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SB-51 Surplus residential property. (2021-2022)

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Senate Bill No. 51

CHAPTER 130

An act to amend Sections 54234 and 54237 of, and to add Sections 54237.9, 54237.10, 54239.1, 54239.2, and 54239.3 to, the Government Code, relating to surplus property, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 23, 2021. Filed with Secretary of State July 23, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 51, Durazo. Surplus residential property.

(1) Existing law prescribes requirements for the disposal of surplus land by a local agency, as defined. Existing law provides that certain dispositions of real property by local agencies are subject to surplus land disposal procedures as they existed on December 31, 2019, without regard to specified amendments that took effect on January 1, 2020, if those dispositions comply with specified requirements. Under existing law, these provisions apply to dispositions by a local agency that, as of September 30, 2019, has entered into an exclusive negotiating agreement or legally binding agreement to dispose of property, provided that the disposition is completed not later than December 31, 2022.

This bill, except in the case of specified property, would additionally provide that the surplus land disposal procedures as they existed on December 31, 2019, apply if a local agency, as of September 30, 2019, has issued a competitive request for proposals for the development of the property that includes a residential component of at least 100 residential units and 25% of the total units developed complying with specified affordability criteria, provided that a disposition and development agreement, as defined, is entered into not later than December 31, 2024. If the property is not disposed of pursuant to a qualifying disposition and development agreement before March 31, 2026, or if no disposition and development agreement is entered into before December 31, 2024, the bill would require that future negotiations for and disposition of the property comply with the surplus land disposal procedures then in effect. The bill would extend these dates in the event of a judicial challenge to 6 months following the final conclusion of litigation.

(2) 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 then requires the property to be offered to housing-related entities, as provided, prior to placing the property up for sale, subject to specified priorities. Existing law requires, if a property that is not a historic home is sold to a private housing-related entity or a housing-related public entity, that the entity develop the property as limited equity cooperative housing with first right of occupancy to present occupants, or use the property for low- and moderate-income rental or owner-occupied housing where the development of cooperative or cooperatives is not feasible. Existing law requires, if a property is a historic home, as defined, that the property be offered first to a housing-related entity, subject to the above-described requirements, or a nonprofit private entity dedicated to rehabilitating and maintaining the historic home for public and community access and use, as provided.

This bill would, with respect to surplus residential property that is located within the City of Los Angeles, instead require that if the surplus residential property is not sold to a former owner or present occupant, as described above, the property be offered at fair market value to present tenants who have occupied the property for 5 years or more and who are in good standing with all rent obligations current and paid in full, with first right of occupancy to the present occupants. If the surplus residential property is a historic home, as defined, the bill would then require that the property be offered to the city in which the property is located or a nonprofit private entity dedicated to rehabilitating and maintaining the historic home for public and community access and use, subject to specified terms and conditions. Finally, the bill would require that surplus residential property be offered to a housing-related entity, subject to specified terms and conditions. The bill would require a housing-related entity to cause the property to be used, under specified conditions, either for low- and moderate-income rental housing for a term of at least 55 years, subject to a recorded covenant, to ensure use as affordable housing, as provided, and to provide a first right of occupancy to the present tenants, or, if the surplus residential property is a single-family residence, the bill would provide the surplus residential property may be used for owner-occupied affordable housing for a term of at least 45 years, subject to a covenant recorded against the property to ensure its use as affordable housing. The bill would require the Department of Transportation to monitor or designate a public agency to monitor a property's compliance with the bill's terms, conditions, and restrictions, in the case of a historic home, and require the City of Los Angeles to monitor compliance with the recorded covenant, in the case of surplus residential properties sold to a housing-related entity, and authorize the monitoring entity to charge the property owner a fee to cover the cost of monitoring and reporting. The bill would require the city to prepare and submit to the Legislature reports that describe how the purchasers complied with these provisions and how they were monitored for compliance, as specified. By requiring additional duties by the City of Los Angeles, this bill would impose a state-mandated local program.

This bill would prohibit surplus residential property from being sold at less than the price paid by the Department of Transportation for original acquisition of the property. The bill would prohibit the adjustment of this original acquisition price for inflation. The bill would require the Department of Transportation to offer to sell specified unimproved properties at the original acquisition price paid by the department to a housing-related entity for affordable housing purposes, as provided.

(3) Existing law generally requires that not less than the general prevailing rate of per diem wages, as specified, be paid to workers employed on a public work project that exceeds \$1,000. Existing law establishes requirements that apply when a public entity is required by statute or regulation to obtain an enforceable commitment that a bidder, contractor, or other entity will use a skilled and trained workforce to complete a contract or project. Existing law also authorizes a public entity to require that a bidder, contractor, or other entity use a skilled and trained workforce to complete a contract or project.

The bill would require the housing-related entity to provide an enforceable commitment to the selling agency that it will comply with specified requirements, if a project on the property involves construction, regarding the payment of prevailing rate of per diem wages for construction work related to the project, except as provided.

(4) 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.

This bill would require the Department of Transportation to adopt emergency regulations not later than 6 months from when the provisions of the bill are enacted, to implement the above-described requirements relating to the disposal of surplus property. The bill would include findings and declarations that an emergency exists for purposes of specified provisions of the Administrative Procedure Act. The bill, notwithstanding the 180-day limit for emergency regulations, would provide that emergency regulations adopted under its provisions would remain in effect for 2 years after their effective date, or until the adoption of permanent regulations, whichever occurs sooner.

(5) This bill would make legislative findings and declarations as to the necessity of a special statute for the sale of surplus residential property located in the City of Los Angeles.

(6) The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

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

SECTION 1. The Legislature finds and declares all of the following:

(a) The sale of property located within the State Route 710 corridor in the City of Los Angeles to a housing-related entity will promote the preservation and creation of affordable housing consistent with Section 54235 of the Government Code.

(b) Offering surplus residential properties to a housing-related entity at low cost will advance the public purpose of preserving affordable housing.

(c) It is the intent of the Legislature that the Department of Transportation engage stakeholders on regulations proposed pursuant to Section 54237.10 of the Government Code, as added by this act, before they are submitted to the Office of Administrative Law.

SEC. 2. Section 54234 of the Government Code is amended to read:

54234. (a) (1) If a local agency, as of September 30, 2019, has entered into an exclusive negotiating agreement or legally binding agreement to dispose of property, the provisions of this article as it existed on December 31, 2019, shall apply, without regard to the changes made to this article by Chapter 664 of the Statutes of 2019, and all subsequent amendments to this article, to the disposition of the property to the party that had entered into such agreement or its successors or assigns, provided the disposition is completed not later than December 31, 2022.

(2) If a local agency, as of September 30, 2019, has issued a competitive request for proposals for the development of property that includes at least 100 residential units and at least 25 percent of the total residential units are restricted to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable housing cost or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing, the provisions of this article as it existed on December 31, 2019, shall apply, without regard to the changes made to this article by Chapter 664 of the Statutes of 2019, and all subsequent amendments to this article, to the disposition of the property to the party that participated in the competitive request for proposals process, or the party's successors or assigns, provided a disposition and development agreement for the property is entered into not later than December 31, 2024. A joint development involving multiple parcels shall meet the requirements of this paragraph so long as there was a single competitive request for proposals process and the joint development otherwise meets all the requirements listed in this paragraph. A "disposition and development agreement" means an agreement between the developer and the local agency that binds the developer to construct a specific development and the local agency to dispose of the property if permits and other entitlements for the project are obtained. This paragraph shall not apply to land held in the Community Redevelopment Property Trust Fund pursuant to Section 34191.4 of the Health and Safety Code, or that has been designated in a long-range property management plan pursuant to Section 34191.5 of the Health and Safety Code. If the property is not disposed of pursuant to a qualifying disposition and development agreement before March 31, 2026, or if no disposition and development agreement is entered into before December 31, 2024, then future negotiations for and disposition of the property shall be subject to the provisions of this article.

(3) The dates specified in paragraphs (1) and (2) by which the disposition of property must be completed shall be extended if the disposition of property, the local agency's right or ability to dispose of the property, or a development project for which the property is proposed to be transferred, is the subject of judicial challenge, by petition for writ of mandate, complaint for declaratory relief or otherwise, to the date that is six months following the final conclusion of such litigation.

(b) (1) With respect to land held in the Community Redevelopment Property Trust Fund pursuant to Section 34191.4 of the Health and Safety Code, or that has been designated in a long-range property management plan pursuant to Section 34191.5 of the Health and Safety Code, either for sale or retained for future development, this article as it existed on December 31, 2019, without regard to the changes made to this article by Chapter 664 of the Statutes of 2019, and all subsequent amendments to this article, which take effect on January 1, 2020, shall apply to the disposition of that property if both of the following apply:

(A) An exclusive negotiating agreement or legally binding agreement for disposition is entered into not later than December 31, 2020.

(B) The disposition is completed not later than December 31, 2022.

(2) If land described in paragraph (1) is the subject of litigation, including, but not limited to, litigation challenging the disposition of such property, the right or ability to dispose of the property, or a development project for which such property is proposed to be transferred, the dates specified in paragraph (1) shall be extended to the date that is six months following the final conclusion of such litigation.

(c) Nothing in this section shall authorize or excuse any violation of the provisions of this article as it existed on December 31, 2019, in the disposition of any property to which such provisions apply pursuant to subdivision (a) or (b).

SEC. 3. 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) (1) Except as otherwise provided in paragraph (2), 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:

(A) Except as required by subparagraph (B), 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:

(i) 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 the Cities of Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal ZIP Code.

(ii) 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 that 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.

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

(ii) 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.).

(2) This subdivision shall not apply to properties offered for sale pursuant to Section 54239.1.

(e) A surplus residential property not sold pursuant to subdivisions (a) to (d), inclusive, or Section 54239.1, as applicable, 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. 4. Section 54237.9 is added to the Government Code, to read:

54237.9. Notwithstanding any other provision in this article, except for subdivision (f) of Section 54237, the price of property sold pursuant to this article shall not be less than the price paid by the Department of Transportation for original acquisition of the property. The original acquisition price shall not be adjusted for inflation, except as provided in subdivision (f) of Section 54237.

SEC. 5. Section 54237.10 is added to the Government Code, to read:

54237.10. (a) The Legislature finds and declares that the state's homelessness crisis has compounded the need for affordable housing described in Section 54235. To help mitigate the need for affordable housing and to speed up sales pursuant to this article, the Legislature further finds and declares that an emergency exists for purposes of Sections 11342.545, 11346.1, and 11349.6.

(b) The Department of Transportation shall file proposed emergency regulations with the Office of Administrative Law for adoption to implement this article not later than six months after this article is enacted.

(c) Notwithstanding Section 11346.1, the emergency regulations adopted pursuant to subdivision (b) shall remain in effect for two years after their effective date or until permanent regulations are adopted, whichever is sooner.

SEC. 6. Section 54239.1 is added to the Government Code, to read:

54239.1. Notwithstanding subdivision (d) of Section 54237, after a surplus residential property located within the City of Los Angeles is offered for sale pursuant to subdivisions (a) to (c), inclusive, of Section 54237, the surplus residential property shall be offered for sale in accordance with the following priorities and procedures:

(a) After the surplus residential property is offered for sale pursuant to subdivisions (a) to (c), inclusive, of Section 54237 these properties shall then be offered at fair market value to present tenants who have occupied the property for five years or more and who are in good standing with all rent obligations current and paid in full, with first right of occupancy to the present tenants.

(b) (1) After the surplus residential property is offered for sale pursuant to subdivisions (a) to (c), inclusive, of Section 54237 and subdivision (a) of this section, and if the property is a historic home, the property shall be offered to the city in which the property is located or to a nonprofit entity dedicated to rehabilitating and maintaining the historic home for public and community access and use subject to the following:

(A) The property shall be offered at a reasonable price, which is best suited to economically feasible use of the property as a historic home for public and community access and use.

(B) The sales price in no case shall be less than the price paid by the Department of Transportation unless the acquisition price was greater than current fair market value and shall not be greater than fair market value. Subject to the foregoing, the price shall be set at the level necessary to rehabilitate and maintain the historic home for public and community access and use.

(C) Surplus residential property sold pursuant to this subdivision shall be sold in its existing "as is" condition.

(D) The selling agency shall impose terms, conditions, and restrictions as will ensure that the historic home will remain available for public and community access and use. The purchaser shall comply with monitoring requirements, as determined by the Department of Transportation or the monitoring entity.

(E) The Department of Transportation may designate in regulations to, or delegate by agreement to, a public agency to monitor the purchasers' compliance with the terms, conditions, and restrictions required by this subdivision. The monitoring entity may charge the property owner a fee to recover the cost of this monitoring.

(2) 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:

(A) 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.

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

(C) 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.).

(c) After the surplus residential property is offered for sale pursuant to subdivisions (a) to (c), inclusive, of Section 54237 and subdivisions (a) and (b) of this section, the surplus residential property shall be offered to a housing-related entity as follows:

(1) The sales price shall be the price paid by the Department of Transportation for original acquisition. The original acquisition price shall not be adjusted for inflation.

(2) Surplus residential property sold pursuant to this subdivision shall be sold in its existing "as is" condition.

(3) The surplus residential property shall be subject to a covenant recorded against the property to ensure its use as affordable housing pursuant to this paragraph.

(A) In the event that the surplus residential property is sold prior to the expiration of the covenant, the covenant shall remain in effect until the time at which it expires according to the provisions of this paragraph.

(B) Any housing-related entity purchaser shall comply with monitoring requirements, as determined by the Department of Transportation or the monitoring entity.

(C) For Each surplus residential property purchased under this subdivision, the housing-related entity shall cause the property to be used for either of the following:

(i) Low- or moderate-income rental housing for a term of at least 55 years. The purchase and operation of the property shall remain available and affordable for rental by lower income and moderate-income households, as defined by Sections 50079.5 and 50052.5 of the Health and Safety Code, respectively, for a term no shorter than 55 years.

In the event the housing-related entity is no longer able to provide affordable housing on the property, the housing-related entity shall either sell the property to a successor housing-related entity that will maintain the property and the operations in compliance with the covenant or transfer the title to the city in which the property is located, which shall subsequently transfer the title and operations to a successor housing-related entity that will maintain the property and the operations in compliance with the covenant. The housing-related entity shall provide first right of occupancy to the present tenants. The rental amount shall be in accordance with income certification if the current tenants qualify as low or moderate income. If the current tenant's income exceeds the limits for that level, the rent for that tenant shall be no less than the current rent, or adjusted no higher than current market rates for the ZIP Code in which the surplus residential property is located. The housing-related entity shall cause any additional new units added to the property to be used only for low- or moderate-income rental housing and the new units shall remain available and affordable for rental by lower income and moderate-income households, as defined by Sections 50052.5 and 50079.5 of the Health and Safety Code, during the covenant period.

(ii) If the surplus residential property is a single-family residence, it may be used for owner-occupied affordable housing for a term of at least 45 years. The housing-related entity shall sell the property to a person or family of low or moderate income for ownership and occupancy as affordable housing, as defined in Section 62250, and specifically as the primary residence of that buyer. The housing-related entity shall dedicate profits realized from the sale during the covenant period, as specified in subdivision (b) of Section 54237.7, to the construction of affordable housing within the 90032 postal ZIP Code. The housing-related entity shall provide first right of refusal to present tenants if they are a person or family of low or moderate income. All subsequent sales of the property during the covenant period shall be to a person or family of low or moderate income for ownership and occupancy as affordable housing, as defined in Section 62250. The property owner shall cause any additional new units added to the property to be used only for low or moderate income rental housing and the new units shall remain available and affordable for rental by lower income and moderate income households, as defined by Sections 50052.5 and 50079.5 of the Health and Safety Code, during the covenant period. The monitoring entity shall ensure that subsequent sales are made in compliance with this paragraph by conducting and certifying the income qualifications of the buyer(s) prior to purchase and sales contracts being consummated and prior to the opening of escrow.

(4) The City of Los Angeles shall monitor compliance with the covenant required by this subdivision.

(A) The City of Los Angeles shall prepare and submit to the Legislature reports that describe how the purchasers complied with this subdivision and how they were monitored for compliance. The first report shall be submitted five years after the first property is sold pursuant to this subdivision, and subsequent reports shall be submitted every five years thereafter until the last covenant expires. A report to be submitted pursuant to this subparagraph shall be submitted in compliance with Section 9795.

(B) The City of Los Angeles may charge the property owner a fee to recover the cost of this monitoring and reporting.

(d) After the surplus residential property is offered for sale pursuant to subdivisions (a) to (c), inclusive, of Section 54237 and subdivisions (a) to (c), inclusive, of this section, the property shall be offered in accordance with the priorities and procedures specified in subdivision (e) of Section 54237.

SEC. 7. Section 54239.2 is added to the Government Code, to read:

54239.2. Before selling unimproved property within the State Route 710 corridor in the City of Los Angeles pursuant to Section 118 of the Streets and Highways Code, the Department of Transportation shall offer to sell the property at the price paid by the Department of Transportation for original acquisition to a housing-related entity for affordable housing purposes, pursuant to the terms and conditions provided in subdivision (c) of Section 54239.1.

SEC. 8. Section 54239.3 is added to the Government Code, to read:

54239.3. (a) As a condition of the sale of property to a housing-related entity pursuant to subdivision (c) of Section 54239.1 or pursuant to Section 54239.2, the housing-related entity shall provide an enforceable commitment to the selling agency that, if a construction project is undertaken on the property, and the entirety of the project is not a public work for which prevailing wages must be paid for purposes of Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code, all construction workers employed on the project will be paid at least the general prevailing rate of per diem wages for the type of work and geographic area, as determined by the Director of Industrial Relations pursuant to Sections 1773 and 1773.9 of the Labor Code, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(b) If the project is subject to subdivision (a), then for those portions of the project that are not a public work all of the following shall apply:

(1) The housing-related entity shall ensure that the prevailing wage requirement is included in all contracts for the performance of all construction work.

(2) All contractors and subcontractors shall pay to all construction workers employed in the execution of the work at least the general prevailing rate of per diem wages, except that apprentices registered in programs approved by the Chief of the Division of Apprenticeship Standards may be paid at least the applicable apprentice prevailing rate.

(3) Except as provided in paragraph (5), all contractors and subcontractors shall maintain and verify payroll records pursuant to Section 1776 of the Labor Code and make those records available for inspection and copying as provided therein.

(4) Except as provided in paragraph (5), the obligation of the contractors and subcontractors to pay prevailing wages may be enforced by the Labor Commissioner through the issuance of a civil wage and penalty assessment pursuant to Section 1741 of the Labor Code, which may be reviewed pursuant to Section 1742 of the Labor Code, within 18 months after the completion of the project, or by an underpaid worker through an administrative complaint or civil action, or by a joint labor-management committee through a civil action under Section 1771.2 of the Labor Code. If a civil wage and penalty assessment is issued, the contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment shall be liable for liquidated damages pursuant to Section 1742.1 of the Labor Code.

(5) Paragraphs (3) and (4) shall not apply if all contractors and subcontractors performing work on the project are subject to a project labor agreement that requires the payment of prevailing wages to all construction workers employed in the execution of the project and provides for enforcement of that obligation through an arbitration procedure. For purposes of this paragraph, "project labor agreement" has the same meaning as set forth in paragraph (1) of subdivision (b) of Section 2500 of the Public Contract Code.

(6) Notwithstanding subdivision (c) of Section 1773.1 of the Labor Code, the requirement that employer payments not reduce the obligation to pay the hourly straight time or overtime wages found to be prevailing shall not apply if otherwise provided in a bona fide collective bargaining agreement covering the worker. The requirement to pay at least the general prevailing rate of per diem wages does not preclude use of an alternative workweek schedule adopted pursuant to Section 511 or 514 of the Labor Code.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

SEC. 10. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique social, cultural, and economic conditions that necessitate the repair and improvement of the El Sereno neighborhood of the City of Los Angeles.

SEC. 11. The Legislature finds and declares that increased opportunity for affordable housing within the 710 State Route Corridor is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Section 6 of this act adding Section 54239.1 to the Government Code applies to the City of Los Angeles, a charter city.

SEC. 12. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to address the shortage of affordable housing and make surplus residential properties owned by the state available, it is necessary that this act take effect immediately.