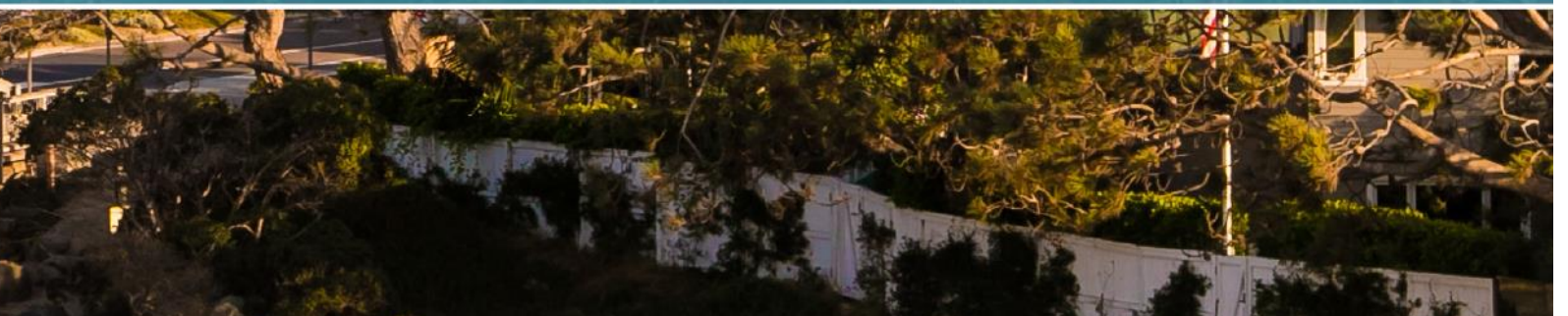




**Appendix G: 22nd DAA Fairgrounds Support Letter -  
Housing Acceleration Grant Program Funds/Studies**





January 20, 2022

SANDAG  
Tracy Fershaw, Associate Grant Analyst  
401 B Street #800  
San Diego, CA 92101

**Subject: Support Letter for City of Del Mar Grant Request for Exploratory Studies Relating to Potential Affordable Housing Development Opportunities on Del Mar Fairgrounds Property**

Dear Tracy Fershaw:

I am writing to express support for the City of Del Mar's request for grant funding to support exploratory studies relating to potential housing opportunities at the Del Mar Fairgrounds (Fairgrounds) property. The 22<sup>nd</sup> District Agricultural Association (22<sup>nd</sup> DAA) is the State of California entity that owns, operates and oversees the Fairgrounds. The staff of the 22<sup>nd</sup> DAA and its nine-member, Board of Directors (appointed by the Governor), work closely with the City of Del Mar. We recognize the City is a key stakeholder as the local jurisdiction where the Del Mar Fairgrounds is located and the owner of roads and services (i.e. water, sewer, and fire services) that are used by the Fairgrounds.

The 22<sup>nd</sup> DAA will be continuing its Strategic Plan process in 2022. Through our strategic planning process, we are seeking to create a Master Plan for the long-term economic stability and viability of the Fairgrounds. We understand the City is interested in promoting affordable housing development as a potential future use for incorporation on the Fairground's property and support the City's interest in using their request for grant funds to prepare feasibility studies, provide technical expertise, and participate in the 22<sup>nd</sup> DAA's Strategic Plan/Master Plan process. It is anticipated that the forthcoming details from the proposed grant tasks will help the applicable stakeholders better understand the City's vision and supporting details for its advocacy that affordable housing be considered as a development concept during the strategic planning process.

Should you have any questions or require any further information, please contact Dustin Fuller, Supervising Environmental Planner at 858-792-4212 or via email at [dfuller@sdfair.com](mailto:dfuller@sdfair.com).

Sincerely,

A handwritten signature in blue ink that reads "Carlene Moore".

Carlene Moore, Chief Executive Officer

Cc: Members of the Del Mar City Council  
Ashley Jones, City of Del Mar, City Manager

---

**22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION • DEL MAR FAIRGROUNDS**

2260 Jimmy Durante Blvd. • Del Mar, CA 92014-2216 • phone: 858.755.1161 • [delmarfairgrounds.com](http://delmarfairgrounds.com)



# City of Del Mar Agenda Report

TO: Honorable Mayor and City Council Members

FROM: Amanda Lee, Principal Planner  
Karen Brindley, Planning & Community Development Director  
Kristen M. Crane, Assistant City Manager  
Via Ashley Jones, City Manager

DATE: March 21, 2022

SUBJECT: Adoption of a Resolution to Accept Housing Acceleration Grant Funds

## REQUESTED ACTION/RECOMMENDATION:

Staff recommends the City Council adopt the Resolution (Attachment A) to accept the Housing Acceleration Grant Funds in the amount of \$225,000 and authorize the City Manager to execute the contract.

## DISCUSSION/ANALYSIS:

The Housing Acceleration Grant Program (HAP Grant) is a State grant program that is administered by SANDAG. It provides funds to local jurisdictions within the San Diego region for work completed towards creation of incentives for the production of housing within designated Smart Growth Opportunity Areas (SGOA) during the 6<sup>th</sup> Cycle Housing Element planning period (2021-2029). "Smart growth" is an approach to development that encourages a mix of building types and uses, diverse housing options, and transportation alternatives; focuses reinvestment in downtowns, main streets, and existing neighborhoods; and involves robust community engagement. SGOAs are locations surrounded by urban uses and generally within walking distance of transit, jobs, housing, services, and schools. The State Fairgrounds and Del Mar's downtown village are examples of SGOAs with infill site opportunities for affordable housing production consistent with the goals of the HAP Grant program.

The City's 6<sup>th</sup> Cycle Housing Element takes a smart growth approach to future housing development by prioritizing opportunities at the State Fairgrounds, within existing commercial zones/downtown village, and in existing neighborhoods through incorporation of accessory dwelling units (ADUs) on the same site as a primary dwelling unit. The City Council adopted the 6<sup>th</sup> Cycle Housing Element on March 25, 2021 (Resolution 2021-14) and re-adopted the Housing Element on December 13, 2021 (Resolution 2021-56), which maintained the previously adopted smart growth approach to future housing and incorporated modifications requested by the California Department of Housing and

## City Council Action:

Council adopted resolution 2022-20, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA, AUTHORIZING THE ACCEPTANCE OF HOUSING ACCELERATION GRANT FUNDS FROM THE SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG) FOR IMPLEMENTATION OF VARIOUS 6TH CYCLE HOUSING ELEMENT PROGRAMS RELATING TO SMART GROWTH DURING THE TIMEFRAME OF APRIL 2022 THROUGH JUNE 2023", and authorize the City Manager to execute the contract, on consent.

Community Development (HCD). The adopted 6<sup>th</sup> Cycle Housing Element includes a total of forty one (41) housing programs that require local action. During the 6<sup>th</sup> Cycle (2021-2029), the City must facilitate production of 113 housing units for lower income households in order to meet its Regional Housing Needs Allocation (RHNA) for lower income households and its carryover obligations from the 5<sup>th</sup> Cycle (2013-2021).

The City of Del Mar submitted a grant application to SANDAG in January 2022 requesting \$225,000 in Cycle 1 HAP Grant funds to cover various housing-related tasks, consulting services, and feasibility studies that are required for implementation of the 6<sup>th</sup> Cycle Housing Element. The Cycle 1 HAP Grant funds are available to support work initiated and completed during the timeframe of April 2022 through June 2023. The California 22<sup>nd</sup> District Agricultural Association (22<sup>nd</sup> DAA) submitted a letter in support of the City's grant application (Attachment B).

On March 8, 2022, the City received a letter from SANDAG indicating their "Notice of Intent to Award" for the HAP Grant Cycle 1 Call for Projects (Attachment C). On March 11, 2022, the SANDAG Board of Directors approved allocating \$225,000 in HAP Grant funds to the City for expenditure by June 30, 2023. In order to accept the funds, the City Council must adopt the Resolution in Attachment A.

While the deadline for expenditure of the Cycle 1 HAP grant funds (by June 2023) is a relatively short timeframe, this funding opportunity is significant and timely because HCD is requiring many of the City's required housing programs to be completed by December 2023 in order to facilitate production of affordable housing early during the housing cycle. Further, the City's highest priority is to secure an agreement for future affordable housing at the State Fairgrounds by December 2024 (deadline per State law to avoid penalties), which is why it is important to boost efforts now towards securing that agreement.

The project outlined within the grant agreement focuses on two overall objectives and six specific tasks as outlined below with estimates on timing, deliverables, and budget:

- Objective One: Facilitate production of housing for lower income households near jobs, services, and transit on sites including the State Fairgrounds (and potentially two City-owned sites) through completion of tasks supporting timely implementation of Housing Element Program 3A (State Fairgrounds); and
- Objective Two: Create incentives to facilitate affordable housing on private property and via deed-restricted ADUs through completion of tasks supporting timely implementation of Housing Element Programs 1D and 1I (new incentives for affordable housing in commercial and multi-unit zones) and Program 2A (new incentives for deed-restricted for lower income households within existing neighborhoods).

## **Grant Agreement – Work Plan Tasks:**

### **Task 1: Review of Phase I Feasibility Studies/Representation of Housing Vision for State Fairgrounds Property – (April 2022-November 2022)**

Description: Use findings from the Phase I feasibility studies (initiated November 2021 and currently underway), which are intended to clarify: 1) how much space would be needed to achieve at least 54 lower income units at the State Fairgrounds property (Program 3A), 2) how much it would cost to build the units, and 3) to answer similar questions for two small vacant City-owned sites that were identified as adequate sites in the 6<sup>th</sup> Cycle Housing Element.

Work to-date has included approximately three coordination meetings between City staff and the consulting team to facilitate preparation of a Zoning Assessment considering various development parameters (i.e., square footage, height, bedrooms/unit, common areas, interior circulation space, and parking), including rough design concepts that address how potential affordable housing scenarios would fit on either a 1 acre or 1.5 acre site at the Fairgrounds.

In addition to analysis of the Fairgrounds, the potential for affordable housing on two small vacant City-owned sites (10<sup>th</sup> Street and 28<sup>th</sup> Street sites identified as adequate sites in the Housing Element) has been explored as part of the analysis to facilitate Council consideration of the potential for all three locations (Fairgrounds, 10<sup>th</sup> Street, and 28<sup>th</sup> Street) to be part of a combined project and more comprehensive plan that could be eligible for “scattered sites” tax credits.

Using these rough design concepts for the three respective site locations, the economic consultant will prepare the financial analysis portion of the Phase I studies, which will include a Pro Forma financial analysis for the various development scenarios, the estimated cost for construction, and identification of applicable financing options, including potential tax credits to help make this type of project viable for a developer. These Phase I studies are on-track for completion in late May/early June for presentation to the City Council.

It should be noted that any work conducted prior to SANDAG’s official issuance of the “Notice to Proceed” is ineligible for reimbursement using HAP grant funds. While the task order work currently underway will not be reimbursed by the HAP, it will count as staff time/in-kind services toward the City's grant match. In addition, HAP grant funds will be able to be used for the related work that builds upon these Phase I studies, including any additional scenarios added to the scope of the study and analysis since the task orders were issued, including preparation of materials to represent the vision for production of affordable housing on public land to the State 22<sup>nd</sup> DAA and public.

Budget Estimate: \$121,500: City expenditure of \$86,500 (General Fund) that cover two separate task orders in process with Dalton Architects and Keyser Marston Associates for consulting services (currently budgeted and non-reimbursable); and \$35,000 grant funds to cover additional work (beyond scope of existing task orders) such as analysis of additional scenarios and preparation of materials to represent the vision to the State 22<sup>nd</sup> DAA and public.

Deliverables: Report to City Council describing findings of the Phase I feasibility studies (anticipated June 2022); Visual representations of the affordable housing design concepts; and City Council agenda reports and meeting minutes.

### **Task 2: RFP/RFQ for Affordable Housing Consulting Services – (April-July 2022)**

Description: Develop and issue a Request for Proposals/Request for Qualifications (RFP/RFQ) to hire a consultant with expertise in facilitating development of affordable housing to assist the City with all aspects of pursuing affordable housing implementation on the Fairgrounds and City-owned sites.

Budget Estimate: \$10,000 in-kind City staff time

Deliverables: Draft RFP; final RFP; consultant contract

### **Task 3: Affordable Housing Consulting Services - (July 2022–June 2023)**

Description: Obtain affordable housing expertise, project management, and consulting services to assist the City with Housing Element implementation and the development of affordable housing units. Some examples of potential work assignments include helping the City participate in and provide information for the 22<sup>nd</sup> DAA's strategic planning process for the State Fairgrounds, promoting the City's vision for incorporation of workforce housing at the Fairgrounds; helping layout a path forward toward implementation; conduct public outreach to assist execution of an agreement with the State 22<sup>nd</sup> DAA to build affordable housing on the State Fairgrounds property per Housing Element Program 3A; assisting with the development and issuance of Requests for Interest and Proposals from the development community; exploring potential partnerships with the non-profit affordable housing community; applying for additional grant funding for future phases; and other work as applicable to the objective to timely secure an agreement with the 22<sup>nd</sup> DAA for housing.

Budget Estimate: \$125,000 grant funds for consulting services as described above.

Deliverables: Report to City Council with recommendations to implement affordable housing at the State Fairgrounds and dovetail with Fairgrounds' strategic planning process; preparation of materials to promote the City's vision to the State, and other steps working toward ultimately securing an agreement with the State 22<sup>nd</sup> DAA.

#### **Task 4: Authorization of Task Order Agreements for Phase II Feasibility Studies - (April–May 2022)**

Description: Preparation and processing by City staff of task order agreements for architectural and economic consulting services to prepare Phase II studies, including a zoning assessment and economic studies to identify incentives to facilitate affordable housing production per Housing Element Programs 1D, 1I, and 2A. This task includes completion of each of the processing steps and deliverables identified as necessary to obtain City Council authorization and move forward with two separate task order agreements with consultants on the City’s current list for on-call architectural consulting services and on-call economic consulting services.

Budget Estimate: \$10,000 in-kind City staff time (See Tasks 5 and 6 for additional costs associated with completion of the Phase II Studies per grant agreement.)

Deliverables: Report to City Council (anticipated April 18, 2022); Task Order for Phase II Zoning Assessment; and Task Order for Phase II Economic Study/Pro Forma Financial Analysis

#### **Task 5: Phase II Feasibility Studies - (May–November 2022)**

Description: Obtain architectural consulting services and economic consulting services and prepare Phase II feasibility studies to implement Housing Element Programs 1D (Economic studies related to Affordable Housing Overlay Zone), 1I (Economic studies to inform consideration of process streamlining and incentive programs to facilitate production of lower income units), and 2A (Economic studies to facilitate production of ADUs deed-restricted for low-income households).

The studies prepared will identify potential incentive programs for consideration during Task 6 per the grant agreement. Examples of incentives to facilitate affordable housing that will be explored include, but are not limited to, exemptions from Conditional Use Permits, streamlining of lot consolidation applications, reduced parking requirements, and accommodation for increased height and floor area ratio to allow for mixed use and multiple dwelling unit development as identified within the adopted Housing Element.

The City’s commitment to conduct Phase II studies to identify new incentives for consideration is a critical component of the HAP grant agreement. As part of the grant application, the City was required to identify how the work plan would implement the State’s “pro-housing” regulations through measures such as creation of a more favorable regulatory framework to increase affordable housing, accelerated permit processing timeframes, reduced development costs, and prioritization of local general funds for affordable housing. HCD and SANDAG considered this as part of the decision to allocate grant funding to the City.

Budget Estimate: \$65,000 grant funds to cover two separate task orders for architectural consulting services and economic consulting services (additional in-kind City staff time is anticipated for completion of this task, but was not identified within the grant agreement)

Deliverables: Zoning Assessment and Economic Study

**Task 6: Final Review of Phase II Feasibility Studies/Process Ordinance(s) – (November 2022 – June 2023)**

Description: This task accounts for the City staff time needed for preparation and processing of a report to the City Council describing the findings of the Phase II feasibility studies and recommended incentive programs for consideration. It also includes staff time anticipated to be completed prior to the grant agreement deadline in June 2023 for preparation and processing of ordinance(s) to create two separate incentive programs per Housing Element Programs 1I and 2A.

The intent of the new incentives is to facilitate and incentivize production of approximately 15 deed-restricted lower income ADUs (estimated RHNA per Program 2A) and additional deed-restricted lower income units within multiple dwelling unit development on privately-owned properties as necessary to meet the 113 total housing units required for lower income households during the 6<sup>th</sup> Cycle. If the City is able to secure agreements for or produce at least 30 deed-restricted lower income units by December 2025 (i.e. successful execution of the agreement for affordable housing at State Fairgrounds), then the City will not be required to process an Ordinance to create a new Affordable Housing Overlay Zone (Program 1D).

Budget Estimate: \$80,000 in-kind staff time for preparation and processing of City Council agenda reports and draft ordinances (through June 2023 grant timeframe).

Deliverables: Report to City Council describing findings of the Phase II feasibility studies; Draft Ordinance(s); City Council agenda reports and meeting minutes.

In total, the HAP Grant represents \$225,000 in grant funds and \$186,500 in matching funds (achieved by way of City staff time and in-kind services completed by the City), for a total estimated project value of \$411,500. All work submitted for reimbursement using grant funds must be completed by June 2023 per the HAP Grant agreement. It is acknowledged that 6<sup>th</sup> Cycle Housing Element implementation work will continue into future budget years. City staff will continue to seek opportunities for additional grant funding (i.e., Regional Early Action Planning (REAP) Grant and future HAP Grant cycles) to apply towards future Housing Element implementation work.

The REAP Grant program is an additional and separate grant program from the HAP Grant. REAP Grant funding was established by HCD in response to Assembly Bill 101 (2019), which provided for the state to distribute one-time funding to regional entities to

prioritize planning activities that accelerate housing production. HCD allocated \$6.8 million in grant funding to SANDAG to establish a Regional Housing Acceleration Program (in addition to HAP) that provides technical resources and assistance in support of cities and the County updating and implementing their housing elements and local assistance to facilitate projects that have a broader regional impact on housing.

City staff has participated in SANDAG's REAP data collection, technical assistance, outreach, and collaboration efforts to-date. The REAP grant program may be an opportunity for assistance with future planning activities and stakeholder collaboration related to affordable housing at the State Fairgrounds involving stakeholders such as the 22<sup>nd</sup> DAA, HCD, SANDAG, City of Solana Beach, City of San Diego, and County of San Diego.

**HOUSING IMPACT:**

The City's 6<sup>th</sup> Cycle Housing Element is in process of certification review with HCD. Execution of a contract accepting the HAP Grant funds will demonstrate the City's commitment to further fair housing and facilitate completion of required tasks for 6<sup>th</sup> Cycle Housing Element Programs 3A (Agreement for Housing on State Fairgrounds), 1D (Economic studies related to Affordable Housing Overlay Zone), 1I (Economic studies to inform consideration of streamlining and incentives to facilitate production of lower income units), and 2A (Economic studies to facilitate production of ADUs deed-restricted for low income households) early in the housing cycle during FY21-22 and FY22-23.

**FISCAL IMPACT:**

There is no immediate fiscal action to be taken by the City related to this agenda item. Acceptance of the grant in the amount of \$225,000 will help offset costs for implementation of various required 6<sup>th</sup> Cycle Housing Element programs. As part of the agreement, the City would be committing to a match of \$186,500 in staff time/in-kind services, which includes \$86,500 previously allocated in the FY21-22 budget from the General Fund for Phase I feasibility studies and consulting services (underway) and an additional \$100,000 that would be satisfied by City staff time/in-kind services. The \$100,000 staff time estimate was prepared in anticipation of work to be completed on the various grant agreement tasks by the City Manager, Assistant City Manager, Planning Director, Sustainability/Special Projects Manager, one Principal Planner, and one Associate Planner (using current fully loaded hourly rates).

**ENVIRONMENTAL IMPACT:**

Pursuant to the California Environmental Quality Act (CEQA), the proposed City Council action is exempt from CEQA pursuant to the common-sense exemption (CEQA Guidelines Section 15061(b)(3)) because it can be seen with certainty that there is no possibility that acceptance of the HAP grant funds may have a significant effect on the environment. Further, the 6<sup>th</sup> Cycle Housing Element has been the subject of prior environmental analysis and implementation of 6<sup>th</sup> Cycle Housing Element programs in accordance with the HAP grant agreement is consistent with the City Council's prior

determination per the City Council action on October 5, 2020, adopting Resolution 2020-52 for the 6<sup>th</sup> Cycle Housing Element certifying a Final PEIR (SCH No. 2020029064) and adopting a Mitigation, Monitoring, and Reporting Program (MMRP), identifying that future discretionary actions to implement the 6<sup>th</sup> Cycle Housing Element will be subject to future CEQA review.

**NEXUS TO CITY COUNCIL GOALS AND PRIORITIES:**

Certification and implementation of the 6<sup>th</sup> Cycle Housing Element for compliance with State Housing law is a City Council priority.

**ATTACHMENT:**

Attachment A – Resolution Authorizing the Acceptance of HAP Grant Funds

Attachment B – 22<sup>nd</sup> DAA Support Letter

Attachment C – Notice of Intent to Award for the HAP Cycle 1 Call for Projects

## RESOLUTION NO. 2022-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DEL MAR, CALIFORNIA, AUTHORIZING THE ACCEPTANCE OF HOUSING ACCELERATION GRANT FUNDS FROM THE SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG) FOR IMPLEMENTATION OF VARIOUS 6<sup>TH</sup> CYCLE HOUSING ELEMENT PROGRAMS RELATING TO SMART GROWTH DURING THE TIMEFRAME OF APRIL 2022 THROUGH JUNE 2023

WHEREAS, the City Council adopted the 6<sup>th</sup> Cycle Housing Element on March 25, 2021 via Resolution 2021-14, and re-adopted the Housing Element on December 13, 2021 via Resolution 2021-56, to incorporate modifications requested by the California Department of Housing and Community Development; and

WHEREAS, the adopted 6<sup>th</sup> Cycle Housing Element includes 41 housing programs that require local implementation action during the planning period of 2021-2029; and

WHEREAS, the City's priority housing program (Program 3A) is to obtain an agreement with the State of California by December 2024 agreeing to the development of at least 54 lower income units on the State Fairgrounds property; and

WHEREAS, the City also must facilitate production of an additional 59 lower income units (for a total of 113 lower income units) during the 6<sup>th</sup> Cycle, which will require local actions to accommodate and incentivize such production including, but not limited to Housing Programs 1D, 1I, and 2A; and

WHEREAS, the Housing Acceleration Grant Program (HAP) makes funds available to local jurisdictions within the San Diego region for work completed during the timeframe of April 2022 through June 2023; and

WHEREAS, in January 2022 the City of Del Mar submitted an application request for \$225,000 in HAP Grant funds to cover various tasks to facilitate implementation of 6<sup>th</sup> Cycle Housing Programs 3A, 1D, 1I, and 2A; and

WHEREAS, on March 11, 2022, the SANDAG Board of Directors approved the allocation of \$225,000 in HAP grant funds to the City of Del Mar; and

WHEREAS, City Council action is required to accept the HAP grant funds; and

WHEREAS, pursuant to the California Environmental Quality Act (CEQA), the proposed City Council action is exempt from CEQA pursuant to the common-sense exemption (CEQA Guidelines Section 15061(b)(3)) because it can be seen with certainty that there is no possibility that acceptance of the HAP grant funds may have a significant effect on the environment; and

WHEREAS, the 6<sup>th</sup> Cycle Housing Element has been the subject of prior environmental analysis and implementation of 6<sup>th</sup> Cycle Housing Element programs in accordance with the HAP grant agreement is consistent with the City Council's prior determination per the City Council action on October 5, 2020, adopting Resolution 2020-52 for the 6<sup>th</sup> Cycle Housing Element certifying a Final PEIR (SCH No. 2020029064) and adopting a MMRP, identifying that future discretionary actions to implement the 6<sup>th</sup> Cycle Housing Element will be subject to future CEQA review.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Del Mar, California, does hereby:

1. Confirm that the City of Del Mar is a public agency under the laws of the State of California; and
2. Confirm that in accordance with the adopted 6<sup>th</sup> Cycle Housing Element, the City's objective is to facilitate production of 113 lower income units during the 6<sup>th</sup> Cycle (2021-2029) by taking action within FY21-22 and FY 22-23 to accommodate and incentivize such production within smart growth areas including the State Fairgrounds property, various commercial zones, and residential zones that accommodate multiple-dwelling unit residential and/or income-restricted accessory dwelling units (ADUs); and
3. Accept HAP Grant funds in the amount of \$225,000 for expenditure April 2022 through June 30, 2023; and
4. Confirm that the City is committing to a match in the amount of \$186,500 that would be achieved through staff time and in-kind services provided by the City; and
5. Authorize the City Manager to execute the contract.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Del Mar, California, at the Regular Meeting held this 21st day of March, 2022.

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Dwight Worden, Mayor  
City of Del Mar

APPROVED AS TO FORM:

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Leslie E. Devaney, City Attorney

City of Del Mar

ATTEST AND CERTIFICATION:

STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO  
CITY OF DEL MAR

I, SARAH KRIETOR, Acting City Clerk of the City of Del Mar, California, DO HEREBY CERTIFY, that the foregoing is a true and correct copy of Resolution No. 2022-XX, adopted by the City Council of the City of Del Mar, California, at a Regular Meeting held the 21st day of March, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Sarah Krietor, Acting City Clerk  
City of Del Mar



January 20, 2022

SANDAG  
Tracy Fershaw, Associate Grant Analyst  
401 B Street #800  
San Diego, CA 92101

**Subject: Support Letter for City of Del Mar Grant Request for Exploratory Studies Relating to Potential Affordable Housing Development Opportunities on Del Mar Fairgrounds Property**

Dear Tracy Fershaw:

I am writing to express support for the City of Del Mar's request for grant funding to support exploratory studies relating to potential housing opportunities at the Del Mar Fairgrounds (Fairgrounds) property. The 22<sup>nd</sup> District Agricultural Association (22<sup>nd</sup> DAA) is the State of California entity that owns, operates and oversees the Fairgrounds. The staff of the 22<sup>nd</sup> DAA and its nine-member, Board of Directors (appointed by the Governor), work closely with the City of Del Mar. We recognize the City is a key stakeholder as the local jurisdiction where the Del Mar Fairgrounds is located and the owner of roads and services (i.e. water, sewer, and fire services) that are used by the Fairgrounds.

The 22<sup>nd</sup> DAA will be continuing its Strategic Plan process in 2022. Through our strategic planning process, we are seeking to create a Master Plan for the long-term economic stability and viability of the Fairgrounds. We understand the City is interested in promoting affordable housing development as a potential future use for incorporation on the Fairground's property and support the City's interest in using their request for grant funds to prepare feasibility studies, provide technical expertise, and participate in the 22<sup>nd</sup> DAA's Strategic Plan/Master Plan process. It is anticipated that the forthcoming details from the proposed grant tasks will help the applicable stakeholders better understand the City's vision and supporting details for its advocacy that affordable housing be considered as a development concept during the strategic planning process.

Should you have any questions or require any further information, please contact Dustin Fuller, Supervising Environmental Planner at 858-792-4212 or via email at [dfuller@sdfair.com](mailto:dfuller@sdfair.com).

Sincerely,

Carlene Moore, Chief Executive Officer

Cc: Members of the Del Mar City Council  
Ashley Jones, City of Del Mar, City Manager

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**22<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION • DEL MAR FAIRGROUNDS**

2260 Jimmy Durante Blvd. • Del Mar, CA 92014-2216 • phone: 858.755.1161 • [delmarfairgrounds.com](http://delmarfairgrounds.com)



401 B Street, Suite 800  
San Diego, CA 921014231  
(619) 699-1900  
Fax (619) 699-1905  
sandag.org

## MEMBER AGENCIES

Cities of  
Carlsbad  
Chula Vista  
Coronado  
Del Mar  
El Cajon  
Encinitas  
Escondido  
Imperial Beach  
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System  
North County  
Transit District  
United States  
Department of Defense  
Port of San Diego  
San Diego County  
Water Authority  
Southern California  
Tribal Chairmen's Association  
Mexico

March 8, 2022

Solicitation Number SOL953399

Dear Housing Acceleration Program Applicants:

Subject: Notice of Intent to Award for the Housing Acceleration Program (HAP) Cycle 1 Call for Projects

On March 4, 2022, the SANDAG Regional Planning Committee recommended that the Board of Directors adopt the funding recommendations for the HAP Cycle 1 Call for Projects at their March 11, 2022 meeting. The agenda items for these meetings are posted on the SANDAG website.

The funding recommendations are enclosed for your reference. These results are not binding and are contingent upon approval by the SANDAG Board of Directors.

For those applicants selected for funding, once the Board approves the funding recommendations, the next steps in the process are as follows:

- Grantees will be provided with the Grant Agreement to sign. Per SANDAG [Board Policy No. 035](#), grantees will have 45 days to sign and return the Grant Agreement to SANDAG, otherwise they may face revocation of the grant award.
- Once the Grant Agreement has been fully executed, grantees will receive a Notice to Proceed (NTP). As a reminder, **no work or use of matching funds can commence and expenses will not be eligible for reimbursement until the Notice to Proceed is issued.**

If you have any questions about these results, please contact the Program Manager, Tracy Ferchaw at (619) 699-1977 or [tracy.ferchaw@sandag.org](mailto:tracy.ferchaw@sandag.org).

Sincerely,

JENNY RUSSO  
Grants Program Manager

## HAP Funding Recommendations

Agency Name	Final Rank	Project Title	Description	Amount of HAP Funding Requested	Amount of Matching Funds	Total Project Cost	% of Matching Funds
Del Mar	1	Housing Feasibility Assessment for Smart Growth Areas	Project with compile Phase I information to study the feasibility of developing at least 54 affordable housing units, obtain expertise/consulting services to secure housing agreement with State 22nd District Agricultural Association. Also complete a Phase II feasibility study to understand what types of incentives maybe be needed to facilitate affordable housing production.	\$225,000	\$186,500	\$411,500	45.32%
San Diego (County)	2	Objective Design Standards	Create objective design standards to implement the Sixth Cycle Housing Element (Housing Element) and comply with State Law (SB 330, SB 35, and SB9). The grant will help facilitate the production of housing in unincorporated communities by establishing clear guidelines and decreasing plan review time for certain projects.	\$250,000	\$100,000	\$350,000	28.57%
Chula Vista	2	Chula Vista ADU Assistance Program	Program will provide assistance to local residents who are interested in constructing ADUs, by offering pre-approved ADU designs, planning software, and a one stop shop webpage with FAQs, the program will make ADU construction more affordable, faster, and easier than before.	\$180,720	\$200,000	\$380,720	52.53%
National City	4	Together We Plan National City	Program is focused on development within areas served by high-frequency transit. Program is an opt-in system for developers to use an alternate calculation method for the number of units proposed on a parcel; rather than putting a limit on dwelling units per acre. No single-family zones are proposed to be included in the opt-in method, mixed-use overlay zones and housing overlay zones would also be included.	\$205,523	\$1,602,227	\$1,807,750	11.37%
Santee	5	Project-Level CEQA Analysis for Town Center Multifamily Housing Sites	Project rezones four large strategic sites consisting of approximately 37.5 undeveloped acres within the City's Town Center. Sites are strategically located within 1/4-mile of the City's trolley station/mobility hub, near retail and services, employment centers, and along the City's planned multi-modal corridor. Rezoning of these sites will produce approximately 923 housing units, including 333 housing units affordable to low-income households.	\$264,000	\$0	\$264,000	0.00%
San Diego (City)	6	San Diego - HAP	City of San Diego - HAP accelerates the production of housing in transit rich areas through a combination of improving building permit processes and studying city-owned sites to evaluate feasibility for housing development.	\$500,000	\$150,000	\$650,000	23.08%
Encinitas	7	Housing Production Assistance	Update the City of Encinitas (City) Permit Ready ADU (PRADU) plans to meet the City's green building code update for 100% all electric new unit developments; retain contract principal planner discretionary plan review services to expedite housing production; and conduct a Displacement Risk Analysis Study to identify the local conditions that lead to displacement.	\$310,000	\$50,000	\$360,000	13.89%
<b>Total Amount of Funds Requested</b>				<b>\$1,935,243</b>			
All projects will be awarded 100% of the funds requested							

\* SANDAG received an application from Escondido that was determined an ineligible activity by the HCD. Therefore, the applicant was not recommended to move forward for funding.

# Adoption of Resolution to Accept Housing Acceleration Grant Funds

City Council – Item 5

March 21, 2022



**CITY OF DEL MAR**  
CALIFORNIA

# Overview

- **SANDAG awarded the City \$225,000 in grant funds - Housing Acceleration Program (HAP)**
  - **Funds must be spent by June 30, 2023**
  - **Will facilitate implementation of various 6<sup>th</sup> Cycle Housing Element Programs**
- **Project title listed for grant application:**
  - **Housing Feasibility Assessment for Smart Growth Areas**

# Two Main Objectives

To help reach 113 lower income unit target for 6<sup>th</sup> Cycle Housing Element:

- **#1: Facilitate majority of lower income units on publicly-owned lots**
  - At least 54 units on State Fairgrounds property (Program 3A); and
  - Additional 7 units on two City-owned sites (vacant lots on 10<sup>th</sup> St and 28<sup>th</sup> St)
- **#2: Create incentives to facilitate affordable housing - private property**
  - Programs 1D and 1I - incentives to facilitate lower income units in commercial and multi-unit zones (target 25-40 affordable units depending on other strategy success)
  - Program 2A - incentives for owners who agree to deed-restrict ADUs (low income category) on lots in existing neighborhoods – target is 15 units per Housing Element

# Task 1: Additional Tasks for Phase I Studies Publicly-Owned Property (Apr – Nov 2022)

- Phase I Studies initiated Nov 2021 (zoning assessment and financing analysis) - 1 and 1.5 acre site concepts Fairgrounds; and 10<sup>th</sup> Street and 28<sup>th</sup> Street City-owned sites
- Grant work will add to/build upon initial scope of Phase I Studies
  - Adds scenarios for financial analysis of publicly-owned properties
  - Adds tasks to represent Housing Vision for State Fairgrounds Property
- Budget: \$121,500
  - \$86,500 match (General Fund) for task orders with Dalton Architects and KMA (currently budgeted FY21-22 and non-reimbursable)
  - \$35,000 grant funds

## Task 2: RFP/RFQ for Consulting Services (Apr – July 2022)

- City staff to prepare and process RFP/RFQ for Affordable Housing Consulting Services
- Intent is to obtain consulting services to facilitate timely securing of agreement with 22<sup>nd</sup> DAA for affordable housing on State Fairgrounds per Program 3A
- Budget: projected \$10,000 in-kind City staff time as match

# Task 3: Affordable Housing Consulting Services - (July 2022–June 2023)

- Obtain affordable housing expertise/consulting services to timely secure agreement with the 22nd DAA for housing (by Dec 2024)
  - Conduct public outreach and participate in 22nd DAA's strategic planning process and promote City's vision for incorporation of housing at the Fairgrounds
  - Assist with Requests for Interest and Proposals from development community and explore partnerships
- Budget: \$125,000 grant funds (consulting through June 2023)

# Task 4: Council Authorization of Task Orders for Phase II Studies (April-May 2022)

- For consulting services to prepare Phase II studies (zoning assessment and economic studies) to identify incentives to facilitate affordable housing per Programs 1D, 1I, and 2A
- Will utilize consultants on City's on-call list for architectural and economic consulting services
- Budget: \$10,000 in-kind City staff time

# Task 5: Phase II Feasibility Studies (May-Nov 2022)

- Identify potential incentives to facilitate affordable housing for consideration during Task 6
- Examples: exemptions from CUPs, streamlining of lot consolidations, reduced parking, accommodation for increased height and FAR per Housing Element
- Budget: \$65,000 grant funds

# Task 6: Review of Phase II Study Findings/ Process Ordinances (Nov 2022-Jun 2023)

- Prepare report to City Council describing findings of Phase II studies and options for incentives to spur affordable housing production
- Obtain City Council direction (options & community engagement)
- Prepare & process ordinances via desired public involvement process
  - To incentivize affordable housing in commercial/multi-unit zones
  - To incentivize deed restricted ADUs
- Budget: \$80,000 in-kind staff time

# Next Steps

- Execute agreement with SANDAG for \$225,000 grant funds; and City commitment to \$186,500 grant match via in-kind services
- Once Notice to Proceed is issued (SANDAG), commence work:
  - Add analysis/financing concepts to Phase I task order (April)
  - Process Phase II task orders architectural and economic (April)
  - Process RFP for affordable consulting services (April-July)
  - Report to Council on findings of Phase I studies (May-June)
- All Cycle 1 Grant work must be completed by June 30, 2023

# Requested Action

- Adopt the Resolution



**Item 1 – March 7, 2022 Regular Meeting Minutes**

**The March 7 minutes say: “Mayor Worden read the titles of the items included on the Consent Calendar;” however, the City Clerk did that.**

Answer: Staff will make this administrative correction in the final approved minutes.

**Item 5 – Authorization of a Resolution to Accept Housing Acceleration Grant Funds**

**1. On the HAP money and the related work program/tasks: How are we planning to engage our community in this process? At the moment we don't have a citizen Housing Task Force. Is there time, and HAP or other funding, available for community engagement?**

Answer: Public outreach and community engagement will be a part of the process and tied to the two main components of this grant: Phase I feasibility studies/Fairgrounds strategy and Phase II studies/incentives (commercial zones, multi-unit zones, and ADUs). The first public participation opportunity will be at City Council when we bring forward the report with the findings of the Phase I feasibility studies relating to the publicly owned properties (Fairgrounds, 10<sup>th</sup> street, and 28<sup>th</sup> street). We will seek Council direction on next steps at that point. Also, the affordable housing consulting services that we are seeking via the grant will involve responsibilities for community engagement. As mentioned, the Phase II studies focused on incentives will also have multiple public participation opportunities. We would be seeking Council direction as to what tools to utilize for these various efforts as we bring the items forward. The Cycle 2 HAP grant might end up aligning best as an opportunity to seek additional funding specific to community engagement.

**2. Is any of the City's Housing Reserve Fund to be used for this HAP process? It looks like "no," that the City will contribute in-kind services but no hard money --is that right?**

Answer: That is correct. No Housing Reserve Funds are being applied towards the tasks listed in the work plan for the HAP grant.

**Item 6 – 2021 Housing Element Annual Progress Report**

**On the Housing Report: Are we on track to make our interim 30 units? Aside from that 30-unit trigger point, what kind of progress does HCD expect overall? We're doing OK on meeting above moderate and moderate RHNA goals, but not so on the lower income. If Watermark is approved and provides 10 lower income units is that enough to show the interim progress HCD will expect?**

Answer: That is correct. The City is on track with its above moderate and moderate unit RHNA obligation; and we have not yet made progress on the lower income

units. This is why the efforts we are requesting to move forward with for the HAP grant are so important. The HAP grant tasks are intended to generate information that is needed and pave the way for future actions that are needed to facilitate production of lower income units during the 6<sup>th</sup> Cycle.

**Item 11 – Approval of Application for Grant for Riverpath Project**

**1) Do we have an overall funding program for the Riverpath Phase 3 Project?**

Answer: The City has a dedicated Capital Improvement Program (CIP) budget for this project, which to date has been allocated funds for environmental design and regulatory permit costs. It's difficult to calculate accurate estimated construction costs until the environmental permitting and mitigation parcel design is complete and approved. The cost estimate in the Agenda Report was required for the grant application and is a "worst case scenario. The City is only allowed to apply for up to 88% of the estimated construction costs. There is currently \$300,000 of General Fund money programed into the current two-year budget cycle which should cover the majority of Environmental Permitting and Engineering Design expenses. Any successful grants could be used to pay for these expenses (minus the local match) and lessen the burden on the General Fund. The Conservancy has committed an additional \$800,000 towards construction. Once the design and permitting is complete and approved, the City will have a better understanding of the additional fundraising needs.

**Item 12 – Approval of Contract with Sheriff's Department for Law Enforcement Services**

**1) Does this contract include serving the City's Redflex camera system?**

Answer: Yes

**2) Does the contract allocate costs between the contract cities and the county based on sharing use of facilities, staff, and equipment? For example, if some facilities, staff, and services out of the Encinitas station are used to service unincorporated county areas, does the county pay that proportion? I can't tell from the various cost sharing provisions.**

Answer: Yes. For Del Mar, the shared-use of the facility and certain staff positions are divided proportionately (not equally) among four entities, including the cities of Del Mar, Encinitas, and Solana Beach and the County of San Diego.

**3) Does the City' s insurance (after the \$100k retention) cover city costs in defending claims for "city actions" or for "concurrent acts or omissions" or claims re "duty to defend" per Page 27 Sections 2-4? Is it clear that either the county or our own insurance will cover not just defense costs, but also any judgment assigned to the city?**

Answer: Yes, the City's liability insurance covers the City's actions for acts or omissions.

**4) What is Attachment D trying to show re Liability Fund History?**

Answer: Attachment D of the contract shows that the current balance of the liability fund payouts associated with the contract cities exceeds \$4.6 million. Per the Contract, the County handles all legal representation and payment for defense associated with claims that arise from law enforcement services provided by the Sheriff's Department. Previously, the nine contract cities collectively paid \$600,000 annually into this fund. That amount was raised about five-years ago to \$1 million, and is now being raised to \$2 million. The purpose of Attachment D is to show the annual liability payouts and the balance, though the County is not seeking to have the contract cities make it whole, per the terms of the Contract.

**5) Does the contract include the volunteer patrol services?**

Answer: Yes, management of the volunteer patrol program is included as part of the overall Contract.

**6) Del Mar residents pay the same property taxes, as far as I know, as property owners in the unincorporated county. These county wide property taxes fund a base level of sheriff service available to the entire county. For example, even if Del Mar did not have a sheriff contract, someone being robbed in Del Mar would have the right to call 911 and receive sheriff service without additional charge, just the same as if they lived in Ramona or Fallbrook. Just the same as we all use the court system, the county D.A., etc. What cities should be paying by contract is only for supplemental services requested above and beyond the base level covered by property taxes. Yet, the contract reads as though the cities are paying for everything. See, Section H(B) at page 12, " Law Enforcement Services consist of enforcement of the California Penal Code, the California Vehicle Code, and pertinent regulatory ordinances as adopted by the City Council of CITY..." Has there been an adjustment in the property taxes paid by contract city property owners to account for this? Is an "adjustment" otherwise included in the contract so that folks are not double paying for the baseline of services?**

Answer: Incorporated cities receive a greater proportion of each property tax dollar paid than the County receives for unincorporated areas. By way of being an incorporated city, cities then take on the responsibility for providing law enforcement services. For the unincorporated areas, the County uses that additional portion of property tax received for providing services like a City would for its service area, which includes law enforcement. Additionally, the services provided by the Sheriff's Department are not like-for-like in the incorporated cities versus unincorporated areas; for example, the California Highway Patrol is responsible for all traffic-related law enforcement services in the unincorporated areas, not the Sheriff's Department.