

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

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November 25, 2025

Scott Darnell & Gena Hedrick
308 Orange, LLC
11720 El Camino Real, Suite 250
San Diego, CA 92130

Dear Scott Darnell & Gena Hedrick:

RE: Del Island – Letter of Technical Assistance

The California Department of Housing and Community Development (HCD) is responsible for implementing the state Affordable Housing Preservation Law (AHPL).¹ This technical assistance letter follows ongoing notifications from HCD to R. A. Snyder (Property Management) and 308 Orange, LLC (Owner) regarding Del Island's required compliance with AHPL. Del Island (Property) is located at 308-330 Orange Avenue in the City of Coronado. HCD is informed that all 29 units at the Property will reach the end of their affordability period on February 1, 2026.

The purpose of this letter is to provide continued technical assistance to the Owner of the Property of its legal obligations under AHPL. Please be advised that failure to provide the proper required notices could result in a violation of AHPL under Government Code sections 65863.10² and 65863.11.³

HCD acknowledges receipt of additional information from the Owner on November 19, 2025. Notwithstanding receipt of this information and as discussed in the meeting on November 14, 2025, the following technical assistance outlines the Owner's legal obligations to follow and meet the requirements of AHPL and the consequences for failing to do so.

¹ Gov. Code, §§ 65863.10, 65863.11, and 65863.13.

² Available at

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65863.10.&lawCode=GOV.

³ Available at

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=65863.11.&lawCode=GOV.

Background

On September 19, 2025, HCD emailed the Property Management requesting a copy of the Property's Regulatory Agreement to determine whether the Property may be subject to AHPL. After the Owner provided a copy of the Regulatory Agreement, HCD determined that the Property is subject to AHPL per Government Code Sections 65863.10 and 65863.11.

On October 6, 2025, HCD held a meeting with the Owner and their attorney to gather information about the Property and provide technical assistance for compliance with AHPL. Following the meeting, on October 7, 2025, HCD provided a summary email requesting copies of lawful notices issued and the current occupancy status at the Property. HCD also reminded the Owner of their obligation to issue a Three-Year Notice if no compliant notices are found. On November 6, 2025, the Owner stated to HCD that nine units are currently occupied at the Property, and 13 tenants have vacated the property since the recent change in ownership. The Owner also stated to HCD that the City has not been in receipt of any notices, pursuant to AHPL, previous to their ownership. The Owners have not provided HCD or the tenants with the legally required written notices under Government Code section 65863.10, subdivisions (b), (c), and (e).

Affordable Housing Preservation Law

Owners of assisted housing developments, as defined in Government Code section 65863.10, subdivision (3), are prohibited from terminating subsidy contracts, prepaying a federally assisted mortgage, or allowing the expiration of rental restrictions without first meeting the requirements under AHPL. Pursuant to Government Code section 65863.10, subdivision (a)(5), "expiration" refers to expiration of the rental restriction unless the development has other recorded agreements restricting the rent to the same or lesser levels for at least 50 percent of the units or the same number of units under the rent restrictions prior to the expiration, whichever is greater. Owners are required to provide an exclusive "Notice of Opportunity to Submit an Offer to Purchase"⁴ (NOSOP) to Qualified Entities as listed on HCD's website.⁵ Additionally, Three-Year Notices, Twelve-Month Notices, and Six-Month Notices are required to be provided to affected tenants and prospective tenants prior to the anticipated date of the termination of a subsidy contract, the expiration of rental restrictions, or prepayment of an assisted housing development.⁶

⁴ Gov. Code, § 65863.11.

⁵ HCD's Preservation website available at <https://www.hcd.ca.gov/planning-and-research/preserving-existing-affordable-housing>.

⁶ Gov. Code, § 65863.10.

HCD is responsible for implementing the AHPL, found in Government Code sections 65863.10, 65863.11, and 65863.13, and templates for the notices required by Government Code sections 65863.10 and 65863.11 can be found on the HCD website.⁷

HCD is charged with the duty to monitor compliance with these sections and refer violations to the California Office of the Attorney General for appropriate enforcement action.⁸

Conclusion and Next Steps

To comply with AHPL, the Owner is required to issue the following notices:

- Three-Year Notices to Affected Public Entities and Affected Tenants.⁹ The affordability restrictions will not expire until three years from the issuance of this notice.
- Twelve-Month Notices to Affected Public Entities and Affected Tenants.¹⁰ This notice must be issued at the appropriate time after the Three-Year Notice has been properly issued.
- A Notice of Opportunity to Submit an Offer to Purchase must be issued prior to or concurrent with the Twelve-Month Notice.¹¹
- Six-Month Notices to Affected Public Entities and Affected Tenants.¹² This notice must be issued at the appropriate time after the Three-year, Twelve-month and NOSOP have been properly issued.

Additionally, the Owner must register the Property and annually certify compliance¹³ with AHPL via the Affordable Housing Preservation Portal found on HCD's website.¹⁴ Additional information on requirements pertaining to AHPL can be found on HCD's website.¹⁵

⁷ Notice templates available at <https://www.hcd.ca.gov/planning-and-research/preserving-existing-affordable-housing>.

⁸ Gov. Code, § 65863.11, subd. (n)(4).

⁹ Gov. Code, § 65863.10, subd. (e)(2).

¹⁰ Gov. Code, § 65863.10, subd. (b).

¹¹ Gov. Code, § 65863.11.

¹² Gov. Code, § 65863.10, subd. (c)(1).

¹³ Gov. Code, § 65863.11, subd. (n)(3)(B).

¹⁴ Affordable Housing Preservation Portal available at <https://www.hcd.ca.gov/planning-and-research/preserving-existing-affordable-housing/annual-owner-compliance-certification>.

¹⁵ HCD's Preservation website available at <https://www.hcd.ca.gov/planning-and-research/preserving-existing-affordable-housing>.

Scott Darnell & Gena Hedrick, Owners

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Failure to comply with AHPL may be grounds for enforcement action by the state. HCD requests that the Owner provide a written response to this letter by December 25, 2025, indicating a proposed timeline for submitting a Three-Year Notice and indicating how the Owner will implement the guidance in this letter to ensure compliance with AHPL.

HCD is available to assist you through the process. If you have questions or need additional information, please email J. April Martinez, Housing Policy Analyst at jennifer.martinez@hcd.ca.gov.

Sincerely,



Laura Nunn
Housing Accountability Unit Chief