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**SENATE COMMITTEE ON TRANSPORTATION AND HOUSING**

**Senator Jim Beall, Chair**

**2017 - 2018 Regular**

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<b>Bill No:</b>	SB 400	<b>Hearing Date:</b>	9/14/2017
<b>Author:</b>	Portantino		
<b>Version:</b>	9/8/2017 Amended Assembly		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Erin Riches		

**SUBJECT:** Highways: surplus residential property.

**DIGEST:** This bill prohibits the state Department of Transportation (Caltrans) from increasing the rent of tenants who are participants in Caltrans' Affordable Rent Program and residing in surplus residential properties within the State Route (SR) 710 corridor.

**ANALYSIS:**

*Existing law:*

- 1) Authorizes Caltrans, when it determines that any real property acquired for highway purposes is no longer necessary, to sell or exchange the property upon terms, standards, and conditions established by the California Transportation Commission. Proceeds from the sale are deposited in the State Highway Account.
- 2) Establishes priorities and procedures for the disposition of surplus residential properties in the SR 710 corridor. Under the Roberti Act, Caltrans must offer surplus property in the following priority order:
  - a) First, at fair-market value (market rate) to all single-family residences presently occupied by the former owners.
  - b) Second, at an affordable price to current low-or moderate-income occupants who meet minimum length-of-occupancy standards.
  - c) Third, to public or private housing-related entities at a price necessary to make the housing affordable to present tenants and households of low or moderate income, as specified.

- d) Fourth, at market rate to present occupants in good standing, next to former tenants, and lastly to persons who intend to be owner-occupants.
- 3) Requires all non-historic surplus residential properties within the SR 710 corridor that are not purchased by former owners or the present occupants to be offered to a public or private housing-related entity at a reasonable price to allow the property to be used as affordable housing for low- and moderate-income individuals, as specified.
- 4) Requires all historic surplus residential properties within the SR 710 corridor that are not purchased by former owners or the present occupants to be offered first to a housing-related public entity or a nonprofit private entity dedicated to rehabilitating and maintaining the home for public and community access and use.
- 5) Requires the net proceeds from a subsequent sale of surplus residential property to be deposited into an Affordable Housing Trust Account to benefit families of low and moderate income residing exclusively in Pasadena, South Pasadena, Alhambra, La Canada Flintridge, and the 90032 postal ZIP code.
- 6) Establishes an Affordable Rent Program by which Caltrans considers affordability when adjusting rents for current residential tenants who are economically disadvantaged.

This bill:

- 1) Prohibits Caltrans from increasing the rent of a tenant who resides in a surplus residential property located within the SR 710 corridor in Los Angeles County and participates in Caltrans' Affordable Rent Program.
- 2) Sunsets this prohibition on January 1, 2020.

#### **COMMENTS:**

- 1) *Purpose.* The author states that he recently hosted a town hall meeting with Caltrans at which SR 710 corridor tenants expressed serious concerns about rising rents. In the wake of the Los Angeles County Metropolitan Transportation Authority's vote to kill the SR 710 tunnel, the sale of SR 710 houses is the next big piece of the puzzle that needs to fall into place. The author states that current tenants have the right to purchase their homes from Caltrans and that he wants to ensure that rising rents don't drive them out

during the home stretch of resolving the 60-year issue in the SR 710 corridor. Freezing rents will help facilitate the quick and efficient sale of properties.

- 2) *SR 710 Properties.* For decades, Caltrans has proposed extending SR 710 to close a roughly 4.5 mile unconstructed gap in the freeway between SR 10 in Los Angeles and SR 710 in Pasadena. This gap affects the cities of Alhambra, Pasadena, South Pasadena, and a portion of Los Angeles. The project has been in the planning stage since 1953 for a variety of reasons related to the federal environmental review process. In December 2016, Caltrans announced its plans to sell 42 of the SR 710 corridor properties and outlined future plans to sell many, if not all, of the remaining properties. In spring 2017, the Los Angeles County Metropolitan Transportation Authority voted unanimously to withdraw its support and funding for a proposed tunnel connecting the SR 710 and SR 210 freeways; Caltrans is expected to take similar action to cease further study of the freeway gap project. Since many tenants are trying to save up enough money to purchase the homes, the author feels that they should be protected against rising rents. This bill originally applied to all SR 710 corridor tenants but was recently narrowed to only those in the Affordable Rent Program.
- 3) *Caltrans rents.* Caltrans currently owns more than 460 homes within the original surface route corridor, of which 400 are occupied. Property management of these homes has created long-standing tension between Caltrans and its tenants. Tenants have complained that Caltrans does not adequately maintain the homes, while Caltrans has contended that since the houses will eventually be razed for freeway construction; long-term improvements are not an appropriate use of state funds. Caltrans and tenants have also clashed on the issue of appropriate rent levels.

According to Caltrans, 254 of the currently rented homes fall outside the Affordable Rent Program. Of the 123 tenants in the program, 47 are charged less than the affordable rent rate. Caltrans raises rents every year for homes that are less than 25% below either the fair market rate or the affordable rate, whichever is applicable, and every six months for homes that are more than 25% below the appropriate rate. Increases are limited to 10% by regulation. This bill would freeze rents for the 123 tenants who are in the Affordable Rent program.

- 4) *Senate Rule 29.10 referral.* This bill initially expanded the “Please Don’t Drink and Drive” Victims Memorial Sign Program to victims of non-driving-under-the-influence (DUI) accidents. This bill was amended in the Assembly Transportation Committee to remove that content and instead address the SR

710 properties. Pursuant to Senate Rule 29.10, the Senate Rules Committee referred the amended bill to the Transportation and Housing Committee to consider the Assembly amendments.

**Assembly Votes:**

Floor: 75-1  
Approps: 15-1  
Trans: 12-1

**RELATED LEGISLATION:**

**SB 275 (Portantino)** — would require any property purchased at an affordable price in the SR 710 corridor to be assessed at its affordable price for property tax purposes, and any property purchased at a reasonable price in the SR 710 corridor to be assessed at a reasonable price for property tax purposes. *This bill is in the Assembly Housing Committee. The language of this bill was adopted as part of the 2017 budget agreement.*

**SB 580 (Liu, Chapter 709, Statutes of 2016)** — made changes to the Roberti Act governing the sale of surplus properties in the SR 710 corridor.

**SB 1018 (Liu)** — would have required the Board of Directors of the Los Angeles County Metropolitan Transportation Authority to hold three public hearings on the cost-benefit analysis prepared for the SR 710 North Gap Closure project. *This bill died in the Senate Transportation and Housing Committee.*

**SB 580 (Liu, Chapter 709, Statutes of 2015)** — made changes to the Roberti Act governing the sale of surplus properties in the SR 710 corridor.

**SB 416 (Liu, Chapter 468, Statutes of 2013)** — expedited the sale of surplus residential properties in the cities of Los Angeles, South Pasadena, and Pasadena that do not fall within the boundaries of any alternate route being considered in the SR 710 Project Draft Environmental Impact Report/Environmental Impact Statement.

**SB 204 (Liu, 2012)** — would have required the sale of Caltrans-owned surplus properties in the SR 710 Project. *This bill was vetoed by the Governor.*

**AB 1617 (Liu, 2006)** — would have given cities priority over affordable housing entities to purchase, rehabilitate, and resell Caltrans-owned surplus residential properties in the SR 710 corridor. *This bill failed passage in the Senate Transportation and Housing Committee.*

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

**POSITIONS:** (Communicated to the committee by September 13, 2017.)

**SUPPORT:**

California School Employees Association  
City of Los Angeles Mayor Eric Garcetti  
City of Pasadena  
City of South Pasadena  
No on 710 Action Committee  
West Pasadena Residents' Association

**OPPOSITION:**

None received.

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