SB-7 Surplus nonresidential property and State Highway Route 710. (2019-2020)

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Senate Bill No. 7

CHAPTER 835

An act to amend Sections 54237, 54237.8, and 54238.9 of the Government Code, and to amend Section 253.1 of, to add Section 622.3 to, and to add and repeal Section 253.9 of, the Streets and Highways Code, relating to state property and highways.

[Approved by Governor October 12, 2019. Filed with Secretary of State October 12, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

SB 7, Portantino. Surplus nonresidential property and State Highway Route 710.

(1) Existing law establishes priorities and procedures that any state agency disposing of surplus residential property is required to follow. Under existing law, specified single-family residences must first be offered to their former owners or present occupants, as specified. Existing law also gives tenants in good standing of nonresidential properties priority to purchase, at fair market value, the property they rent, lease, or otherwise legally occupy.

This bill would require a state agency to give priority to a tenant in good standing of a nonresidential property to purchase, at the lesser of fair market value or value in use, as defined, if the tenant is a city or a nonprofit organization, as specified. The bill would prohibit the Department of Transportation from selling a nonresidential property to a tenant described above at a value below the minimum sales price, as defined in the department's Affordable Sales Program as of July 1, 2019. The bill would require the selling agency, if a nonresidential property is offered at a price that is less than fair market value, to impose appropriate terms, conditions, and restrictions.

(2) Existing law provides, notwithstanding any other law, for purposes of the California Environmental Quality Act, that the preliminary project alternative referred to as Alternative F-6 in the December 2012 Alternative Analysis Report of the Los Angeles County Metropolitan Transportation Authority is no longer deemed to be a feasible alternative for consideration in any state environmental review process for the Interstate 710 North Gap Closure project.

This bill would revise this provision to instead provide that the preliminary project alternatives referred to as Alternative F-5, F-6, and F-7 in the December 2012 Alternative Analysis Report of the Los Angeles County Metropolitan Transportation Authority and any other freeway or tunnel alternatives to close the Interstate 710 North Gap are no longer deemed to be feasible alternatives for consideration in any environmental review process for the Interstate 710 North Gap Closure project.

(3) Existing law prohibits the Department of Transportation, until January 1, 2020, from increasing the rent of tenants who reside in surplus residential property located within the State Route 710 corridor in the County of Los Angeles and who participate in the Affordable Rent Program administered by the department.

This bill would make this prohibition permanent and would also provide that signatories of active rental agreements for residential property entered into with the department as of July 1, 2019, and continuously residing at the property since that date, may be eligible to participate in the department's Affordable Rent Program.

(4) Existing law vests the Department of Transportation with full possession and control of all state highways and associated property. Existing law designates and describes state highway routes, and also describes the state highway routes in the California freeway and expressway system, including all of State Highway Route 710 in the County of Los Angeles.

This bill would, on January 1, 2024, remove from the California freeway and expressway system the portion of Route 710 between Alhambra Avenue in the City of Los Angeles and California Boulevard in the City of Pasadena.

(5) Existing law establishes a process for the California Transportation Commission to adopt a highway on an authorized route, requires the commission to relinquish to local agencies state highway portions that have been deleted from the state highway system by legislative enactment, and authorizes relinquishment in certain other cases.

This bill would authorize the commission to relinquish to the City of Pasadena the specified portions of Route 710 within its city limits, upon terms and conditions the commission finds to be in the best interests of the state, if the department and the city enter into an agreement providing for that relinquishment.
Vote: majority   Appropriation: no   Fiscal Committee: yes   Local Program: no

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 54237 of the Government Code is amended to read:

54237. (a) Notwithstanding Section 11011.1, an agency of the state disposing of surplus residential property shall do so in accordance with the following priorities and procedures:

(1) First, all single-family residences presently occupied by their former owners shall be offered to those former owners at the appraised fair market value.

(2) Second, all single-family residences shall be offered, pursuant to this article, to their present occupants who have occupied the property for two years or more and who are persons and families of low or moderate income.

(3) Third, all single-family residences shall be offered, pursuant to this article, to their present occupants who have occupied the property for five years or more and whose household income does not exceed 150 percent of the area median income.

(4) Fourth, a single-family residence shall not be offered, pursuant to this article, to present occupants who are not the former owners of the property if the present occupants have had an ownership interest in real property in the last three years.

(b) Single-family residences offered to their present occupants pursuant to paragraphs (2) and (3) of subdivision (a) shall be offered to those present occupants at an affordable price. The price shall not be less than the price paid by the agency for original acquisition, unless the acquisition price was greater than the current fair market value, and shall not be greater than fair market value. When a single-family residence is offered to present occupants at a price that is less than fair market value, the selling agency shall impose terms, conditions, and restrictions to ensure that the housing will remain available to persons and families of low or moderate income and households with incomes no greater than the incomes of the present occupants in proportion to the area median income. The Department of Housing and Community Development shall provide to the selling agency recommendations of standards and criteria for these prices, terms, conditions, and restrictions. The selling agency shall provide repairs required by lenders and government housing assistance programs, or, at the option of the agency, provide the present occupants with a replacement dwelling pursuant to Section 54237.5.

(c) If single-family residences are offered to their present occupants pursuant to paragraphs (2) and (3) of subdivision (a), the occupants shall certify their income and assets to the selling agency. When a single-family residence is offered to present occupants at a price that is less than fair market value, the selling agency may verify the certifications, in accordance with procedures used for verification of incomes of purchasers and occupants of housing financed by the California Housing Finance Agency and with regulations adopted for the verification of assets by the United States Department of Housing and Urban Development. The income and asset limitations and term of residency requirements of paragraphs (2) and (3) of subdivision (a) shall not apply to sales that are described as mitigation measures in an environmental study prepared pursuant to the Public Resources Code, if the study was initiated before this measure was enacted.

(d) All other surplus residential properties and all properties described in paragraphs (1), (2), and (3) of subdivision (a) that are not purchased by the former owners or the present occupants shall be then offered as follows:

(1) Except as required by paragraph (2), the property shall be offered to a housing-related private or public entity at a reasonable price, which is best suited to economically feasible use of the property as decent, safe, and sanitary housing at

affordable rents and affordable prices for persons and families of low or moderate income, on the condition that the purchasing entity shall cause the property to be rehabilitated and used as follows:

(A) If the housing-related entity is a public entity, the entity shall dedicate profits realized from a subsequent sale, as specified in subdivision (b) of Section 54237.7, to the construction of affordable housing within Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal ZIP Code.

(B) If the entity is a private housing-related entity or a housing-related public entity, the entity shall cause the property to be developed as limited equity cooperative housing with first right of occupancy to present occupants, except that where the development of cooperative or cooperatives is not feasible, the purchasing entity shall cause the property to be used for low and moderate income rental or owner-occupied housing, with first right of occupancy to the present tenants. The price of the property in no case shall be less than the price paid by the entity for original acquisition unless the acquisition price was greater than current fair market value and shall not be greater than fair market value. Subject to the foregoing, it shall be set at the level necessary to provide housing at affordable rents and affordable prices for present tenants and persons and families of low or moderate income. When residential property is offered at a price that is less than fair market value, the selling agency shall impose terms, conditions, and restrictions as will ensure that the housing will remain available to persons and families of low or moderate income. The Department of Housing and Community Development shall provide to the selling agency recommendations of standards and criteria for prices, terms, conditions, and restrictions.

(2) (A) If the property is a historic home, the property shall be offered first to a housing-related public entity subject to subparagraph (A) or (B) of paragraph (1) or to a nonprofit private entity dedicated to rehabilitating and maintaining the historic home for public and community access and use subject to subparagraph (B) of paragraph (1).

(B) For purposes of this subdivision, “historic home” means single-family surplus residential property that is listed on, or for which an application has been filed for listing on, at least one of the following by January 1, 2015:

(i) The California Register of Historical Resources, as established pursuant to Article 2 (commencing with Section 5020) of Chapter 1 of Division 5 of the Public Resources Code.

(ii) The National Register of Historic Places, as established pursuant to Chapter 3021 of Title 54 of the United States Code.

(iii) The National Register of Historic Places, as previously established pursuant to the federal National Historic Preservation Act (54 U.S.C. Sec. 300101 et seq.).

(e) A surplus residential property not sold pursuant to subdivisions (a) to (d), inclusive, shall then be sold at fair market value, with priority given first to purchasers who are present tenants in good standing with all rent obligations current and paid in full, second to former tenants who were in good standing at the time they vacated the premises, with priority given to the most recent tenants first, and then to purchasers who will be owner occupants. The selling agency may commence the sale of property that former tenants may possess a right to purchase as provided by this subdivision 30 days after the selling agency has done both of the following:

(1) Posted information regarding the sale under this subdivision on the selling agency’s internet website.

(2) Made a good faith effort to provide written notice, by first-class mail, to the last known address of each former tenant.

(f) (1) Tenants in good standing of nonresidential properties shall be given priority to purchase, at fair market value, the property they rent, lease, or otherwise legally occupy.

(2) (A) A tenant in good standing of a nonresidential property shall be given priority to purchase, at the lesser of fair market value or value in use, if the tenant is a city or a nonprofit organization qualified as exempt under Section 501(c)(3) of the Internal Revenue Code.

(B) The Department of Transportation shall not sell a nonresidential property to a tenant described in subparagraph (A) at a value below the minimum sales price, as defined by Section 1476 of Title 21 of the California Code of Regulations as that regulation read on July 1, 2019.

(C) If a nonresidential property is offered at a price that is less than fair market value, the selling agency shall impose appropriate terms, conditions, and restrictions.

(D) As used in this paragraph, “value in use” means the value of a nonresidential property assuming a specific use, that may or may not be the property’s highest and best use on the effective date of the property’s appraisal.

SEC. 2. Section 54237.8 of the Government Code is amended to read:

54237.8. Notwithstanding any other law, for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), the preliminary project alternatives referred to as Alternative F-5, F-6, and F-7 in the December 2012 Alternative Analysis Report of the Los Angeles County Metropolitan Transportation Authority and any other freeway or tunnel alternatives to close the Interstate 710 North Gap shall no longer be deemed as feasible alternatives for consideration in any environmental review process for the Interstate 710 North Gap Closure project, State Clearinghouse number 1982092310.

SEC. 3. Section 54238.9 of the Government Code is amended to read:

54238.9. (a) The Department of Transportation shall not increase the rent of a tenant who resides in a surplus residential property located within the State Route 710 corridor in the County of Los Angeles and who participates in the Affordable Rent Program administered by the department pursuant to Article 1 of Chapter 24 of Division 2 of Title 21 of the California Code of Regulations, Sections 2653 to 2658, inclusive.

(b) Any signatories of active rental agreements for residential property entered into with the Department of Transportation as of July 1, 2019, and continuously residing at the property since that date, may be eligible to participate in the Affordable Rent Program administered by the department pursuant to Article 1 (commencing with Section 2653) of Chapter 24 of Division 2 of Title 21 of the California Code of Regulations.

SEC. 4. Section 253.1 of the Streets and Highways Code is amended to read:

253.1. The California freeway and expressway system shall include:

Routes 5, 6, 7, 8, 10, 11, 14, 15, 18, 24, 28, 32, 34, 37, 40, 44, 47, 48, 50, 51, 52, 53, 54, 55, 56, 57, 59, 60, 61, 63, 65, 67, 68, 70, 71, 73, 74, 78, 80, 81, 83, 85, 87, 88, 89, 90, 93, 97, 100, 102, 103, 105, 107, 108, 118, 121, 122, 124, 125, 126, 134, 136, 139, 140, 145, 148, 149, 154, 156, 161, 163, 164, 179, 181, 183, 184, 199, 205, 210, 215, 217, 221, 223, 230, 232, 234, 235, 237, 238, 239, 241, 242, 247, 249, 251, 257, 258, 259, 261, 280, 330, 371, 380, 405, 505, 580, 605, 680, 780, 805, 880, and 980 in their entirety.

SEC. 5. Section 253.9 is added to the Streets and Highways Code, to read:

253.9. (a) The California freeway and expressway system shall also include Route 710 from:

(1) Route 47 to Route 1.

(2) Route 1 near the City of Long Beach to Route 10 near the City of Alhambra.

(3) Route 10 near the City of Alhambra to Route 210 near the City of Pasadena.

(b) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 6. Section 253.9 is added to the Streets and Highways Code, to read:

253.9. (a) The California freeway and expressway system shall also include Route 710 from:

(1) Route 47 to Route 1.

(2) Route 1 near the City of Long Beach to Alhambra Avenue in the City of Los Angeles.

(3) California Boulevard in the City of Pasadena to Route 210.

(b) This section shall become operative on January 1, 2024.

SEC. 7. Section 622.3 is added to the Streets and Highways Code, to read:

622.3. (a) Upon a determination by the commission that it is in the best interest of the state to do so, the commission may, upon terms and conditions approved by it, relinquish to the City of Pasadena the portion of Route 710 within the jurisdictional limits of that city, if the department and the city enter into an agreement providing for that relinquishment.

(b) A relinquishment under this section shall become effective on the date following the county recorder’s recordation of the relinquishment resolution containing the commission’s approval of the terms and conditions of the relinquishment.

(c) On and after the effective date of the relinquishment, all of the following shall occur:

(1) The relinquished portion of Route 710 shall cease to be a state highway.

(2) The relinquished portion of Route 710 shall be ineligible for future adoption under Section 81.

(3) The City of Pasadena shall ensure the continuity of traffic flow on the relinquished portion of Route 710.