

SB 240: Prioritizing Affordable Housing on Surplus Property

Senator Rosilicie Ochoa Bogh

IN BRIEF

Senate Bill 240 will ensure surplus state property sold to build affordable housing is developed in a timely matter.

ISSUE

It is no secret that California is in the midst of a housing crisis. Of the Administration's goal of building 3.5 million housing units by 2025, developers have constructed only 7% (246,509) and only 13% (452,000) have permits. California produced approximately 19,500 new affordable units last year and provided funding for 5,000 additional affordable homes to begin development.¹ But to meet the state's astronomical housing needs, the Department of Housing and Community Development believes the state needs at least 70,000 affordable units annually to keep up with demand.²

The lack of new housing development has continued to increase the cost of housing in California to the point the vast majority of housing units are unaffordable. According to the Department of Finance, the median price of a single-family home peaked in May 2022 at \$898,980.³ To afford this, a family would need a combined income of \$180,000, more than twice California's median household income and almost five times the California Poverty Measure (CPM) line of \$36,900.⁴

EXISTING LAW

Existing law requires the state to offer surplus property to local entities for the development of low and moderate-income housing, open spaces, public parks, and government-owned facilities. Current surplus property disposals laws provide that the Department of General Services (DGS) is authorized to sell surplus property to a local agency or nonprofit affordable housing sponsor for "affordable housing" projects below market value if DGS determines that such a discount is necessary to finance the housing project and that it will remain affordable housing for

at least 40 years. However, buyers rarely invoke this option.

SOLUTION

SB 240 will ensure the timely development of affordable housing on state surplus property by:

- Requiring the entity that purchases the property to develop affordable housing within five years of acquisition or face a penalty equal to 1 percent of the purchase price;
- Exempting the property from CEQA reviews as "by-right" developments; and
- Striking from surplus property disposal laws DGS's authority to prioritize the sale of surplus property to localities below market value for the purposes of "parks" and "open space."

The Legislature has already found that the "provision of decent housing for all Californians is a state goal of the highest priority" and that the "disposal of surplus state real property is a direct and substantial public purpose of statewide concern." SB 240 will address these concerns by ensuring the timely development of affordable housing is further prioritized.

FOR MORE INFORMATION

Staff: Nicki Taylor

nicki.taylor@sen.ca.gov

O: (916) 651-4280

F: (916) 651-4923

Bill text and status can be found at:

<http://leginfo.legislature.ca.gov/>

¹ [CA Not Close to Housing Goals, CalMatters](#)

² [California's Housing Agencies Audit, State Auditor](#)

³ [CA Home Prices Break Another Record, SacBee](#)

⁴ [Poverty in CA, PPIC](#)