



# Anna M. Caballero

14<sup>th</sup> Senate District

## SB 747 – Surplus Land Act Reform (as amended 03/22/23)

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### SUMMARY

SB 747 Makes numerous improvements to the Surplus Land Act (SLA), including expediting the approval of residential developments which meet SLA requirements for affordable housing and improving clarity on the scope and application of the law to avoid delays and uncertainty for local agencies advancing important public policy priorities. This bill reaffirms that Economic Opportunity Law remains an alternative process to allow cities and counties to acquire and dispose of property to improve economic opportunities for local residents.

### PROBLEM

The SLA is generating confusion and time delays for local agencies seeking to acquire, sell, or lease property for public uses consistent with their public mission and statutory authority. Affordable housing development also experiences delays which jeopardizes financing and increases costs. Sec. 54226 of SLA states: “No provision of this article shall be applied when it conflicts with any other provision of statutory law.” Despite this, it has become challenging for local agencies to know what is covered by the SLA, and what is not, with the threat of significant penalties for violations.

California has many public policy priorities that local agencies are charged to advance such as building affordable housing, expanding transit usage and transit orient development, expanding broadband access and promoting economic development. However, when local agencies seek to retain and use their properties to advance these and other policy goals consistent with their authority, statute must be clear that they can do so without being exposed to delays and penalties under the SLA.

### BACKGROUND

For decades, redevelopment agencies (RDAs) were equipped with broad community revitalization authority and financing powers. A core feature of the former RDA tool was that it enabled local agencies to acquire properties and assemble land that could be used to revitalize deteriorated areas, and attract and expand new businesses and jobs.

After RDAs were eliminated in 2011, the Legislature recognized that local agencies needed new economic development tools and enacted a variety of laws, including State Economic Opportunity Law, to authorize local agencies to acquire and dispose of property for economic growth. Since its enactment, local agencies use this tool to acquire deteriorated buildings, underutilized lots, and other properties, often in deteriorated and underinvested neighborhoods and downtowns, with an eye toward the future sale or lease of these properties in ways that advance private-sector reinvestment to create economic opportunity by expanding jobs, businesses and amenities in those areas.

The SLA requires a local agency when disposing of the declared local property as “surplus” to first make it available for

affordable housing. In 2019, AB 1486 (Ting), imposed significant changes to the SLA including giving the Department of Housing and Community Development (HCD) an oversight role, including the ability to impose a fine based on the property sales price. Centralizing the administration of the SLA under HCD, and authorizing significant penalties for violations, has created a logjam hampering the ability of local agencies to effectively conduct activities, fulfill their missions without experiencing significant delays, or lobbying HCD to obtain individual exceptions.

### SOLUTION

SB 747 makes a number of changes to the Surplus Land Act, which:

- 1) Clarifies the Economic Opportunity Law remains an independent and alternative process for cities and counties to acquire and dispose of property.
- 2) Makes numerous improvements to the Surplus Lands Act, in ways that continue to advance the development of affordable housing, while avoiding needless delays and uncertainty for local public agencies. More specifically, SB 747:
  - a) Allows affordable housing and mixed use projects, which contain at least 25 percent of units reserved for lower income households, on one or more publicly-owned parcels to move forward without months of delays;
  - b) Clarifies that land retained by local agencies for developing transit, transit oriented development, installing wireless or broadband equipment, lands needed for airport and port purposes, state tidelands, and land used for waste disposal all qualify for “agency’s use”;
  - c) Clarifies that the SLA does not apply to leases of less than 35 years.
  - d) Provides an expedited process for local governments to administratively declare land as “exempt surplus property” following the adoption of findings and a 30-day notice to all parties.
  - e) Provides necessary due process for local agencies by requiring HCD to provide an appeals process overseen by an independent trier of fact for local agencies to appeal an adverse action taken by the department affecting the local agency.
  - f) Improves public transparency and accountability by requiring any local agency that has received a notice of violation of the SLA to consider the matter at a public hearing within 30 days if it proceeds with the disposal.

### SUPPORT

California Association for Local Economic Development (sponsor)  
Antelope Valley Economic Development & Growth Enterprise  
Calaveras County Economic & Community Development  
City of Brentwood  
City of Elk Grove  
City of Fowler

City of Indian Wells  
City of Inglewood  
City of Kerman  
City of Murrieta  
City of Palmdale  
City of Paramount  
City of San Marcos  
City of Tustin  
City of West Sacramento  
Kosmot Companies  
Opportunity Stanislaus  
Solano Economic Development Corporation  
Tulare Chamber of Commerce

## **CONTACT**

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**SB XXX – Bill Title** (as introduced/amended XX/XX/XX)

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