

April 14, 2021

Community Focus Group Discussion on Disposition of Caltrans Surplus Properties

Panelists:

1. Mark Gallatin
2. Christopher Sutton
3. Mary Urquhart
4. Dr. Richard Schneider
5. Bianca Richards
6. Sally Takeda
7. Tim Ivison
8. Odom Stamps
9. Charles Loveman
10. Joanna Nucklos
11. Diana Mahmud
12. Jack Donovan
13. Sean Joyce
14. Joanna Hankamer
15. Lucy Demirjian
16. Margaret Lin
17. Holly Whatley
18. Adam Eliason
19. Kristi Lopez

Notes:

<u>Topics/Amendment</u>	<u>Key Ideas/Concepts</u>
Perceived problems	<ul style="list-style-type: none">• South Pasadena Preservation Foundation (SPPF) Subcommittee provided a proposal on March 5th and welcomes the opportunity to discuss priorities• SPPF believes there is a non-legislative solution and would like to see the City work with the Senator to transfer managing control of the program to the local level• Viability of the side-by-side escrow concept
Expanding agreements to cover all three cities in accordance with the Roberti Act	<ul style="list-style-type: none">• Roberti Act is not all encompassing• Have seen how Caltrans does not adhere to the Roberti Act• Tenants from all three cities have been collaborating with one another• Roberti Act covers all three cities• The Governor's Office previously indicated that they only wanted to see one bill• The efforts towards developing the bill can be put towards negotiating with Caltrans

<p>Guarantee all current tenants — residential, non-profit, commercial — an absolute priority to purchase their property.</p>	<ul style="list-style-type: none"> ● Important to have no evictions or displacement of tenants ● Ongoing issues with Caltrans utilizing the term “Tenant of Good Standing” to evict tenants ● Issues with tenants being able to obtain financing in time for the deadlines provided by Caltrans ● If there was an agreement between Caltrans and the City/tenant organization or if the California Transportation Commission (CTC) develops a policy to address these issues, legislation would not be needed ● Senator’s office will need to research whether a non-legislative solution is viable based on the current statutes and regulations governing Caltrans existing program ● Roberti Act has specific legal statutes which supersede more generic state law ● Issues with Caltrans’ interpretation of the new regulations and lack of opportunity to work with Caltrans on a different interpretation
<p>Require signed agreements delivered to the CTC for every sale, detailing either waiver or enforcement of absolute priority to purchase, whether that right is held by the city, the existing tenant, or a non-profit.</p>	<ul style="list-style-type: none"> ● Difference between the right to purchase and ability to purchase (financing) ● This could be adopted as a CTC policy ● The more time that is provided the greater the likelihood of being able to secure financing
<p>Cancel all illicit debts, penalties, and disputes alleged by Caltrans Right of Way records. All tenants should be granted “good standing.”</p>	<ul style="list-style-type: none"> ● Caltrans had previously asked tenants to complete repairs on their own, then Caltrans decided that tenants could no longer do repairs on their own, Caltrans also increased rents, evicted tenants, and allowed properties to go vacant ● All of the tenants should have priority in purchasing the properties ● Need to consider the particular situations of each tenant ● This process could be considered as an alternative to a consent decree and establish goodwill with the tenants ● A mediator could look at all of the issues to find a fair and equitable way to move forward with the sales
<p>Guarantee affordable housing and shared equity mortgage assistance to all Caltrans tenants.</p>	<ul style="list-style-type: none"> ● Traditionally a subsidy is provided and a covenant is used to maintain affordability ● There should be a way to preserve communities and not limit purchasers ● The equity goes to an affordable housing fund

	<ul style="list-style-type: none"> ● Caltrans has been a poor landlord and should be held responsible for the condition of the properties or required to sell the properties at a discounted price ● Properly pricing the home based on the condition of the property (e.g. historic, habitability, cost of repairs) ● Sell the vacant historic properties at market rate less the cost of repairs and the funds be used in the corridor ● Cities should do their own appraisals (Garfield lot sale)
<p>Prioritize the creation of cooperative and land trusts for housing, open space, and gardens.</p>	<ul style="list-style-type: none"> ● Limited equity co-ops are less than optimum because of financing issues ● The price of a property should be based on what it will be used as instead of what it can be used as (e.g. open space/gardens) ● Language could be included to exclude lots that are being leased ● SB 51 does not affect Pasadena or South Pasadena properties
<p>Require the creation of a community land trust as the City-approved non-profit Housing Related Entity (HRE).</p>	<ul style="list-style-type: none"> ● Unsatisfactory experience with Esperanza (private HRE) ● Priority for local oversight ● Restrict the ability to teardown historic homes or rezone the properties to create apartment buildings ● City should not be in the housing/rental business ● Community land trust provides the opportunity for local control ● Complex subdivision issues ● Provide the City with the ability to regulate the process ● South Pasadena Municipal Code prevents density bonuses in single family zones ● Concern that the City may maximize the number of housing units (ADUs, JADUs) to meet the Regional Housing Needs Assessment allocation, less chance with a private owner (<i>issue may fit somewhere else</i>) ● Would like to see the houses restored and returned to the community instead of being torn down ● Cities should evaluate what to do with dilapidated homes ● Some properties may now be eligible for historic listings/districts and should be evaluated as part of the appraisal ● Caltrans should be held responsible for rehabilitating historic properties in accordance with state law ● Should incentivize rehabilitation to minimize demolitions ● Caltrans is not aware of what is historic

<p>Commit that no lot splits or zone changes other than those mandated by present or future state law will be granted to Caltrans surplus properties in the Residential Estate (RE) and Residential Single Family (RS) zones and in the Altos de Monterey Overlay Zone and that no demolitions of existing homes will take place in these zones.</p>	<ul style="list-style-type: none"> ● Bonita Drive area residents are disproportionately affected by the proposed bill due to the number of Caltrans properties located in the area ● Last year Bonita Drive area had squatters break into a Caltrans property and the vacant properties were subsequently boarded up ● Concerned about vacant/uninhabitable properties and would like them to be sold to qualified buyers instead of rented for a minimum of 55 years ● Concerns on what can be built on the two unimproved lots at 215 Fairview ● Some of the lots were subdivided before Caltrans purchased them and there needs to be some City control over how the land is subdivided
<p>Prohibit the subleasing of properties governed by an affordability covenant and the imposition of miscellaneous fees by an HRE, such that the total cost of renting the unit becomes unaffordable.</p>	<ul style="list-style-type: none"> ● Affordable rent should also take fees into consideration to make sure the rent is truly affordable ● Concerns regarding how the City will manage a HRE in an effective way including code enforcement ● Regulatory agreement will spell out the leasing issues ● Would like the City to facilitate the sale of the properties instead of renting the properties/ goal of homeownership
<p>Establish a Timeline for completion of the sales program.</p>	<ul style="list-style-type: none"> ● Previous bills kept the 710 freeway in the Highway Code until 2024 and requires Caltrans to sell the properties within one year of being surplus ● A deadline is needed to prevent Caltrans from doing nothing or prolonging the process

<u>Legislative Option</u>	<u>Non-Legislative Option</u>
<ul style="list-style-type: none"> ● Can diminish Caltrans' role in the process ● Provides the City with more control and flexibility ● Allows the City to work out the details regarding regulatory enforcement (e.g. subleasing at more than affordable rent) 	<ul style="list-style-type: none"> ● Existing dissatisfactory situation with Caltrans ● City currently has little control and does not know how Caltrans will apply the rules ● Caltrans can delegate its responsibility to a city; however, Caltrans can also take that delegation back ● Use CTC's authority to force Caltrans to adhere to the regulations

*Legislative option should still include negotiations with Caltrans/CTC (pursue both options at the same time)

**Continued discussion on the side-by-side escrow