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## SB-572 Surplus state real property: community land trusts. (2023-2024)

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### Senate Bill No. 572

#### CHAPTER 770

An act to amend Section 16418 of, and to add Section 11011.30 to, the Government Code, relating to state property.

[ Approved by Governor September 27, 2024. Filed with Secretary of State September 27, 2024. ]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 572, Smallwood-Cuevas. Surplus state real property: community land trusts.

Existing law requires a state agency to review all proprietary state lands under its jurisdiction, as specified, to determine what land is in excess of its needs, and to report on these lands to the Department of General Services. Existing law prescribes a process for the disposition of surplus state property.

Existing law creates the Special Fund for Economic Uncertainties in the State Treasury and continuously appropriates moneys in the fund for specified purposes.

This bill would authorize the Director of General Services to sell 59,200 square feet of property located at 5401 Crenshaw Boulevard, Los Angeles, 90043-2407, at fair market value, upon terms and conditions the director determines are in the best interests of the state by January 1, 2030, notwithstanding specified procedures and priorities otherwise applicable to the disposal of surplus property by the department. The bill would require any sale pursuant to these provisions to be for the purposes of redeveloping the property as an affordable housing or mixed-used housing project, as defined. The bill would require the director, in a solicitation for the sale of the property, to solicit proposals from community land trusts, as specified, and to sell the property to a community land trust that responded to the solicitation, unless the director makes specified determinations. The bill would require the director, in evaluating proposals, to consider findings and recommendations from the Los Angeles Black Workers Center, as specified. The bill would require that the proceeds of the sale be expended on bond payments, as specified, and other costs, including costs for the review of the sale of the property and bond counsel. The bill would authorize the director to sell the property below fair market value for purposes of providing an affordable housing or mixed-use housing project, subject to reporting specified information to the Legislature, as prescribed. The bill would require the net proceeds of the sale to be deposited into the Special Fund for Economic Uncertainties, and would specify that moneys in the fund attributable to the sale are not continuously appropriated and are available for expenditure only upon appropriation by the Legislature. The bill would exempt the sale of the property from the California Environmental Quality Act. The bill, after January 1, 2030, would authorize the director to dispose of the property in accordance with specified procedures and priorities otherwise applicable to the disposal of surplus property by the department.

This bill would make legislative findings and declarations as to the necessity of a special statute for the Los Angeles Black Workers Center.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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

**SECTION 1.** Section 11011.30 is added to the Government Code, to read:

**11011.30.** (a) Notwithstanding Section 11011.1, the Director of General Services may sell, at fair market value, upon those terms and conditions the director determines are in the best interests of the state, all or any part of the following real property by January 1, 2030:

Approximately 59,200 square feet of property, located at 5401 Crenshaw Boulevard, Los Angeles, 90043-2407, in the County of Los Angeles.

(b) Any sale of the property pursuant to this section shall be for the purposes of redeveloping the property as an affordable housing or a mixed-use housing project.

(c) (1) In a solicitation for the sale of the property pursuant to this section, the director shall solicit proposals from community land trusts.

(2) A solicitation issued by the director pursuant to this section may prescribe or otherwise limit the types of entities permitted to respond to the solicitation in order to further specific redevelopment scenarios.

(d) (1) Except as provided in paragraph (2), the director shall sell the property pursuant to this section to a community land trust that responded to the solicitation.

(2) Notwithstanding paragraph (1), if the director determines that redevelopment of that property by any community land trust that responded to the solicitation is financially infeasible or would otherwise result in a failure to successfully redevelop the property in accordance with required performance standards, the director may sell that property to other entities.

(e) In evaluating proposals, the director shall consider the findings and recommendations made by the Los Angeles Black Workers Center arising from the work performed under Item 2240-108-0001 of Section 2.00 of the Budget Act of 2024.

(f) To the extent bonds issued by the State Public Works Board involve the property to be sold pursuant to this section, all issuer- and trustee-related costs associated with the review of any proposed sale or lease, together with the costs related to the defeasance or retirement of any bonds, which may include the cost of nationally recognized bond counsel, shall be paid from the proceeds of any sale or lease authorized by this section.

(g) In setting the purchase price for the property to be sold pursuant to this section, the director may permit a sales price at less than fair market value if the director determines that the discount will enable the provision of an affordable housing or a mixed-use housing project.

(h) Thirty days prior to executing a transaction for a sale of the surplus state real property for less than fair market value for affordable housing or a mixed-use housing project, the director shall report to the chairpersons of the fiscal committees of the Legislature, in compliance with Section 9795, all of the following:

(1) The financial terms of the transaction.

(2) A comparison of fair market value for the surplus state real property and the terms listed in paragraph (1).

(3) The basis for agreeing to terms and conditions other than fair market value.

(i) Net proceeds of the sale shall be deposited pursuant to subdivision (g) of Section 11011.

(j) A sale of the property pursuant to this section is exempt from Division 13 (commencing with Section 21000) of the Public Resources Code.

(k) If the property has not been sold pursuant to this section by January 1, 2030, the director may pursue the disposition of the property pursuant to Section 11011.1.

(l) For the purposes of this section, fair market value is established by an appraisal or economic evaluation conducted by the Department of General Services and approved by the department.

(m) For the purposes of this section, the following terms apply:

(1) "Affordable housing" means a residential dwelling unit that is restricted by deed or other recorded document as affordable housing for persons and families of low or moderate income, as that term is defined in Section 50093 of the Health and Safety Code.

(2) "Community land trust" has the same meaning as defined in clause (ii) of subparagraph (C) of paragraph (11) of subdivision (a) of Section 402.1 of the Revenue and Taxation Code.

(3) "Market-rate housing" means a residential dwelling unit that is not affordable housing.

(4) "Mixed-use housing project" means a project consisting of a mix of residential and nonresidential uses with at least two-thirds of the square footage of the development designated for residential uses, including, but not limited to, mixed-income housing.

(5) "Mixed-income housing" means a residential project that includes both affordable housing and market-rate housing units.

**SEC. 2.** Section 16418 of the Government Code is amended to read:

**16418.** (a) The Special Fund for Economic Uncertainties is hereby created in the State Treasury and is continuously appropriated for the purposes of this section. The contingency reserve for economic uncertainties established within the General Fund by Section 12.3 of the Budget Act of 1980 is hereby discontinued, and any balance in that reserve shall be transferred to the Special Fund for Economic Uncertainties. This special fund represents a reserve fund within the meaning of Section 5 of Article XIII B of the California Constitution. Notwithstanding Sections 16310 and 16314, the Controller may transfer as necessary from the Special Fund for Economic Uncertainties or from the special accounts in the General Fund to the General Fund amounts that are needed to meet cash needs of the General Fund. The Controller shall return all of the moneys so transferred without payment of interest as soon as there are sufficient moneys in the General Fund.

(b) The Controller shall transfer from the Special Fund for Economic Uncertainties to the unappropriated balance of the General Fund an amount necessary to eliminate any General Fund deficit as of the end of each fiscal year, commencing as of June 30, 1985. The amount of transfer for each fiscal year shall be determined on the basis of the State of California Preliminary Annual Report—Accrual Basis, for that fiscal year. Any subsequent adjustments shall be determined jointly by the Controller and the Director of Finance.

(c) Notwithstanding Section 13340, moneys in the Special Fund for Economic Uncertainties are hereby continuously appropriated without regard to fiscal years to the Director of Finance for the purpose of allocating funds for disaster relief pursuant to Chapter 5 (commencing with Section 194) and Chapter 6 (commencing with Section 197) of Part 1 of Division 1 of the Revenue and Taxation Code. However, any allocation made by the director pursuant to this subdivision shall not be made sooner than 30 days after notification in writing of the necessity therefor is provided to the Joint Legislative Budget Committee.

(d) For budgeting and accounting purposes, any appropriations heretofore or hereafter made specifically from the Special Fund for Economic Uncertainties, other than appropriations contained in this section, shall be deemed an appropriation from the General Fund. For year-end reporting purposes, the Controller shall add the balance in the Special Fund for Economic Uncertainties to the balance in the General Fund so as to show the total moneys then available for General Fund purposes.

(e) (1) Notwithstanding Section 13340, there is hereby appropriated from the General Fund, without regard to fiscal years, for transfer by the Controller to the Special Fund for Economic Uncertainties as of the end of each fiscal year the unencumbered balance in the General Fund.

(2) If, at the end of any fiscal year in which it has been determined that there are revenues in excess of the amount that may be appropriated, as defined in subdivision (a) of Section 2 of Article XIII B of the California Constitution, the transfer pursuant to paragraph (1) shall be reduced by the amount of these excess revenues. The estimates of the transfer shall be made jointly by the Department of Finance and the Legislative Analyst's Office.

(f) Notwithstanding the provisions of this section, moneys in the Special Fund for Economic Uncertainties that is attributable to the sale of the property pursuant to Section 11011.30 shall not be continuously appropriated and shall be available for expenditure only upon appropriation by the Legislature.

**SEC. 3.** The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique need for a recommendation from the Los Angeles Black Workers Center.