

## **2021-114 AUDIT SCOPE AND OBJECTIVES**

### **State Agencies' Management of Surplus Properties**

The audit by the California State Auditor will provide independently developed and verified information related to the processes used by the Department of General Services (DGS), the California Department of Transportation (Caltrans), the Department of Developmental Services (Developmental Services), and the Department of Housing and Community Development (HCD), for selling, transferring or disposing of State-owned surplus properties in the areas of the State that have seen the greatest increase in homelessness. The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Evaluate the processes the State uses to identify and report surplus properties, and the roles and responsibilities of Caltrans, Developmental Services, DGS, and HCD in these processes.
3. Assess the status of the 44,000 parcels identified as surplus by state agencies in 2019, including how many parcels were deemed suitable for affordable housing, the progress and timeline of any housing projects on these parcels, and the reasons why parcels were not considered suitable for housing.
4. Determine, to the extent possible, whether the State owns any additional properties beyond the 44,000 parcels it identified in 2019 that could help meet affordable housing goals in Fresno, Los Angeles, Orange, Sacramento, San Diego, and San Francisco counties.
5. For a selection of parcels that the State has identified as surplus properties suitable for affordable housing in Fresno, Los Angeles, Orange, Sacramento, San Diego, and San Francisco counties, determine the following :
  - (a) The steps needed to carry out the Governor's Executive Order N-06-19 to build cost effective housing developments on these parcels.
  - (b) The process, timelines, and stakeholders involved in identifying properties to transfer, dispose of, or sell to local governments or affordable housing organizations.
  - (c) The number of properties with active plans to build affordable housing.
  - (d) For the properties without active plans, whether the departments' are working to overcome any obstacles to using these surplus properties to develop affordable housing.
6. Evaluate Caltrans's, Developmental Services', DGS', and HCD's engagement with local governments and affordable housing organizations by doing the following:
  - (a) Analyze the effectiveness and transparency of these departments engagement with local governments and affordable housing organizations in Fresno, Los Angeles, Orange, Sacramento, San Diego, and San Francisco counties.
  - (b) Identify the departments responsible for ensuring local governments develop affordable housing from surplus properties and their plans for doing so.
7. Review and assess any other issues that are significant to the audit.