

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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December 26, 2025

Scott Ochoa, City Manager
City of Ontario
303 E. B Street
Ontario, CA 91764

SENT VIA EMAIL TO: sochoa@ontarioca.gov

Dear Scott Ochoa:

RE: City of Ontario – 2.368-Acre Portion of APN 0218-111-12-0000 – Surplus Land Act, Follow-Up Notice of Violation and Letter of Inquiry

The California Department of Housing and Community Development (HCD) acknowledges receipt of the City of Ontario's (City) October 10, 2025, response to the Notice of Violation (NOV) letters sent by HCD on June 18, 2025,¹ and September 22, 2025.² The NOV letters found the City in violation of the Surplus Land Act (SLA) for disposing of a 2.368-acre portion of the property located at Assessor's Parcel Number (APN) 0218-111-12-0000 (Property) and identified other dispositions that may have violated the SLA. HCD has reviewed the City's letter and offers the following responses.

Determination of Statutory Penalty

The independent appraisal report prepared by Thompson & Thompson Real Estate Valuation and Consulting, Inc. on December 12, 2024, analyzes the Property alongside other City-owned land for a total fair market value of \$3,659,000. It is unclear how the City determined the Property's sale price as \$1,444,593.50. HCD requests that the City provide a statement from a third party, qualified appraiser to validate the Property's fair market value at the time of sale.

¹ City of Ontario Notice of Violation (June 18, 2025), available at <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/HAU/ontario-sla-nov-061825.pdf>.

² City of Ontario Follow-Up Notice of Violation (Sept. 22, 2025), available at <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/HAU/ontario-sla-follow-up-nov-092225.pdf>.

Local Housing Trust Fund and Statutory Penalty Funding Source

HCD acknowledges receipt of the City's journal entry showing transfer of \$433,378.05 from the City's General Fund to the Local Housing Trust Fund. However, HCD has received information that the City has informed at least one developer that is interested in building affordable housing on a City-owned site that no local funding is available.

Please confirm whether the City currently has any plans to expend the penalty funds within five years of deposit,³ and please provide a description of the City's process for dispersing funds from the Local Housing Trust Fund.

SLA Guidelines and Open Public Hearing to Review the NOV

HCD disagrees with the City's position that a public open hearing is not necessary for completed dispositions. As a reminder, the City was made aware of the potential SLA violation by UNITE HERE Local 11, during its City Council meeting on February 18, 2025, and again on March 14, 2025, when UNITE HERE Local 11 sent a Notice of Alleged Violation to the City. The City dismissed these prior notices and proceeded to close escrow on the Property on April 4, 2025. Given that HCD is reviewing additional dispositions, HCD will consider deferring the public open hearing until the City adequately addresses the additional inquiries.

Additional Dispositions Under Review

In response to a Public Records Act request, on October 30, 2025, and November 13, 2025, the City provided HCD with partial records concerning dispositions of City-owned lands that have occurred since 2022. Upon initial review, it appears that the City has entered into agreements to sell or lease multiple City-owned properties and participated in exclusive negotiations without complying with the SLA. HCD understands that the City intends to provide detailed information regarding each transaction. HCD requests that the City confirm the status of each disposition and the applicable disposition values,⁴ and provide relevant documentation, such as final sale or lease payments and independent appraisal reports. Lastly, the City should indicate whether each of these dispositions was completed in compliance with the SLA. A list of initial review questions regarding each property is enclosed with this letter. HCD will await additional records and consider the City's response before taking further action.

In addition, please note that HCD is reviewing the City's surplus land disposition documentation for properties located at 112-126 West C Street, 115-123 West D Street, and 324 North Laurel Avenue, APNs 1048-566-01, 1048-566-02, 1048-566-03, 1048-566-08, 1048-566-09, 1048-566-10, and 1048-566-11. On December 15, 2025, HCD also received the City's exempt surplus land documentation for the properties located at 315 to 325 West D Street, APNs 1048-576-01 and 1048-576-02. Pursuant to the SLA

³ Gov. Code, § 54230.5, subd. (a)(3).

⁴ For the definition of "disposition value," see Gov. Code, § 54230.5, subd. (a)(2), and SLA Guidelines § 501(b)(1)(B). SLA Guidelines are available at: <https://www.hcd.ca.gov/sites/default/files/docs/planning-and-community/final-updated-surplus-land-act-guidelines-2024.pdf>.

Guidelines section 500, subdivision (c), HCD will continue to communicate with City staff regarding any additional information necessary for HCD's review and findings.

Conclusion and Next Steps

Furthermore, HCD is concerned about the City's continued claim that the Economic Opportunity (EO) statute overrides the SLA because Government Code section 52200.6, subdivision (c) states that the statute is an "alternative" to other authorities. HCD reminds the City that this provision further states that the EO statute "does not limit, or in any way affect, the application of any other such laws." HCD has previously explained that Government Code section 52201 also states that a local agency "may sell or lease property to create an economic opportunity."⁵ (Emphasis added.) The use of "may" indicates that a local agency is not required to utilize the EO to dispose of public land, whereas the SLA includes mandatory language that a local agency *shall* comply with various procedural SLA requirements. Therefore, the EO statute does not do away with the City's obligations to comply with the SLA. If the City continues to dispose of surplus land or exempt surplus land pursuant to the EO statute without complying with the SLA, then such actions will constitute further violations of the SLA and the City will be assessed a penalty or penalties equal to 50 percent of the applicable disposition values.⁶ HCD may also pursue additional remedies authorized under Government Code sections 65585 and 65585.1.

HCD requests a written response from the City confirming its understanding and agreement not to dispose of any further City-owned property under the EO statute, without complying with the SLA. The City has 60 days, or by February 24, 2026, to respond to the inquiries above, including the inquiry regarding the additional dispositions under review (enclosed).⁷ Prior to that, HCD welcomes a conversation with the City to discuss this letter and the additional dispositions under review.

If you have any questions or need additional technical assistance regarding the SLA, please contact Linda Ly, Senior Housing Policy Specialist, at Linda.Ly@hcd.ca.gov.

Sincerely,



David Zisser
Assistant Deputy Director
Local Government Relations and Accountability

Enclosure: Inquiry Regarding Additional Dispositions Under Review

cc: Jennifer McLain Hiramoto, Executive Director, Economic Development Agency
Rudy Zeledon, Executive Director, Community Development Agency
Ruben Duran, City Attorney, Best Best & Krieger LLP
Jordan Sisson, Representative of UNITE HERE Local 11

⁵ Gov. Code, § 52201, subd. (a)(1).

⁶ Gov. Code, § 54230.5, subd. (a)(1).

⁷ *Ibid.*

Inquiry Regarding Additional Dispositions Under Review

Property Location		HCD's Initial Review and Questions
1	100 Block of North Euclid Avenue APNs: 1048-553-01; 1048-553-05 through -15 (OHA transfer to City); 1048-553-02 through -04; and 1048-553-16 and -17	<p>The City of Ontario (City) adopted Resolutions No. OHA-120, 2025-029 and 2025-049 to transfer certain property from the Ontario Housing Authority (OHA) to the City on April 15, 2025. The City then sold the property and other City-owned properties to Block LLC for a project consisting of 156 multi-family residential units and approximately 35,000 square feet of commercial/retail/restaurant uses.</p> <p>a) Please provide details on the current transfer status and the number of affordable units proposed, if applicable.</p> <p>b) Please provide records of the disposition value and payments received, including any independent appraisals completed for the property.</p> <p>c) Please explain how the City's actions comply with the SLA.</p>
2	Empire Groves Specific Plan (10.43 acre project site) APN: 0110-322-33	<p>On April 15, 2025, the City approved a Development Agreement (DA) between the City and Diversified Pacific Development Group LLC (Diversified) to construct a 600,000 square-foot commercial project, including a 600-room full service hotel within the Empire Groves Specific Plan area. Sections 4.9 through 4.9.2 of the draft DA provide Diversified with options for right of first refusal to purchase certain properties at fair market value from the City, described as the "Miller Property" and the "Surrounding Property." Although the properties were reported to not be City-owned at the time of the public meeting, the above terms suggest that the City engaged in exclusive negotiations with Diversified in violation of the SLA.</p> <p>a) Please provide additional information on the DA, including any executed agreements and whether the City has disposed of any surplus land, or is in the process of disposing to Diversified.</p>

Property Location		HCD's Initial Review and Questions
3	Southwest corner of Ontario Ranch Road and Hamner Avenue, in the Rich Haven Specific Plan	<p>On October 1, 2024, the City adopted Resolution No. 2024-168 to execute a Quitclaim Deed for fee title ownership transfer of a portion of Ontario Ranch Road to The Ranch at Model Colony, LLC.</p> <p>a) Please confirm the transfer status and details regarding the disposition value, including any payments that the City received and independent appraisal reports for the property.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>
4	207 Euclid Avenue APN: 1048-565-09	<p>On July 16, 2024, the City adopted Resolution No. 2024-140 to enter into a Disposition and Development Agreement to transfer this property to HDC Construction, for proposed commercial/restaurant use.</p> <p>a) Please provide information on the current transfer status and disposition value, including any payments received and independent appraisals completed for the property.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>
5	Archibald Avenue and Ontario Ranch Road	<p>On May 21, 2024, the City executed a Quitclaim Deed for fee title ownership transfer of City-owned parcels located near Archibald Avenue and Ontario Ranch Road to Lennar Homes of California, LLC.</p> <p>a) Please confirm the transfer status and details regarding the disposition value, including any payments that the City received and independent appraisal reports for the properties.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>
6	Portion of G Street at Corona Avenue (Original APN: 0110-241-33)	<p>On December 19, 2023, the City adopted Resolution No. 2023-166 to execute a Quitclaim Deed for fee title ownership of a portion of East G Street to Ontario Extended Stay, LLC.</p> <p>a) Please confirm the transfer status and details regarding the disposition value, including any payments that the City received and independent appraisal reports for the property.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>

Property Location		HCD's Initial Review and Questions
7	Assisi House 517, 521, 525 North Virginia Avenue APN: 1048-412-13	<p>On September 5, 2023, the City adopted Resolutions No. OHA-115, 2023-136 and 2023-137 to authorize transfer of City-owned property to the OHA for affordable housing purposes.</p> <p>a) Please provide details on the current transfer status and documentation of any recorded affordable housing restrictions.</p> <p>b) Please provide records of the disposition value, including any payments received and independent appraisals for the property.</p> <p>c) Please explain how the City's actions comply with the SLA.</p>
8	1325-1329 South Euclid Avenue APNs: 1049-531-01 and -02	<p>On September 5, 2024, the City adopted Resolution No. OHA-116 to approve a Development and Disposition Agreement between OHA and HDC Construction, Inc. to develop the 0.482-acre property with three market-rate single-family homes, each with an accessory dwelling unit. Exclusive negotiations have occurred since October 12, 2022.</p> <p>a) Please provide details on the current transfer status and disposition value, including any payments received by the City or OHA and independent appraisals for the property.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>
9	East Borba Street	<p>On August 15, 2023, the City adopted Resolution No. 2023-126 to execute a Quitclaim Deed for fee title ownership of property located near East Borba Street to Prologis, L.P.</p> <p>a) Please confirm the transfer status and details regarding the disposition value, including any payments that the City received and independent appraisal reports for the property.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>

Property Location		HCD's Initial Review and Questions
10	206 West D Street and 221 West E Street APNs: 1048-353-13 and -14	<p>On March 21, 2023, the City adopted Resolution No. 2023-018 to approve an exchange of properties between the City and the Diocese of San Bernardino Education and Welfare Corporation.</p> <p>a) Please provide details on the current transfer status and disposition value, including any payments that the City received and independent appraisal reports for the 1.3-acre property.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>
11	Downtown Euclid Avenue Mixed-Use Development Southeast corner of D Street and Lemon Avenue APNs: 1048-556-01 through -05 and -14	<p>On December 6, 2022, the City adopted Resolution No. 2022-160 to enter into a Disposition and Development Agreement to sell a 1.19-acre property to Euclid Investment Group, LLC for \$1,088,564 and to develop a 73-unit market rate rental housing project.</p> <p>a) Please provide information on the current transfer status and disposition value, including any payments that the City received and independent appraisal reports for the property.</p> <p>b) Please explain how the City's actions comply with the SLA.</p>
12	Emporia Place Phase 2 301, 325 W. Transit St., 201 S. Fern Avenue and 310, 303 W Emporia Street APNs: 1049-054-02, -03, and -04	<p>On September 6 and 22, 2022, the City, on behalf of OHA, adopted Resolutions No. OHA-111, 2022-136 and OHA-112 to amend an existing Disposition and Development Agreement (DDA) with Ontario Emporia II Housing Partners, L.P. The DDA appears to have first been entered on April 20, 2021, and allows the sale and development of the properties for a 50-unit affordable rental housing project.</p> <p>a) Please provide information on the current transfer status and disposition value, including any payments that the City received and independent appraisal reports for the property.</p> <p>b) Please provide documentation showing any affordability restrictions.</p> <p>c) Please explain how the City's actions comply with the SLA.</p>

Property Location		HCD's Initial Review and Questions
13	D Street and Laurel Avenue 120 West D Street and 420 North Laurel Avenue APNs 1048-354-12 and -13	On August 16, 2022, the City adopted Resolution No. 2022-126 to enter into a Disposition and Development Agreement with D Street Townhome Apartments, LLC to sell and develop a 0.74-acre property for a 26-unit townhome project. a) Please provide information on the current transfer status and disposition value, including any payments that the City received and independent appraisal reports for the property. b) Please provide details on affordable housing units, if applicable. c) Please explain how the City's actions comply with the SLA.
14	4000 East Ontario Center Parkway and the southeast and southwest corners of Via Piemonte and Via Villagio, within the Mixed-Use land use district (Subareas 8, 11, 16, and 17) of the Piemonte Overlay of the Ontario Center Specific Plan APNs: 0210-205-01; 0210-204-38 and -39	On July 19, 2022 and August 2, 2022, the City adopted Resolution No. 2022-110 and Ordinance Nos. 3217, 3218, 3219, and 3220, to approve 55-year Ground Lease(s) between the City and several private limited liability companies (known as OTC Lot A Owner, OTC Lot B Owner, OTC Lot C Owner, and OTC Lot D Owner) to develop 10.49 acres of City-owned lands for a mixed-use project consisting of 694 residential units and 71,500 square feet of commercial/office/retail uses. a) Please confirm the transfer status and details on all disposition values, such as payments that the City received and any independent appraisal reports for the properties. b) Please provide details on affordable housing units, if applicable. c) Please explain how the City's actions comply with the SLA.
15	Downtown Euclid Avenue Mixed- Use Development, "Downtown D Block" at 404, 416 and 414 North Euclid Avenue, and 401 and 418 North Lemon Avenue APNs: portion of 1048-363-02 through -05	On July 5, 2022, the City adopted Resolution No. 2022-109 to enter into a Disposition and Development Agreement to sell the 2.13-acre property to Ontario Place D Block, LLC for \$2,200,000 and to develop a 109-unit market rate rental housing project with 4,040 square feet of commercial/retail uses. a) Please provide information on the current transfer status and disposition value, including any payments that the City received and independent appraisal reports for the property. b) Please explain how the City's actions comply with the SLA.

Property Location		HCD's Initial Review and Questions
16	213 North Fern Avenue APN: 1048-572-06	<p>On May 17, 2022, the City adopted Resolution No. SA-018 to approve a Purchase and Sale Agreement between the Successor Agency to the Ontario Redevelopment Agency and HDC Construction, Inc. to sell a vacant 0.11-acre property for \$100,000 and to develop a multifamily housing development.</p> <p>a) Please clarify if any affordable housing units were proposed. b) Provide information on the current transfer status and disposition value, such as any payments received by the City and independents appraisal reports for the property. c) Please explain how the City's actions comply with the SLA.</p>
17	Fire Station 1 (APN: 1048-545-16); Founders Garden (APNs: 0210-205-03 and 0210-211-23); Emporia Block (APNs: 1049-056-01 through -06)	<p>On April 19, 2022, the City adopted Resolution No. 2022-033 to approve the exchange or sale of City-owned properties (14.92 acres in total) between the City and the University of La Verne (ULV). In exchange, the City will reportedly receive a 2.4-acre parking lot parcel (APN: 1048-541-15) from ULV.</p> <p>a) Please provide details on the current transfer status and disposition value, including any payments received by the City and independent appraisal reports for each property. b) Please explain how the City's actions comply with the SLA.</p>