
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Susan Rubio

Chair

2025 - 2026 Regular

Bill No: AB 1947 **Hearing Date:** 6/23/2026
Author: Ta
Version: 6/8/2026 Amended
Urgency: No **Fiscal:** Yes
Consultant: Felipe Lopez

SUBJECT: Surplus land

DIGEST: This bill adds specified information to the annual report a state agency must provide to the Department of General Services (DGS) related to excess land. Specifically, the bill requires a state agency, including the Department of Transportation (Caltrans), to identify and report to DGS the market value of unutilized or underutilized land in the state agency's jurisdiction, regardless of whether the agency is currently prepared to dispose of the land.

ANALYSIS:

Existing law:

- 1) Establishes DGS, which is under the control of the Director of DGS, within the Government Operations Agency, and requires the director to perform various functions and duties with respect to property within the state, including entering into lease agreements.
- 2) Authorizes DGS, subject to legislative approval, to sell, lease, exchange, or transfer various specified properties for current market value, upon such other terms and conditions DGS determines are in the best interest of the state.
- 3) Authorizes DGS, with the consent of the state agency concerned, to, among other things, let for a period not to exceed five years, any real personal property that belongs to the state, unless otherwise prohibited or excepted.
- 4) Requires, DGS to create a digitized inventory of all excess state land, create screening tools for prioritizing affordable housing development on excess state land, and issue requests for proposals and select affordable housing developments on excess state land, as described.

- 5) Requires, each state agency, each year, to make a review of all proprietary state lands, except, among other categories, land held for highway purposes over which it has jurisdiction to determine what land is in excess of its foreseeable needs and report those lands to DGS. This includes, among other things, land that is not currently being utilized, or is currently underutilized, by the state agency for any ongoing program.

This bill:

- 1) This bill requires a state agency, including Caltrans, to identify and report to DGS the market value of unutilized or underutilized land in the state agency's jurisdiction, regardless of whether the agency is currently prepared to dispose of the land.
- 2) Removes the exception that state agencies must not report "land held for highway purposes" over which a state agency has jurisdiction and report those lands to DGS. By removing the exception, state agencies, including Caltrans, would now be required to report land held for highway purposes to DGS as part of the annual report.
- 3) Requires DGS to submit a report to the Legislature by January 1, 2031, containing the information described above.

Background

Author Statement. According to the author's office, "Californians do not pay taxes so that the state can be a landlord. Governments do not collect taxes on properties the state owns. The state also loses money on property it holds, as real estate is an appreciating asset, and the state remains liable for its maintenance and upkeep. By optimizing management of state-owned land, AB 1947 will ensure that these assets are used effectively. This enhanced reporting will support the creation of additional revenue streams while expanding options to address the state's growing housing shortage. AB 1947 is a win-win for Californians."

Current Reporting Requirements. To strengthen oversight of its real property holdings, California law requires state agencies—subject to limited exceptions including land held for highway purposes—to submit annual reports to DGS identifying the land under their control.

DGS uses these self-reported data to maintain the State Property Inventory (SPI), a centralized database cataloging the State's real property portfolio. Reporting

agencies must provide information including each property's size, location, and any major structures situated on it.

In addition to maintaining the SPI, state agencies are required—with certain limited exceptions—to report the extent to which they are using, or anticipate using, the properties they possess. Agencies must identify to DGS any property that is not in use, which existing law defines as "excess property." Upon receiving such a report, DGS determines whether another state agency has a need for the property and, if so, may transfer possession accordingly. If no alternate use is identified, DGS includes the property in its annual report to the Legislature, which may then designate the land as "surplus property" and authorize DGS to sell or lease it. According to the author's office, "current law only requires the report drafted by DGS to include lands that agencies have deemed in excess of their needs. This list is not robust enough for the legislature to have a complete perspective on the state's assets."

Since 2009, state law has expressed a preference for disposing of surplus property in a manner that supports affordable housing development where feasible. Between 2010 and 2020, DGS sold, leased, or transferred 64 surplus properties; seven of those transactions ultimately supported affordable housing development, producing more than 500 affordable units.

It bears noting that not all state-owned property is suitable for development. The SPI reflects, for example, that the California State Lands Commission holds approximately 460,000 acres of state property—land that the commission is charged with protecting, enhancing, and maintaining for public access rather than developing.

In 2019, Governor Newsom issued Executive Order N-06-19, reorienting DGS's priorities toward facilitating the conversion of excess state property into affordable housing. The Executive Order's directives were subsequently codified through SB 561 (Dodd, Chapter 446, Statutes of 2022) and AB 2233 (Quirk-Silva, Chapter 438, Statutes of 2022). Since the issuance of the Executive Order, DGS and the Department of Housing and Community Development (HCD) have assembled a statewide pipeline of nearly 4,300 housing units across 32 projects in various stages of development. The State estimates that sites currently being released have capacity for at least 2,000 additional homes as development proceeds.

Prior/Related Legislation

SB 461 (Padilla, Chapter 759, Statutes of 2025) authorizes DGS to sell or lease to the City of Imperial, all of any part of the California Highway Patrol (CHP) El Centro Area Office, as specified.

AB 1420 (Ta, 2025) would have required a state agency to identify unutilized or underutilized land the state agency is not currently prepared to dispose of as part of an existing annual surplus land report the state agency must make to DGS. (Held in the Assembly Appropriations Committee Suspense File)

SB 536 (Rubio, Chapter 768, Statutes of 2024) authorizes DGS to sell, at fair market value, to the City of Chino, the Herman G. Stark Youth Correctional Facility, located in the City of Chino, as specified.

SB 572 (Smallwood-Cuevas, Chapter 770, Statutes of 2024) authorizes DGS to sell, upon terms and conditions the director determines are in the best interest of the state, all or any part of approximately 59,200 square feet of property, located at 5401 Crenshaw Boulevard, Los Angeles for purposes of redeveloping the property as an affordable housing or mixed-used housing project.

SB 958 (Dodd, Chapter 988, Statutes of 2024) authorizes DGS to sell or exchange, at fair market value, the property known as Camp Coombs in the County of Napa to the County of Napa or the Napa County Regional and Open Space District by January 1, 2026, as specified.

SB 1336 (Archuleta, Chapter 473, Statutes of 2024) authorizes DGS, with the consent of the Department of State Hospitals, to lease to a nonprofit corporation or local government, seven buildings located at Metropolitan State Hospital in the City of Norwalk for the purposes of providing housing or facilities, including adult and youth interim housing.

AB 1635 (Ward, 2024) requires DGS, in consultation with the Department of Motor Vehicles, to enter into good faith negotiations to lease the Hillcrest Property in the City of San Diego. (Died on the Senate Floor Inactive File)

SB 240 (Ochoa Bogh, Chapter 775, Statutes of 2023) authorizes a local agency or nonprofit affordable housing sponsors to be considered as a potential priority buyer of surplus state real property upon demonstration that the property is to be used for transitional housing for formerly incarcerated individuals, as specified.

Additionally, the bill provides that the development of surplus state real property by a local agency or nonprofit housing for an affordable housing project is by right, making the development ministerial in nature and exempt from requirements under the California Environmental Quality Act.

SB 830 (Becker, 2023) would have required DGS to, at least once every four years, verify a sample of the digitized inventory to ensure that the inventory is accurate. Current law requires DGS to conduct a comprehensive survey of all state-owned

parcels every four years to keep a digitized inventory of state-owned parcels that are suitable for affordable housing. (Gutted and Amended into an Unrelated Issue)

AB 349 (Ramos, Chapter 325, Statutes of 2023) authorizes DGS, with the consent of DSH, to lease a building at Patton State Hospital to a nonprofit corporation or local government for the purpose of providing services to elderly persons and providing housing to homeless individuals and providing mental health services to those individuals.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

None received

OPPOSITION:

None received