



# SURPLUS LAND ACT

Government Code §§ 54220–54234

## INTRODUCTION

The Surplus Land Act (SLA) aims to make local public land that is no longer needed for government purposes available for building affordable homes. The SLA serves as a “right of first refusal” law that mandates that local agencies in California offer surplus land for sale or lease to affordable housing developers and certain other entities before making it available to other individuals or entities. Assembly Bill 1486 (Chapter 664, Statutes of 2019) strengthened the SLA by tasking HCD with oversight and enforcement authority, requiring greater transparency, and prioritizing affordable housing.

Local agencies, including cities, counties, special districts, redevelopment agencies, housing authorities, etc., must notify affordable housing developers when disposing of surplus public land when an exemption to the SLA cannot be met.

Exemptions to the SLA include affordable housing projects that meet specific affordability and other development criteria, transferring property to another local agency for the receiving agency’s use, and land with valid legal restrictions that prohibit housing, among others. For additional information, see [Public Lands for Affordable Housing Development](#) and the [Updated SLA Guidelines \(2024\)](#).

The Housing Law Fact Sheets provide an overview of existing laws which the California Department of Housing and Community Development (HCD) has statutory authority to enforce. The fact sheet does not constitute legal advice but is intended to be a resource for local agencies and decision-makers within California, including members of City Councils, Boards of Supervisors, and Planning Commissions.

## KEY PROVISIONS

For non-exempt surplus land, local agencies must send a notice of availability (NOA) to the following parties:

- ▶ HCD
- ▶ Any local public entity within the jurisdiction where the surplus land is located
- ▶ Developers who have notified HCD of their interest in developing affordable housing on surplus local public land

Once the NOA is sent, interested parties may respond during a mandatory 60-day period. If interest is received, the local agency must engage in good faith negotiations, after the 60-day period ends, for a minimum of 90 days with all interested developers proposing housing with least 25 percent affordable units. The local agency must prioritize proposals with the most affordable housing units proposed, followed by the deepest level of affordability.

After negotiations conclude, the local agency must submit a disposition summary to HCD at least 30 days before the disposition of surplus land. The required information includes:

- [Description of disposition](#) form
- Adopted “surplus land” declaration
- NOA sent
- Evidence NOA was sent to all required entities
- Summary of negotiations (if applicable)
- Draft affordability covenant and/or equity sharing agreement

If a local agency cannot come to price or terms after the full 90-day good faith negotiation period, then the local agency must provide HCD the above information with a draft 15 percent affordability covenant.

HCD reviews all SLA “surplus land” and “exempt surplus land” dispositions and provides a findings letter to the local agency noting compliance. HCD also provides technical assistance to local agencies and other stakeholders.

## RECENT HCD FINDINGS LETTERS

<p><a href="#">City of Rancho Cordova</a>, March 10, 2025</p>	<p>The City of Rancho Cordova designated a two-acre parcel as “exempt surplus land” under the SLA for Phase 4 of Mather Veterans Village, which will include 69 affordable units for very low-income homeless and/or disabled veterans. Because the project meets exemption criteria—such as dedicating at least 80 percent of the property to housing and ensuring long-term affordability, it is not subject to the standard surplus land disposition process.</p>
<p><a href="#">Sacramento Regional Transit District</a>, December 11, 2024</p>	<p>The Sacramento Regional Transit District complied with the SLA in its plan to sell its Midtown Administrative Complex, issuing proper notices and selecting The Code Solution, Inc. to develop 304 rental units. The project includes 25 percent affordable units across various income levels, and HCD confirmed all SLA requirements were met.</p>

## LEGISLATIVE HIGHLIGHTS

<p><b>Surplus Land Act Amendments – Exemptions and Negotiations</b> <a href="#">SB 747</a>, Caballero (2023); amended Gov. Code, §§ 54220-54234</p>	<p>Establishes an administrative process for certain types of exempt dispositions. The bill clarifies that “participating in negotiations” did not include certain activities required to determine if a project meets the criteria for “exempt” affordable housing developments.</p>
<p><b>Surplus Land Act Amendments –</b></p>	<p>Expands exemption for affordable housing projects and removes the requirement that surplus land be put out to</p>

**Exemptions for  
Developments with  
Affordable Housing**

[AB 480](#), Ting (2023);  
amended Gov. Code,  
§§ 54221–54230.5 and  
54234

open, competitive bid for certain housing developments. The bill creates an exemption for surplus land totaling 10 or more acres that is put out to an open, competitive bid for a development with certain requirements, including affordable housing.