



## OFFICE OF THE GOVERNOR

**OCT 07 2023**

To the Members of the California State Assembly:

I am returning Assembly Bill 309 without my signature.

This bill would create the Social Housing Program in the Department of General Services (DGS). The program would identify and produce three social housing projects on excess state-owned property through development or acquisition.

This bill infringes on state sovereignty over state-owned real property by establishing a new process for local government review of state projects authorized under the bill and could potentially cost the state several hundred million dollars in capital expenditures.

State-owned sites identified as suitable for housing development already are being developed as affordable housing through the State Excess Sites program. This program, instituted through Executive Order (EO) N-06-19 and further codified through AB 2233 (Quirk-Silva, Chapter 438, Statutes of 2022) and SB 561 (Dodd, Chapter 446, Statutes of 2022), has already awarded state land for 17 residential or mixed-use projects with significant affordable housing components.

While I appreciate the author's commitment to build more affordable housing in the state, this bill creates new additional cost pressures and must be considered in the annual budget in the context of all state funding priorities.

In partnership with the Legislature, we enacted a budget that closed a shortfall of more than \$30 billion through balanced solutions that avoided deep program cuts and protected education, health care, climate, public safety, and social

service programs that are relied on by millions of Californians. This year, however, the Legislature sent me bills outside of this budget process that, if all enacted, would add nearly \$19 billion of unaccounted costs in the budget, of which \$11 billion would be ongoing.

With our state facing continuing economic risk and revenue uncertainty, it is important to remain disciplined when considering bills with significant fiscal implications, such as this measure.

For these reasons, I cannot sign this bill.

Sincerely,

Gavin Newsom

A large, stylized handwritten signature in black ink, which appears to be "Gavin Newsom", is written over the printed name and extends across the page.