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State Surplus Property

The State Should Use Its Available Property More Effectively to Help Alleviate the Affordable Housing Crisis

Background

California's extreme housing costs are the third highest in the nation and have resulted in financial hardships for many of the State's residents. To combat this housing crisis, the Governor issued an executive order in 2019 that prioritizes the use of excess state-owned land to support the development of affordable housing. The Governor's order directed the Department of General Services (DGS) to conduct a rapid and comprehensive survey of all state-owned land to identify properties not currently needed by the State. Then, with the help of the Department of Housing and Community Development (HCD), DGS is making available for long-term lease those properties suitable for affordable housing development.

Key Findings

- DGS's identification of affordable housing opportunities will benefit thousands of Californians, but the department should accelerate its efforts to make properties available for development of affordable housing.
- The executive order had a short time frame, which limited DGS's ability to assess the viability of some properties, and the order may not create future opportunities for development of affordable housing unless the Legislature acts.
- The State does not have adequate assurance that its current inventory of land holdings is accurate.

Key Recommendations

To ensure that the focus on using the State's excess property for the development of affordable housing endures, the Legislature should require the consistent and ongoing evaluation of excess state-owned property for suitability as sites for affordable housing.

To assess the State's excess properties and make them more quickly available for affordable housing development, DGS should do the following:

- Continue to evaluate for viability those properties for which it has not yet gathered the appropriate information from relevant agencies, and repeat this review and prioritization every four years.
- Reconcile the State Property Index with county assessors' data, and contact and assist agencies that do not certify their annual submissions to the State Property Index.
- Seek additional staff or repurpose current staff to provide dedicated support for this program.

HCD should update its guidance on the local surplus property law to indicate how it will respond when agencies do not notify it of their intention to sell property before disposing of it.