

# SB 959 (Portantino) Surplus residential property: priorities and procedures: City of Pasadena.

## BACKGROUND

California Department of Transportation (Caltrans) currently owns approximately 460 properties in the State Route 710 (SR 710) corridor, including 330 homes and 103 multi-family housing units. These properties were originally purchased in the corridor with the intent to eventually remove the structures and construct an extension to the existing SR 710 freeway to close a 4.5-mile unconstructed gap between the City of Alhambra and the City of Pasadena.

Early in 2017, Caltrans began dispensing of properties as required by SB 416 (Liu, 2013) and the Roberti Act. SB 416 and the Roberti Act govern the sale of surplus property and outline the priority order of who can purchase. In 2019, the Governor signed SB 7 (Portantino), which put the final nail in the coffin of the SR 710 extension project.

To date, Caltrans has approximately another 445 properties to sale.

These approximately 445 properties include both occupied and unoccupied residential single-family units, multi-family units, and no residential/commercial properties.

## PROBLEM

Now that it has been determined that the SR710 freeway gap between Alhambra and Pasadena can no longer be built, the City of Pasadena expressed a need for legislative changes to the current sales process. These changes will allow for a more direct intervention by Pasadena in purchasing properties, thereby allowing them to increase the supply and quality affordable housing outcome in their jurisdiction.

Current statute allows cities to purchase only occupied and unoccupied multi-family units, but cities must still compete with other Housing Related Entities (HREs) to win the bid.

Additionally, current statute sets the sales price for cities at a “reasonable price”, determined by various factors. However, a substantial number of these homes need significant repairs and at the same time must be rented or sold at amounts based upon affordable income criteria.

SB 959 proposes changes in the disposition process to allow the City of Pasadena to purchase, rehabilitate, maintain, and create more affordable housing in the City.

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## SUMMARY

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Allow the City of Pasadena to purchase unoccupied properties at their acquisition price or after current tenants state they do not want to purchase or if tenants do not qualify to purchase the properties in which they reside while allowing fair market value tenants an opportunity to purchase first.

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This bill would:

- 1) Offer to current tenants of single-family dwellings the opportunity to purchase the property first.
  - 2) Allow Pasadena to purchase and sell unoccupied homes at fair market value and use the funds generated to reinvest in affordable housing in Pasadena with a 3 to 1 ratio.
  - 3) Require Pasadena to create 3 affordable housing units for each home sold at fair market value: either build new units or acquire units with a 55 year covenant for rentals or 45 year covenant for home-ownership.
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## EXISTING LAW

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Under existing law, specified single-family residences must first be offered to their former owners or present occupants, as specified. Existing law then requires the property to be offered to housing-related entities, as provided, prior to placing the property up for sale for fair-market value.

Existing law establishes priorities and procedures for the disposition of surplus residential properties in the SR 710 corridor, giving priority to current owners at fair market value, current occupants that meet certain income-qualifications “at an affordable price,” housing-related public and private affordable housing entities at a price necessary to maintain affordability, as specified, and then to occupants and persons who intend to be owner occupants at fair market value. With respect to properties offered to specified income-qualified buyers, Caltrans must provide repairs required by lenders and government housing assistance programs prior to the sale or provide the occupants with a replacement dwelling.

Existing law also requires Caltrans to give priority to purchase surplus nonresidential property at market value in use to tenants in good standing who currently rent, lease, or otherwise legally occupy the property.

Existing law, known as the Administrative Procedure Act, governs the procedures for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. Existing law establishes procedures for the adoption of emergency regulations, including requiring that the state agency make a finding that the adoption of a regulation or order of repeal is necessary to address an emergency, as defined. Under existing law, a regulation, amendment, or repeal adopted as an emergency regulatory action may only remain in effect for up to 180 days, unless the adopting agency complies with specified requirements relating to notice of regulatory action and public comment.

**SUPPORT**

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**OPPOSITION**

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