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Governor Signs Portantino's SB 381, Gets Caltrans Out of Housing in South Pasadena

Sacramento, California – As a follow up to his successful negotiation to end the threat of the 710 Freeway and enact protections for non-profits operating in the 710 corridor, Senator Anthony J. Portantino (D – La Cañada Flintridge) worked closely with the City of South Pasadena to accelerate the transition of Caltrans owned homes out of the state's hands. The collaboration led to the drafting of Senate Bill 381. Senator Portantino joined Governor Newsom in Oakland today as he signed 27 housing bills into law. 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.

"I want to thank the Governor for signing SB 381 and providing South Pasadena an opportunity to protect our historic homes and expand affordable housing options," 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 and existing tenants needed protections. With SB 381, we were able to achieve all these goals while offering the City the opportunity to control the process going forward."

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 Senator Portantino's SB 7, 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.

In order to bring more clarity and local flexibility, the South Pasadena City Council asked Senator Portantino to help. After the initial conversation, the city, community and historical society conducted a series of community meetings and City Council dialogues that resulted in SB 381.

SB 381 gives current tenants of single-family and multi-family residences new opportunities to purchase properties. 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 requires that for every historical home that is sold, the City must create three affordable housing units. In addition, the bill 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 SB 381. All tenants who do not buy will get first right of occupancy.

“At long last, the enactment of SB 381 represents the final chapter in the State’s long-standing efforts to build another freeway through the small town of South Pasadena,” stated South Pasadena Mayor Diana Mahmud. “Among other things, SB 381 assures all current tenants of properties purchased in anticipation of the freeway’s construction will have the opportunity to acquire their residences before it is offered to a third party, and permits the City to purchase unoccupied Caltrans homes at acquisition cost for vitally needed affordable housing. In addition, this new law allows South Pasadena to sell at market rate unoccupied historic homes previously acquired by Caltrans, with the proceeds of that sale used for affordable housing. Senator Portantino long opposed the proposed freeway, and now has acted strategically to assist the City in addressing the consequences of that failed effort. We are deeply grateful to the Senator for his continued support and advocacy for our city, and count ourselves very 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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