

**San Diego City Council Meeting, March 10, 2025, Agenda Items (S401 & S402)  
for 3440 Sandrock Road**

*Submitted by Serra Mesa Planning Group & Serra Mesa Community Council*



**Position:** Serra Mesa Planning Group (SMPG) passed a motion on February 20, 2025 that states SMPG supports housing for veterans, affordable housing, and the original proposal of 30 units multi-family housing and with at least 22 parking spaces at 3440 Sandrock Road. Subsequently, the Serra Mesa Community Council passed a motion concurring with SMPG’s position.

Serra Mesa recognizes the need for affordable and homeless housing and supports it. Pictured below is Serra Mesa housing: military housing (900 units), Door of Hope’s homeless housing, San Diego Housing Commission’s affordable housing units on Hurlbut and Glenhaven, and the Safe Parking program is downhill from Serra Mesa.



**Background:** In 2020 Community HousingWorks (CHW) selected to build 29 units for chronically homeless youth and adults (RFP No. PSH021320). Subsequently, focus changed to veterans. Community recognizes need and would embrace the original proposal for 29 units and a manager unit. That’s what we expected!

## Project Concerns



### Meet Municipal Code & Feasibility: Unknown

Since plans unavailable for review, it's unknown if 60 units & 22 parking spaces will fit on 1/3 acre. Density will go from permitted 38 units/acre to 179 units/acre. Increase of 472%.

### Appraiser Extraordinary Assumption: Unknown

"We have, however, made an extraordinary assumption that this increased unit density is achievable and would be approved by the City of San Diego." (Potential Ground Lease Appraisal Report, p. 25)

With a lack of transparent process, we think this project is not feasible.



*Developer's photo shows 5-story building in relationship to 2 story surrounding buildings*

### Improvements Stipulated by Lease: **Height Out of Scale;** Unknown if other stipulations met

"All improvements on the Property ("Improvements") must be of high architectural quality, well landscaped, and effectively and aesthetically designed. The shape, scale, exterior design, and exterior finish of the Improvements must be visually and physically related to, and must enhance, the adjacent neighborhood." (Ground Lease, Exhibit I, 1. General) This 5-story building at 60ft is out of scale with the surrounding neighborhood which is primarily 1 story with some 2 story multi-family housing. Normally the zoning stipulates maximum height of 40ft, so this building is 50% higher.

Also, Serra Mesa Community Plan states “New multifamily construction should be continuous to existing shopping facilities and multifamily developments...All such development should incorporate good design standards in relation to building location, parking and landscaping.” (SMCP, p. 11)

*Parking on adjacent street: Glenhaven & Hurlbut*



Lack of Parking Spaces: Number of Parking Spaces Inadequate

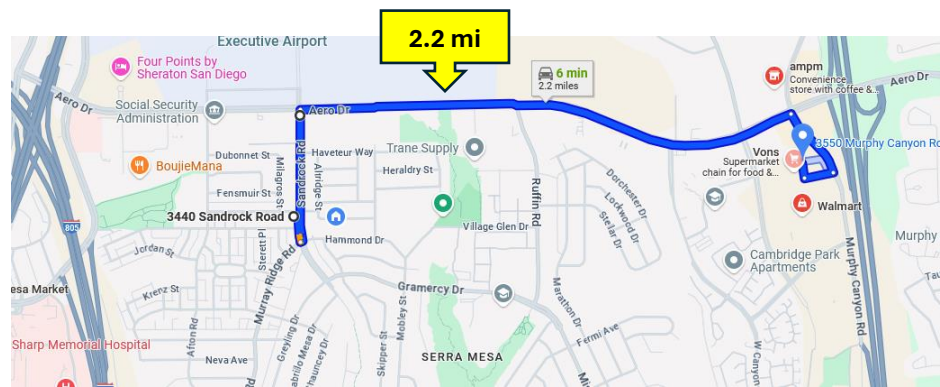
Street parking on adjacent streets filled day and night. The community is very concerned about the inadequate on-site parking.

How many parking spaces will be reserved for staff? How many van accessible parking spaces will be provided?

Community Support & Benefits: CHW Commits to Attend Community Meetings

Community Support and Benefits describes “4) Community outreach plan to solicit neighborhood input.” (Bridge to Home Round Four Affordable Housing NOFA)

CHW has met once with the planning group. A commitment was made at the Economic Development and Intergovernmental Relations Committee by the developer, CHW, to attend Serra Mesa Planning Group meetings every 1-2 months until they break ground with an update of progress and for input; afterwards, semi-annually.



Land Value Downgraded

KMA surveyed comparable land sales. “However, the majority of these sales occurred in more urban neighborhoods, offering extensive shopping, services, and amenities within walking distance. On this basis, it is the KMA judgement that most of the comparable sales are superior to the Property, warranting an approximate 20% reduction in land value on a per-SF-land basis.” (Economic Opportunity Report, p.6)

Staff Reports, 2/14/2025 & 2/25/2025, incorrectly state that the site is located nearby grocery. The closest grocery is 2.2mi. Serra Mesa is a food desert.

Security of Financing & Risk to City: Voucher & Tax Credit Not Secure

Vouchers: “The Developer received preliminary approval in May 2024 from the San Diego Housing Commission (SDHC) for 30 Veterans Affairs Supportive Housing (VASH) project-based vouchers (PBVs) to subsidize a portion of the affordable units.” (Economic Opportunity Report, p.8)

What is the contingency plan if these funds don’t materialize on an annual basis?

Tax Credits: “The Developer plans to apply for an award of tax credits in March 2025.” (Staff Report, 2/14/2025, p. 1)

Funds are being slashed at all levels of government. Conceivably in effect for 4 years.

Amendments: Unclear What Materially or Substantially Mean

“Mayor is authorized by City to issue approvals, interpretations, waivers, and enter into amendments to this Agreement on behalf of City, to the extent that any such action(s) does/do not materially or substantially change the Project, this Agreement, or the Lease.” (Ground Lease Disposition Agreement, 18.4)

This statement should not be part of the lease.

**Conclusion: Deny Loan, Don’t Approve Development Agreement & Lease**

SMPG passed a motion on February 20, 2025, to request that the City Council’s Economic Development & Intergovernmental Relations Committee deny the NOFA loan if any unanswered questions and concerns regarding the development agreement/lease and financing have not been addressed and resolved. Subsequently, the Serra Mesa Community Council passed a motion concurring with SMPG’s motion.

There are still unanswered questions and concerns. Deny the development agreement, lease, and loan.