
THIRD READING

Bill No: AB 76
Author: Alvarez (D)
Amended: 7/17/25 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 7/16/25
AYES: Durazo, Choi, Arreguín, Cabaldon, Laird, Seyarto, Wiener

ASSEMBLY FLOOR: 66-0, 5/8/25 - See last page for vote

SUBJECT: Surplus land: exempt surplus land: sectional planning area

SOURCE: City of Chula Vista

DIGEST: This bill 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.

ANALYSIS:

Existing law:

- 1) Establishes procedures for the disposal of publicly-owned land that is surplus to the needs of local agencies, under SLA.
- 2) Requires local officials that want to dispose of public property to 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."
- 3) Provides that "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 or will be disposed of to support agency work or operations, and excludes land for agency's use from the SLA.
- 4) Requires local agencies to follow the procedures laid out in the SLA before surplus land can be sold, including:

- a) Send a written notice of availability to various public agencies and nonprofit groups, referred to as “housing sponsors,” notifying them that land is available for specified purposes.
 - b) Negotiate in good faith for 90 days with housing sponsors that respond.
- 5) Allows the local agency to dispose of the property on the private market if agreement is not reached with a housing sponsor.
 - 6) Requires that, if a property sold as surplus is not sold to a housing sponsor, but housing is developed on it later, 15% of the units must be sold or rented at an affordable cost to lower income households.
 - 7) Requires local agencies to notify the Department of Housing and Community Development (HCD) prior to agreeing to terms for the disposition of surplus land.
 - 8) Imposes penalties of 30% of the disposition value of the land for a first violation and 50% of the disposition value for any subsequent violation for selling land in violation of the SLA.
 - 9) Designates certain types of land as “exempt surplus land” and provides that the entirety of the SLA does not apply to exempt surplus land.
 - 10) Provides an exemption from the SLA to land that is subject to a sectional planning area that was adopted prior to January 1, 2019, and that is consistent with the local general plan designation, with certain restrictions, including:
 - a) At least 25% of housing units in the sectional planning area be dedicated to lower income households at an affordable rent or cost subject to a deed restriction of 55 years for rental units and 45 years for owner-occupied units, unless otherwise specified; and
 - b) That the land must also be developed at an average density of at least 10 units per acre, calculated with respect to the entire sectional planning area.

This bill modifies the SLA exemption that applies to land subject to a sectional planning document adopted prior to January 1, 2019, to:

- 1) Exclude housing units designated for students, faculty, or staff of an academic institution from the minimum 25% of housing units proposed in the sectional planning area that must be affordable to lower income households;

- 2) Require that 25% of the remaining units, or 500 units, whichever is greater, be affordable to lower income households; and
- 3) Allow student housing units that include specified kitchen and bathroom facilities, and are not determined to be substandard buildings, to count towards the 10 units per acre minimum density requirement for the sectional planning area.

Background

Chula Vista is a charter city, and San Diego County's second largest city, with just over 275,000 residents. The City has long hoped to attract a university. On October 28, 1993, the Chula Vista City Council and the San Diego County Board of Supervisors adopted the Otay Ranch General Development Plan/Subregional Plan (GDP/SRP) to implement this vision. Chula Vista and San Diego County jointly adopt and amend the GDP/SRP, which functions as a general plan level document for both the county and the city. Land use planning within the area must be consistent with the GDP/SRP. To help ensure consistency with the GDP/SRP, the City requires the preparation and adoption of "Sectional Planning Area" plans, and the County of San Diego requires "Specific Plans."

In 2018, the City of Chula Vista created a University Innovation District: Sectional Planning Area (UI-SPA), by adopting a sectional planning area document to guide a portion of the implementation of the GDP/SRP. Chula Vista's UI-SPA functions as a discretionary land use plan and therefore must be consistent with the GDP/SRP as adopted by the two local agencies.

From 1990 to 2014, Chula Vista acquired parcels to implement the UI-SPA. Many of these parcels included legal restrictions on the type of developments allowed on the parcel. Some required the land be used for "future university purposes." Others gave the previous owner repurchase rights if the City decided to use it for "non-university development," including non-university related housing.

The SLA considers land subject to valid legal restrictions that prohibit housing, unless there is a feasible method to satisfactorily mitigate or avoid the prohibition on the site, to be exempt from the Act. Chula Vista asked HCD to concur it would consider the parcels with these legal constrictions to be exempt from the SLA. Late 2022, HCD issued letters to Chula Vista stating that none of the parcels qualified for an SLA exemption.

HCD reviewed the agreements and found that many of the restrictions limited the types of developments on these parcels, but did not explicitly prohibit housing.

Additionally, since the City was party to the agreements, HCD considered the restrictions to be imposed by the city, and therefore not subject to the exemption for valid legal restrictions. As such, HCD informed the City of Chula Vista it must follow the standard SLA protocols when disposing of the parcels in its sectional planning area.

AB 129 (Committee on Budget, Chapter 40, Statutes of 2023) created an SLA exemption for land subject to a sectional planning area adopted prior to January 1, 2019 if that sectional planning area is consistent with county and city general plans. To qualify for an exemption, the land must be dedicated for the local agency's use before January 1, 2019.

Comments

Purpose of this bill. According to the author, "Chula Vista's university effort is positioned to benefit the region greatly. A university presence in the South County would be a key player within the regional economy, producing graduates who occupy regional jobs, employing thousands of local workers, and contributing to the regional and state economies. A South County university presence would also provide more equitable access to higher education. Bachelor's degree holders have greater earning power and can earn about \$32,000 more annually than those with a high school diploma. The City will develop approximately 4,000 residential units as part of the mixed-use UID project. The change in AB 76 is needed to build a much-needed four-year university in South County and provide the housing necessary for the university's students, faculty, and staff."

Housing uber alles. Until 2020, the SLA was largely toothless. AB 1486 (Ting, Chapter 664, Statutes of 2019) rewrote the SLA to include many of the provisions in the SLA today. The 2019 amendments to the SLA were intended to increase the supply of housing affordable to lower-income Californians by giving affordable housing developers the first right of refusal on surplus local properties and by imposing affordability requirements on surplus land that later had market-rate housing built on it. The changes also strictly limited the cases where local governments could dispose of land to support commercial purposes, on the theory that if given the option, local governments would preferentially offer land to most other developers, instead of affordable housing. AB 129 granted an additional exception to the SLA for Chula Vista's university project, but to ensure Chula Vista follows the SLA's primary purpose to increase the supply of housing affordable to lower-income residents, AB 129 required 25% of the housing to be affordable. However, the measure did not specify whether that meant 25% of all housing units, including those for students, faculty, and staff, or 25% of the market

rate units. According to Chula Vista, requiring 25% of all housing in the sectional planning area to be affordable means that they would have to build roughly 960 affordable housing units. Making half of 2,000 units affordable would make it more difficult for the project to pencil out since the return on investment for the developer would be much lower. If the 25% requirement applies only to the 2,000 market rate units, the City would only have to build 500 affordable units, which the City believes would still allow the development to pencil out. Does AB 76 ensure that sufficient housing in the Chula Vista university project is affordable to lower income households?

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

SUPPORT: (Verified 7/24/25)

City of Chula Vista (Source)

Cdp Rural Caucus

Cft- a Union of Educators & Classified Professionals, Aft, Afl-cio

OPPOSITION: (Verified 7/24/25)

None received

ASSEMBLY FLOOR: 66-0, 5/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Arambula, Boerner, Carrillo, Castillo, Flora, Gallagher, Jeff Gonzalez, Irwin, Macedo, Celeste Rodriguez, Sanchez, Tangipa, Wallis

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8/14/25 16:22:47

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