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**SENATE COMMITTEE ON HOUSING**  
**Senator Scott Wiener, Chair**  
**2023 - 2024 Regular**

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**Bill No:** SB 547 **Hearing Date:** 4/24/2023  
**Author:** Blakespear  
**Version:** 3/20/2023  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Mehgie Tabar

**SUBJECT:** District agricultural associations: real property: affordable housing

**DIGEST:** This bill clarifies that a District Agricultural Association (DAA) may engage in the construction and maintenance of affordable housing on state-owned property, as defined.

**ANALYSIS:**

*Existing law:*

- 1) Establishes the Division of Fairs and Expositions within the California Department of Food and Agriculture (CDFA), which is responsible for the fiscal and policy oversight for the network of California Fairs.
- 2) States 50 or more persons, who are residents of a district, may form an association to be known as and designated as a DAA, for the following purposes:
  - a) Holding fairs, expositions and exhibitions for the purpose of exhibiting all of the industries and industrial enterprises, resources and products of every kind or nature of the state with a view toward improving, exploiting, encouraging, and stimulating them.
  - b) Constructing, maintaining, and operating recreational and cultural facilities of general public interest.
- 3) Allows a DAA, with approval of the California Department of General Services (DGS), to purchase, acquire, hold, sell, or exchange, or convey any interest in real property.
- 4) Allows a DAA, with the approval of DGS, to lease for the use of its real property, or any portion of that property, to any person or public body for whatever purpose as may be approved by the board. This purpose may include,

but not be limited to, the construction and maintenance of housing affordable to persons and families of low or moderate income, as defined, pursuant to a lease of not more than 55 years.

**This bill:**

- 1) Clarifies a DAA, with the approval of DGS, may purchase, acquire, hold, sell, or exchange, or convey any interest in real property including, but not limited to, the construction and maintenance of affordable housing, as defined.

**COMMENTS:**

- 1) *Author's statement.* "A core priority of Senator Blakespear is to address California's housing crisis through increasing affordable housing development. By providing, without question, the authority that District Agricultural Associations throughout the state can construct and maintain affordable housing on state-owned property paves a path forward to more meaningfully address the housing crisis."
- 2) *California's housing crisis.* California's housing crisis is a half century in the making. Decades of underproduction underscored by exclusionary policies have left housing supply far behind need and costs soaring. California currently has 13 of the 14 least affordable metropolitan areas for homeownership in the nation; it also has the second highest rate of renter households paying more than 30% of their income for housing at 52%. According to the 2022 Statewide Housing Plan, published by HCD, California must plan for more than 2.5 million homes over the next eight-year cycle, and no less than one million of those homes must meet the needs of lower-income households.<sup>1</sup> This represents more than double the housing planned for in the last eight-year cycle. The lack of housing supply is the primary factor underlying California's housing crisis.

During the 1990's, California averaged only 110,000 new housing units per year. During the early 2000's, production increased significantly, reaching a peak of 212,000 units in 2004 before plummeting to historic lows during the recession. Unfortunately, the downward trend continues; the fact is that California has under-produced housing every single year since 1989.

As a result, millions of Californians, who are disproportionately lower income and people of color, must make hard decisions about paying for housing at the

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<sup>1</sup> 2022 Statewide Housing Plan: [A Home for Every Californian \(arcgis.com\)](https://arcgis.com)

expense of food, health care, child care, and transportation—one in three households in the state doesn't earn enough money to meet their basic needs.

- 3) *Public state lands for affordable housing development.* One of the limiting factors in building new affordable homes is land—the high cost and acquisition of land suitable for housing. State agencies own a significant amount of lands located in or near urban areas, some of which exceed those agencies' foreseeable needs, which could be used for housing.

Currently, the State of California owns over 3,100 properties and over 44,000 parcels totaling nearly seven million acres in size. Most of these are actively in use by the state's departments and agencies, or are non-developable land. Each year, state agencies review their lands, identify real properties which are excess to their needs, and report them to DGS. Until recently, DGS' prioritization for this disposal was to transfer to other state agencies, sell to local governments, sell to affordable housing developers, or sell on the open market, in that order. During the period between 2010 and 2020, DGS disposed of 64 properties, of which seven were utilized for affordable housing.

In January 2019, Governor Newsom issued Executive Order (EO) N-06-19, which ordered DGS and HCD to identify and inventory excess state-owned property for affordable housing projects. In doing so, this EO reoriented DGS' priorities to focus on facilitating the conversion of excess property to affordable housing. Within the required three months, DGS reviewed over 44,000 parcels, and identified 92 properties potentially suitable for housing. Since the beginning of implementation in 2019, DGS has awarded 16 of these state properties, totally 24 projects, for affordable housing development, each of which is proceeding through the planning, development, or construction phase. These properties will provide approximately 5,000 units of affordable housing through a low-cost (\$1/year), long-term (99+ years) ground lease with the state. In 2023, DGS will select and award at least 5 more sites for the development of affordable housing.

- 4) *Synergistic partnerships.* Existing law allows DAAs, with the approval of DGS, to lease its real property for whatever purpose is approved by the board.

Although not a new concept for the state, this bill will specify that the purpose of leasing these properties may include, but not be limited to, the construction and maintenance of housing affordable to persons and families of low or moderate income.

For example, the 2<sup>nd</sup> DAA, which operates the San Joaquin County Fairgrounds, is currently pursuing an affordable housing project through EO N-06-19. These fairgrounds encompass nearly 280 acres, of which approximately 100 acres have been identified as excess to need and suitable for a master planned residential development. The proposed development is also intended to provide financial support for the on-going operations of the 2<sup>nd</sup> DAA.

5) *Double-referral*. This bill was first referred to the Committee on Agriculture, where it passed on a 3-0 vote on April 18, 2023.

#### **RELATED LEGISLATION:**

**SB 561 (Dodd, Chapter 446, Statutes of 2022)** — required DGS, in consultation with HCD, to develop criteria to evaluate the suitability of excess state-owned parcels for affordable housing, codifying a portion of Executive Order N-06-19.

**AB 2233 (Quirk-Silva, Chapter 438, Statutes of 2022)** — required DGS to develop a plan (i.e., establish an ongoing system for identifying and disposing of state land) to facilitate development of affordable housing on state-owned excess land, codifying a portion of Executive Order N-06-19.

**SB 6 (Beall, Chapter 667, Statutes of 2019)** — required DGS to create a public, searchable database of sites in local government's housing element inventory of land suitable for residential development and state surplus properties.

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

**POSITIONS:** (Communicated to the committee before noon on Wednesday, April 19, 2023)

#### **SUPPORT:**

None received.

#### **OPPOSITION:**

None received.

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