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Senator Portantino's South Pasadena 710 Housing Bill Clears Legislature, Headed to Governor's Desk

Sacramento, California – Senate Bill 381, a measure authored by Senator Anthony J. Portantino (D – La Cañada Flintridge) which gets Caltrans out of the real estate business in South Pasadena, was approved by the Legislature today. SB 381 provides protections for existing tenants, includes a strategy to protect historic homes, and gives flexibility to the City of South Pasadena to create more affordable housing. The measure now heads to the Governor's desk for signature.

"SB 381 is an innovative way to protect tenants, and maintains historic properties while giving the city and the local community a stake in developing a viable and sustainable affordable housing program," stated Senator Portantino. "Since the SR 710 freeway gap can no longer be built, South Pasadena expressed a need for legislative changes to the current sales process. These changes will allow for a more direct intervention by the City in purchasing properties. I look forward to the Governor's signature on SB 381 so we can ensure that the original intent of the Roberti Act stays intact."

Early in 2017, Caltrans began dispensing properties as required by SB 416 and the Roberti Act. SB 416 and the Roberti Act govern the sale of surplus property and outline the priority order of who can purchase. In 2019, the Governor signed SB 7 authored by Senator Portantino, which ended the SR 710 extension project. To date, Caltrans has sold less than 15 properties and will be looking to move forward with the disposition of the remaining 445 properties this year.

Current statute allows cities to purchase only occupied and unoccupied multi-family units, but cities must still compete with other Housing Related Entities (HREs) to win the bid. Additionally, current statute sets the sales price for cities at a "reasonable price" determined by various factors. However, a substantial number of these homes need significant repairs and at the same time must be rented or sold at amounts based upon affordable income criteria.

SB 381 will give current tenants of single-family and multi-family residences a new opportunity to purchase a property and allow multifamily units to be purchased at fair market value without any restrictions to current tenants.

If the measure is signed into law, the City of South Pasadena will be able to sell historical homes at fair market value and use the funds generated to reinvest in affordable housing. The measure will require that for every historical home that is sold, the City must create three affordable housing units. The City

must also report to California Housing and Community Development Department (HCD) that they have capacity to do 3 to 1 ratio, in addition to other accountability measures to ensure compliance. If they fail to comply, the funds must be given back to HCD and be used for affordable housing in the City of South Pasadena.

SB 381 provides that Caltrans must start to sell unoccupied units by June 30, 2022 and allows the City of South Pasadena to buy properties at acquisition price, which must be used for affordable rentals for 55 years and affordable home ownership for 45 years. Construction or acquisition must begin by Dec 31, 2025 as outlined in the bill. All tenants who do not buy will get first right of occupancy.

“After decades of Caltrans ownership of homes in South Pasadena, SB 381 establishes a firm deadline for Caltrans’ completion of home sales and provides the City with the opportunity to purchase unoccupied and other homes at Caltrans acquisition cost, after the existing tenant has had an opportunity to purchase their residence,” stated South Pasadena Mayor Diana Mahmud. **“All such purchased homes will be used for critically needed affordable housing. SB 381 also enables the City to resell historic homes at market value and develop three affordable housing units for each such home. None of this would have occurred without strong leadership and advocacy from Senator Anthony Portantino -- South Pasadena is fortunate to be represented by him,”** she added.

The imbalance between supply and demand has driven California housing costs to be the highest in the nation, with an average median home price now 2.5 times the U.S. median. These high prices have prohibited occupations like teachers, nurses, public safety officers and younger professionals the ability to afford owning a home. SB 381 will make it economically viable for the City of South Pasadena to purchase, substantially rehabilitate, maintain, and administer an affordable housing program to the benefit of the community.

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