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**SB-680 State real property: surplus: City of Santa Clara.** (2015-2016)

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**Senate Bill No. 680**

**CHAPTER 649**

An act relating to state real property, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[ Approved by Governor September 26, 2016. Filed with Secretary of State September 26, 2016. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 680, Wieckowski. State real property: surplus: City of Santa Clara.

Existing law provides that the Director of General Services may acquire and dispose of surplus state real property where that property is not needed by another state agency and the Legislature has authorized disposal of the property. Existing law also specifies the manner in which the Department of General Services is to dispose of surplus state real property. Existing law authorizes the director, subject to certain conditions, to sell, lease, or exchange a specified parcel of real property in the City of Santa Clara upon terms and conditions and subject to reservations and exceptions that the director determines are in the best interests of the state.

This bill would authorize the director to modify the existing terms and conditions of the transfer to the Housing Authority of the City of Santa Clara of a specified parcel of real property within the City of Santa Clara to allow for residential development of that parcel, as provided. The bill would, as a condition of modifying the terms and conditions of the transfer, require the City of Santa Clara to indemnify, defend, and hold harmless the state from any and all claims, damages, or liabilities arising out of, in connection with, or directly or indirectly resulting from the exercise of the rights authorized by these provisions by the City of Santa Clara, the Housing Authority of the City of Santa Clara, and any subsequent purchaser or transferee of the property. The bill would also require the state to select counsel in any action arising out of, in connection with, or directly or indirectly resulting from the exercise of these rights. The bill would also require that the City of Santa Clara be solely responsible for compliance with the California Environmental Quality Act for purposes of these provisions.

The California Constitution requires that the proceeds from the sale of surplus state property be used to pay the principal and interest on bonds issued pursuant to the Economic Recovery Bond Act until the principal and interest on those bonds are fully paid, after which these proceeds are required to be deposited into the Special Fund for Economic Uncertainties, a continuously appropriated fund.

This bill would, if the property described above is used for a residential development, require the department to determine the difference between the actual price paid by the local agency for the property and the fair market value of the property and require the Housing Authority of the City of Santa Clara to pay that difference to the department. By increasing the amount transferred into a continuously appropriated fund, this bill would make an appropriation.

This bill would declare that it is to take effect immediately as an urgency statute.

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** (a) The Director of General Services may modify the existing terms and conditions, including, but not limited to, the existing purchase and sale agreement, as amended, the grant deed, the commencement date for development, and any other applicable transaction documents, of the transfer to the Housing Authority of the City of Santa Clara of an approximately six-acre parcel of real property within the City of Santa Clara, Assessor's Parcel Number 303-17-053, for the purposes set forth in subdivision (b). The director is authorized to make any modifications pursuant to this subdivision on terms and conditions and subject to any reservations and exceptions that the director determines are in the best interests of the state.

(b) (1) The property described in subdivision (a) may be used for a residential development including both residential units that are affordable to persons of extremely low, very low, or low or moderate income and residential units at market rate. As a result of any proposed modification to the original entitlements, the Department of General Services shall determine the difference between the actual price paid by the local agency for the property and the fair market value of the property, which shall be paid by the Housing Authority of the City of Santa Clara to the department.

(2) The City of Santa Clara may, subject to the consent of the other parties to the agreement, amend the development agreement applicable to the property described in subdivision (a) in order to remove that property from the agreement.

**SEC. 2.** (a) As a condition of modifying the terms and conditions as provided in subdivision (a) of Section 1 of this act, the City of Santa Clara shall indemnify, defend, and hold harmless the state from any and all claims, damages, or liabilities arising out of, in connection with, or directly or indirectly resulting from the exercise of the rights authorized by this act by the City of Santa Clara, the Housing Authority of the City of Santa Clara, and any subsequent purchaser or transferee. In any action arising out of, in connection with, or directly or indirectly resulting from the exercise of these rights, the state shall select counsel to defend the state.

(b) For purposes of this act, the City of Santa Clara shall be solely responsible for compliance with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

**SEC. 3.** This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

The San Francisco Bay area is experiencing an historic affordable housing crisis. Additional housing units are urgently needed to improve the quality of life for all San Francisco Bay area residents. A development project to build additional affordable housing units that will benefit the communities in the City of Santa Clara, especially low-income persons, senior citizens, veterans, and persons with disabilities, is urgently needed.