**COMMENTS:**

- 1) **Purpose.** 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. [This bill] 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.

- 2) **Background. *Surplus Land Act.*** When properties become surplus to an agency’s needs, public officials may want to dispose of the land. They can do so under the SLA to recoup their investment by selling or leasing that land for fifteen years or longer, assuming they follow the process specified in the SLA. In 2023, the Legislature made significant changes to the SLA, attempting to strike a balance between ensuring comprehensive coverage of dispositions while enacting statutory exemptions and other changes that would streamline the process for local governments.

Before local officials can dispose of property, they must first declare, in a public meeting, the land is no longer necessary for the agency’s use and must identify the land as either “surplus land” or “exempt surplus land.” Before agencies can broadly negotiate to dispose of surplus land on the private market, they must 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 for 90 days to try to come to agreement before the local agency can dispose of the surplus land.

***Mission Bay Park.*** 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, children's playgrounds, and nearly 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.

In 1962, the area was officially designated as dedicated parkland under City Charter Section 55, which required that these lands remain devoted to park, recreation, and visitor-serving purposes in perpetuity. The limit on commercial development in the park was reaffirmed four decades later, when San Diego voters passed Proposition D (1987), adding Section 55.1 to the San Diego City Charter, restricting commercial development to 25% of the land area and 6.5% of the water area in Mission Bay Park.

Proponents of this bill maintain that because housing is legally prohibited in Mission Bay Park under the City Charter, compliance with the SLA to establish or renew a long-term lease on parkland is not feasible. They maintain that the SLA cannot override San Diego's Charter protections, and converting lands in Mission Bay Park to private residential use would require amending San Diego City Charter Section 55, an action that must be approved by a two-thirds vote of San Diego's electorate and is neither feasible nor supported by City leadership or the community.

In the fall of 2025, the City of San Diego formally sought guidance from HCD regarding whether a portion of Mission Bay Park (the Marina Village site) could qualify for an exemption from the SLA, specifically under the "valid legal restriction" exemption. Rather than granting an exemption, HCD advised the City to proceed through the standard SLA process and identify the Charter, Master Plan, and ordinance requirements as encumbrances in the SLA Notice of Availability.

As introduced, this bill proposed a broad exemption for all lands within Mission Bay Park, based on findings that a special statute is necessary due to the unique legal and economic constraints governing the park. Amendments adopted in the Assembly Committee on Local Government substantially conditioned this exemption. This bill now allows the City to declare certain lands as "exempt surplus land," subject to specified eligibility criteria, public findings, and oversight by HCD, including advance notice and an opportunity for HCD to identify violations. The amendments also introduce a set of performance-based and financial requirements intended to offset the loss of affordable housing opportunities that could have otherwise been created through the SLA's surplus land disposition process.

- 3) **Related Legislation.** AB 2139 (Garcia), of this legislative session, creates an SLA exemption in the City of Ontario for the Ontario Sports Empire. AB 2139 is pending in this committee.

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