

California Department of Transportation

DISTRICT 7
RIGHT OF WAY
100 S. MAIN STREET, SUITE 100
LOS ANGELES, CA 90012
(213) 897-1901 | TTY 711
www.dot.ca.gov



March 6, 2024

To Whom it May Concern:

The Department of Transportation (Caltrans) is beginning the process to permanently adopt regulations for the State Route (SR) 710 Sales Program because the emergency regulations that implement Senate Bill (SB) 51 (Durazo, 2021), SB 381 (Portantino, 2021) and SB 959 (Portantino, 2022) are set to collectively expire on September 30, 2024.

You are receiving this letter and the enclosed Notice of Proposed Action because you are either a current or former Caltrans tenant or have previously expressed interest in receiving information regarding the SR 710 Sales Program.

Caltrans will continue to offer SR 710 properties for sale under the emergency regulations and anticipates adoption of permanent regulations prior to the expiration of the emergency regulations. For further information, please visit the Caltrans website at <http://www.dot.ca.gov/710homes> and review the information provided under "Regulatory Actions."

Sincerely,

A handwritten signature in black ink that reads 'Dan Murdoch'.

Dan Murdoch
Deputy District Director
Division of Right of Way and Right of Way Engineering

Enclosure: Notice of Proposed Action

California Department of Transportation

DIVISION OF RIGHT OF WAY AND LAND SURVEYS
1120 N STREET, MS-37 | P.O. BOX 942873, MS-37
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TITLE 21. PUBLIC WORKS Division 2. Department of Transportation March 8, 2024

NOTICE OF PROPOSED ACTION

The Department of Transportation (Caltrans) proposes to repeal and replace the Affordable Sales Program regulations (21 CCR 1475 et seq.) with the proposed regulations described below after considering all comments, objections, and recommendations regarding the proposed action.

PUBLIC HEARING

Caltrans will hold a public hearing at the date, time and location listed below. The meeting facility is wheel-chair accessible. At the hearing, any person may present statements or arguments orally or in writing relevant to the proposed action described in the Information Digest.

April 26, 2024, from 5:00 – 8:00 p.m.

South Pasadena High School
1401 Fremont Avenue
South Pasadena, CA 91030

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to Caltrans by mail or email as noted below. The written comment period closes at 5:00 p.m. on April 24, 2024. Caltrans will consider only comments received by that time. Please submit comments to:

Mail: Division of Right of Way and Land Surveys
Attn: Carolyn Dabney - SR 710 Sales Program
California Department of Transportation
1120 N Street, MS 37
Sacramento, CA 95815

Email: Carolyn.Dabney@dot.ca.gov

AUTHORITY AND REFERENCE

Streets and Highways Code, sections 118 through 118.6 authorizes Caltrans to dispose of real property no longer required for transportation uses. Government Code sections, 54235 through 54239.5 (the "Roberti Act") requires certain surplus properties owned by Caltrans and located within the State Route (SR) 710 corridor in Los Angeles County, to be disposed of in a manner that preserves, upgrades, and expands the supply of housing available to affected persons and families of low or moderate income. Caltrans has implied authority to adopt the proposed regulations under Government Code, section 54237, and express authority under section 54237.10.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Caltrans acquires real property necessary for state transportation purposes, and must, by law, attempt to dispose of properties no longer required for such purposes (Streets and Highway Code section 118.6). This rulemaking action will implement, interpret, and make more specific the Roberti Act which sets forth the priorities and procedures for disposing of approximately 400 surplus properties owned by Caltrans and located along the SR 710 corridor in Pasadena, South Pasadena, and the El Sereno community of Los Angeles. The Roberti Act was amended by the Legislature with the enactment of Senate Bill 51 (Durazo, 2021), Senate Bill 381 (Portantino, 2021) and Senate Bill 959 (Portantino, 2022). These three bills required adoption of emergency regulations that collectively expire on September 30, 2024.

With the passage of the above bills, the Legislature declared the state's homelessness crisis has compounded the need for affordable housing and reaffirmed its findings that there exists within the urban and rural areas of the state a serious shortage of decent, safe, and sanitary housing which persons and families of low or moderate income can afford. Consequently, there is a pressing and urgent need for the preservation and expansion of low and moderate income housing. The Legislature, with the initial passage of the Roberti Act in 1979, stated that highway and other state activities contributed to the severe shortage of housing and that such actions were contrary to state housing, urban development, and environmental policies – resulting in a significant environmental effect within the meaning of Article XIX of the California Constitution, which will be mitigated by the sale of surplus residential properties pursuant to the Roberti Act.

The objectives of the proposed regulations include the following:

- Define general provisions applicable to the SR 710 Sales Program;
- Define terms used in the Roberti Act and in the proposed regulations;
- Set forth the sales priorities, procedures, and pricing for disposal of SR 710 surplus residential and non-residential properties;

- Establish the criteria for determining eligibility to participate in the SR 710 Sales Program for existing tenants and occupants and former tenants;
- Specify the procedures for purchasing at an Affordable Price;
- Identify the process for the calculation of an Affordable Price;
- Establish the criteria for approving Housing Related Entities (HREs) for participation in the SR 710 Sales Program;
- Identify the process for HRE sales including submittal of bids for the purchase of surplus residential properties, evaluation and award of surplus residential properties, and the appeals process;
- Identify timelines required for submitting documentation and closing escrow;
- Identify use restrictions to ensure SR 710 surplus residential properties remain available for affordable housing purposes;
- Establish criteria for relocation assistance; and
- Identify appropriate use of funds deposited into the Affordable Housing Trust Account.

ANTICIPATED BENEFITS OF THE PROPOSED REGULATIONS

The benefits anticipated from this regulatory action include 1) clarifying the sales priorities and procedures for the disposal of the SR 710 surplus properties; 2) addressing current inadequacies in the ASP regulations that were a result of incorrect assumptions previously made; 3) increasing openness and transparency in government by establishing guidelines for the SR 710 Sales Program; 4) allowing Caltrans to more effectively dispose of the surplus properties to meet the intended goal of the Legislature to preserve and expand the availability of low-and moderate-income housing; 5) creating more vibrant communities by returning the surplus properties to the SR 710 communities; and 6) improving the health and welfare—through homeownership—of those who are eligible and who choose to participate in the SR 710 Sales Program.

DISCLOSURES REGARDING THE PROPOSED ACTION/RESULTS OF THE ECONOMIC IMPACT ANALYSIS

Caltrans had made the following initial determinations regarding the proposed regulatory action:

The proposed regulations are not inconsistent or incompatible with existing regulations. After conducting a review for any regulations that would relate to or affect this matter, Caltrans has concluded these proposed regulations are the only regulations that concern the implementation of the Roberti Act.

Regulations being incorporated by reference include the following documents:

1. Form 1477.2(a)(5) – City of Pasadena, Priority 3, Unoccupied Surplus Residential Properties (02/24); and
2. Form 1477.3(a)(5) – South Pasadena, Priority 4SP (02/24)

The proposed regulations do not impose a mandate on local agencies or schools. The proposed regulations involve no costs or savings to any state agency, no costs to any local agency or school district requiring reimbursement pursuant to Government Code, section 17500 et seq., no other non-discretionary costs or savings imposed upon local agencies, and no costs or savings in federal funding to the state. The proposed regulations will involve minor costs to administer the SR 710 Sales Program, which Caltrans will absorb in its existing budget.

The proposed regulatory action will not have a significant effect on housing costs. The proposed regulations will allow Caltrans to dispose of the SR 710 surplus residential properties more effectively and will expand opportunities for homeownership for those occupants with pending rent obligations—potentially increasing homeownership affordability for persons and families with low or moderate income.

The proposed regulatory action will not have any significant, statewide adverse economic impacts directly affecting businesses, including the ability of California businesses to compete with businesses in other states. The proposed regulations are limited in scope to certain state-owned surplus properties and are being promulgated to set standards and criteria for the sale of those properties.

The proposed regulatory action imposes no costs impacts to the private sector, no impacts on the creation or elimination of jobs within the State of California, no impacts to the creation of new businesses or the elimination of existing businesses within the State of California, no impacts to the expansion of businesses currently doing business in the State of California, and likely no benefits to the overall health and welfare of California residents, worker safety, and the state's environment. This regulatory action is limited in scope to certain state-owned surplus properties and will not have direct impacts on the private sector, jobs, or businesses, including small businesses. Other than the benefit of creating more vibrant communities specific to the SR 710 corridor—by returning the surplus properties to the SR 710 communities—and the benefit of homeownership on the health and welfare of those who are eligible and who choose to participate in the SR 710 Sales Program—the regulatory action will not have direct impacts on the health and welfare of California residents, worker safety, or the state's environment.

Caltrans is not aware of any cost impacts that a representative private person or business may incur to comply with the proposed regulations, nor does the regulatory action establish any reporting requirements applicable to businesses.

The SR 710 Sales Program is unique to California and is limited in scope to Caltrans owned surplus properties. This regulatory action implements the sales priorities and procedures of a statutorily mandated state program that provides for the sale of state-owned surplus properties—located with the SR 710 communities of Los Angeles, Pasadena, and South Pasadena—to persons and families of low or moderate income or to HREs for affordable housing purposes. The proposed regulations are necessary to clarify the procedures for disposal in accordance with the recent amendments to the Roberti Act. These regulations have no economic impact on businesses within the state and do not regulate a commercial or private individual activity or any private business. Therefore, Caltrans has determined the proposed regulations impose no cost impacts to the private sector and will not have any impact on the creation of jobs or new businesses, or the elimination of jobs or existing businesses, or the expansion of businesses in the State of California.

ALTERNATIVES CONSIDERED

In accordance with Government Code, section 11346.5(a)(13) Caltrans must determine that no reasonable alternative to the regulations considered by Caltrans or that have otherwise been identified and brought to the attention of Caltrans would be more effective in carrying out the purpose for which the regulations are proposed, or would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Caltrans considered leasing the SR 710 surplus residential properties under Executive Order N-06-19 for long-term affordable housing. However, Caltrans prefers to sell the properties pursuant to the Roberti Act to provide its existing tenants and occupants the opportunity for homeownership and to allow HREs the opportunity to purchase SR 710 surplus residential properties to increase the supply of affordable housing within the SR 710 corridor.

Caltrans invites interested persons to present statements with respect to alternatives to the regulations during the written comment period.

CONTACT PERSONS

Any inquiries concerning the proposed regulations may be directed to Carolyn Dabney at (916) 716-7808 or the back-up contact, Angus Chan, at (213) 269-0501.

AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE

Caltrans has prepared an Initial Statement of Reasons (ISOR) for the proposed action. The ISOR and all information upon which the proposed rulemaking is based,

including the express terms of the proposed action, are available and may be obtained upon request. Requests should be directed to the contact person named above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments received, Caltrans may adopt the proposed regulations substantially as described in this notice. If Caltrans makes modifications which are sufficiently related to the originally proposed text, Caltrans will make the modified text, with changes clearly indicated, available to the public at least 15 days prior to adopting the regulations. Caltrans will accept written comments on the modified regulations for at least 15 days after the date on which they are made available. Any interested person may obtain a copy of said regulations prior to the date of adoption by contacting Carolyn Dabney or Angus Chan at the address or telephone numbers listed above.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon completion, the Final Statement of Reasons will be available, and copies may be requested from the Caltrans contact person identified above, or the documents may be accessed on the Caltrans' website listed below.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the express terms of the proposed regulations can be accessed through the Caltrans website at <http://www.dot.ca.gov/710homes>.