

**COUNCIL POLICY**

SUBJECT: DISPOSITION OF CITY PROPERTY TO NONPROFIT ORGANIZATIONS  
POLICY NO.: 700-12  
EFFECTIVE DATE: April 8, 1985

**BACKGROUND:**

It has been the City's practice to lease and to permit the use of City property, both improved and unimproved, by various nonprofit organizations at less than fair market rents for the purpose of providing recreational, educational and cultural enrichment and other services to the citizens and visitors of San Diego. In recent years, the availability of the real estate resources has become increasingly limited due to increased demands for other public uses and the need to sell property to meet growing fiscal obligations. It is, therefore, necessary to reconsider these leasing practices and, also, to determine what the City's position should be, not only as to leases, but, also, as to sales of City property to nonprofit organizations.

**PURPOSE:**

The purpose of this policy is to establish guidelines for the disposition of City-owned property to nonprofit organizations in areas other than Balboa Park and Mission Bay Park and include specific direction for property which is acquired by the City with Community Development Block Grant (CDBG) funds for the purpose of providing services to economically deprived and blighted areas of the City.

**POLICY:**

It shall be the policy of the City Council of the City of San Diego to allow direct negotiation with nonprofit organizations for the use of City-owned lands for the purpose of providing the community with cultural, recreational, educational enrichment, and other public services to the citizens and visitors of San Diego. Relative to this policy, the following criteria shall apply:

1. Available City property shall be leased at fair market value to nonprofit organizations when it is deemed by Council that appropriate public benefit will be derived. However, the City may lease property purchased with CDBG funds to organizations that primarily provide services to low-income persons at a nominal fee determined by the City and Agency.
2. The only discount, excepting CDBG purchased property, in the land rental rate which will be considered is that which will be a direct offset to City expenditures. An example would be where the nonprofit organization is constructing and operating a facility to provide a service that would otherwise be a recognized obligation of the City to provide.
3. Prospective lessees shall provide a general development plan and detailed financial statement showing ability to successfully finance the construction and operation of the proposed development.
4. Council approval of a prospective nonprofit organization's use of City-owned land shall be obtained prior to commencement of lease negotiations.

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5. No lease will become effective until firm financial commitments have been obtained under an appropriate lease option arrangement.
6. Lessees will be required to construct, operate, and maintain the premises at their sole cost.
7. Lessees shall be incorporated nonprofit organizations under the laws of the State of California.
8. Development on parklands shall be in conformance with City park development plans, and construction shall comply with City park design criteria.
9. Lessees shall provide desired services and facilities to the general public without discrimination as to race, color, creed, sex, age, or national origin.
10. When leases permit revenue producing activities, some measure of rental compensation shall be paid to the City. However, this provision will not apply to occasional fund raising events provided the funds are used exclusively for the specified purpose(s) of the lease.
11. Property may be sold to nonprofit organizations if deemed appropriate by Council, and then only at fair market value. The single exception to this is in the case of CDBG purchased property, where the City will retain ownership.
12. Properties with significant potential for commercial, industrial, or scientific research uses shall not be available for nonprofit use.
13. Agencies leasing property purchased with CDBG funds may sublease the property only with advance written permission of the City Manager. Subleases will be considered on their individual merits and consistency with conditions placed upon the City by the Federal funding source. Fees generated from subleasing will belong to the City and be deposited with the City Treasurer upon receipt by the Agency.

**OTHER INFORMATION:**

The following related Council Policies are additional requirements for the use of specific properties, except as otherwise noted. It is not intended that the requirements of these policies be waived by this policy.

Council Policy No. 700-03, Use of City Land by Youth Sports Organizations.

Council Policy No. 700-04, Balboa Park Lease and Rentals.

Council Policy No. 700-09, Leases to Noncommercial Nonprofit Organization and/or clubs in Mission Bay Park.

Short-term leases negotiated in accordance with Council Policy 700-10 are exempt from this policy.

**CROSS REFERENCE:**

Municipal Code SEC. 22.0901

Council Policy 700-11, Policy on Certain Properties Leased to Non-Commercial Nonprofit Organizations

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Council Policy 700-41, Use of the RFP Process for Lease of City-owned Land Assigned  
responsibility - Property Department

HISTORY:

“Lease Negotiation”

Adopted by Resolution R-169955 03/15/1962

Repealed by Resolution R-212957 04/04/1975

“Leases to Nonprofit Organizations  
Outside of Balboa Park”

Adopted by Resolution R-251957 06/30/1980

Amended by Resolution R-254651 07/20/1981

Amended by Resolution R-262834 04/08/1985