

Date of Hearing: May 10, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 1734 (Jones-Sawyer) – As Amended April 20, 2023

Policy Committee:	Housing and Community Development	Vote:	7 - 0
	Local Government		8 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill excludes land disposed of by certain local agencies for emergency shelters and various types of housing from the requirements of the Surplus Land Act (SLA) and creates a civil penalty for violations of these provisions by local agencies.

Specifically, this bill:

- 1) States the SLA does not apply to the disposition of land for emergency shelters that meet existing statutory criteria for “Low Barrier Navigation Center,” supportive housing, transitional housing, and affordable housing, all as defined in current law, if the local agency disposing of the land has done all of the following:
 - a) Adopted a housing element that is compliant with law, as determined by the Department of Housing and Community Development (HCD).
 - b) Received a pro-housing designation by HCD.
 - c) Declared a local emergency related to homelessness.
- 2) Requires a local agency that disposes of land pursuant to 1) to submit an annual report to HCD that includes specified data. Authorizes HCD to request additional data, but does not authorize HCD to require the submission of data as a precondition of disposition.
- 3) Provides if a local agency disposes of land in violation of the bill’s provisions the agency is liable for a civil penalty calculated, for the first violation, as 30% of the greater of the final sale price or the fair market value of the land at the time of disposition and, for the second and subsequent violations, as 50% of the greater of the final sale price or the fair market value of the land at the time of disposition.
- 4) Authorizes HCD, entities identified in the SLA, as well as any person who would have been eligible to apply for residency in affordable housing had the agency not violated the provisions of this bill to bring an action to enforce the penalty provisions of the bill.
- 5) Requires a penalty to be deposited into a local housing trust fund, the Building Homes and Jobs Trust Fund, or the Housing Rehabilitation Loan Fund, and requires a local agency to expend the penalty moneys deposited into the local housing trust fund within five years of deposit.

FISCAL EFFECT:

- 1) Cost pressures (Trial Court Trust Fund) in the mid- to high-hundreds of thousands of dollars annually for trial courts to hear and adjudicate additional civil actions for alleged violations of the exemptions to the state SLA provided pursuant to this bill. This bill allows HCD, various local entities, housing organizations, as well as beneficially interested and potentially harmed individuals to sue local agencies for violations. If ten cases are filed in civil court annually requiring seven to ten days (56 to 80 hours) of court time, at an average cost per hour of \$1,000 in workload costs, the cost to the trial courts would be between \$560,000 and \$800,000 annually. Actual costs would vary depending on the number of cases filed and the amount of court time required in each case. Although courts are not funded on the basis of workload, increased pressure on the courts and staff may create a need for increased funding for courts to perform existing duties.
- 2) Minor and absorbable costs to HCD. However, HCD notes there are multiple bills moving through the legislature impacting the SLA. While many of these bills in isolation would have a minor and absorbable fiscal impact, were multiple of these bills to be chaptered, HCD anticipates an increased workload comprising additional monitoring and enforcement efforts, training for existing staff, updating guidelines and technical assistance materials, and providing technical assistance to local agencies directly impacted by these bills. Additional staffing would be required to absorb this cumulative workload.

COMMENTS:

- 1) **Purpose.** The author of this bill seeks to assist pro-housing government and transit agencies to more quickly dispose of publicly owned property for the development of emergency shelters, transitional housing, supportive housing, or affordable housing. This bill is sponsored by Los Angeles Mayor Karen Bass.
- 2) **Background.** The SLA spells out the steps local agencies must follow when they dispose of land they no longer need. Before local officials can dispose of property, they must declare the land is no longer necessary for the agency's use in a public meeting and declare the land either "surplus land" or "exempt surplus land." The SLA prioritizes the use of a local agency's surplus land for the development of affordable housing and gives first priority to housing projects that provide the greatest number of affordable units and the deepest levels of affordability.

The SLA exempts a series of potential land dispositions from its requirements, usually because certain dispositions provide intrinsic value to residents, provide one of the desired outcomes (provision of affordable housing or preservation of parklands) envisioned in the SLA, or that the land being disposed of is incompatible with housing. These exemptions allow local agencies to more expeditiously dispose of land while achieving one of the desired outcomes of the SLA.

This bill allows a local agency that declares a local emergency related to homelessness, has a compliant housing element, and is designated pro-housing by HCD to exclude from the requirements of the SLA land disposed of for the production of emergency shelters, supportive housing, transitional housing, and specified affordable housing. This bill is intended for the City of Los Angeles which is likely the only jurisdiction to currently meet these requirements.

- 3) **Related Legislation.** There are four additional Assembly bills introduced this session that create various exemptions under the SLA. These include AB 457 (Joe Patterson), pending in the Senate; AB 837 (Alvarez), pending in this committee; AB 983 (Cervantes), pending in the Assembly Local Government Committee; and AB 1607 (Wendy Carrillo), pending in this committee.

AB 480 (Ting) changes the penalty provisions of the SLA, similar to the penalties in this bill, and makes procedural changes to noticing provisions that apply to surplus land and exempt surplus land disposed of by local agencies subject to the SLA. AB 480 is pending in this committee.

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