

City of South Pasadena

SB 381
COMMUNITY
INFORMATIONAL MEETING
NOVEMBER 2, 2021

WHAT IS THE TIMELINE?

- 01.01.2022 Caltrans shall provide accounting of all historic homes (address, occupancy, known property details)
- 03.28.2022 Caltrans to file emergency regulations with Office of Admin Law
Offer letter to tenants will occur after final rulemaking
- 06.30.2022 Commence sale of **unoccupied** properties to the City/HRE
- 12.31.2025 City/HRE commence construction or complete acquisition of additional affordable units (if applicable) + 2 year extension is possible.

OVERVIEW OF EMERGENCY RULEMAKING PROCESS

- The emergency rulemaking process: brief public notice period, brief public comment period, review by Office of Administrative Law (OAL), and an OAL decision. [Gov't code 11349.6 (b)]
- Emergency rulemakings have a 5 calendar day comment period that begins when OAL posts the notice of the pending emergency action on the OAL web site.
 - Submit comments:
OAL Reference Attorney
300 Capitol Mall, Suite 1250,
Sacramento, California 95814
fax to (916) 323-6826 or e-mail to staff@oal.ca.gov / carolyn.dabney@dot.ca.gov

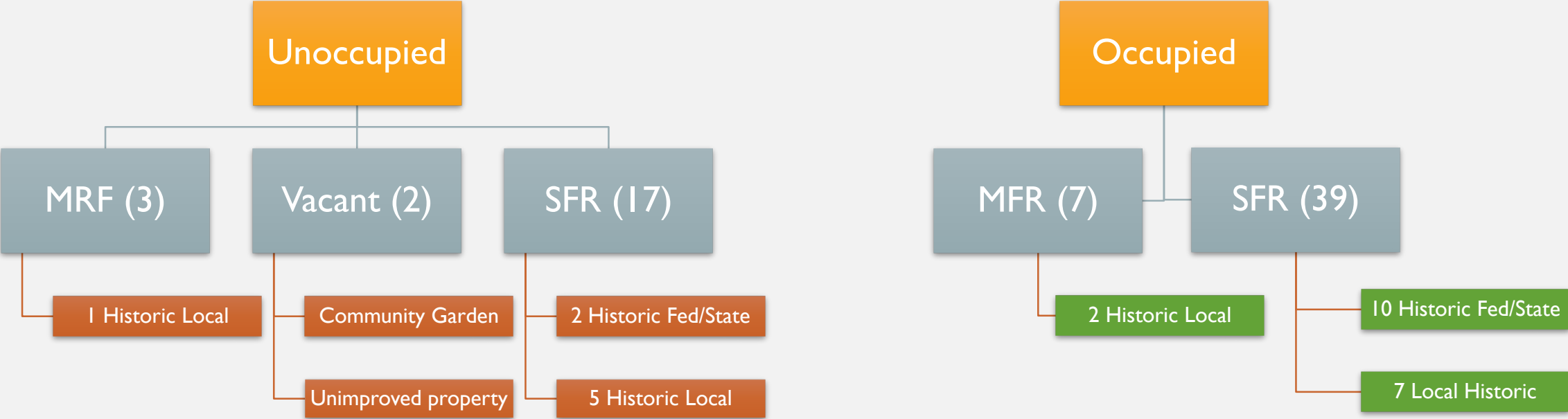
OVERVIEW OF EMERGENCY RULEMAKING PROCESS

- OAL has 10 calendar days for review and a decision
- If OAL approves then OAL will file the approved regulation with the Secretary of State. If OAL disapproves, it must write a decision explaining the reason(s)
- An emergency regulation becomes effective when filed with the Secretary of State.
- An emergency regulation can become permanent if the agency adopts the emergency regulation through the regular rulemaking process within the time period the emergency regulation is in effect.

OVERVIEW OF EMERGENCY RULEMAKING PROCESS

- Caltrans advises SB 381 rulemaking process will begin in the 1st quarter of 2022
 - Notice will be provided
- Where to access proposed rules:
- <https://oal.ca.gov/> or <https://dot.ca.gov/710homes>
- Where to access the process: https://oal.ca.gov/emergency_regulations/

HOW MANY CALTRANS SURPLUS PROPERTIES ARE IN SOUTH PASADENA?



ROBERTI ACT – GOVT. CODE 54235

- The Legislature reaffirms its finding 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, and consequently a pressing and urgent need for the preservation and expansion of the low- and moderate-income housing supply.
- Wherefore, the Legislature intends by this article to **preserve, upgrade and expand the supply of housing available to persons and families of low or moderate income.**

SB 81 SUMMARY STATEMENT

PASSED

- **WHAT?** – Legislative bill to amend the process and criteria for the disposition of Caltrans surplus properties within South Pasadena.
- **WHY?** – We are seeking local control over the disposition and timing of Caltrans surplus properties. Absent our intervention, the homes not purchased by current tenants will likely be purchased by Housing Related Entities and be the subject of disparate property ownership and management objectives, with no local input.

“CONTROL YOUR OWN DESTINY, OR SOMEONE ELSE WILL.”

JACK WELCH

CHAIRMAN & CEO GENERAL ELECTRIC

OBJECTIVES

Create priority purchase opportunity for ALL current tenants.

Implement a plan with community input more expeditiously.

Negotiate best possible acquisition price and terms.

Renovate unoccupied properties.

Restore & maintain historic properties

Build new residences on vacant properties.

Maintain & manage properties in a manner that enhances the community.

PASSED

SB 381 CHANGES TO ROBERTI ACT AS AMENDED MARCH 9, 2021

Priority purchase opportunity for current tenants. Net equity from sales supports affordable housing in South Pasadena.

Expediently transfer unoccupied properties to the City (Phase 1) at the original Caltrans acquisition price and before any other entity.

Commence Sales by June 30, 2022

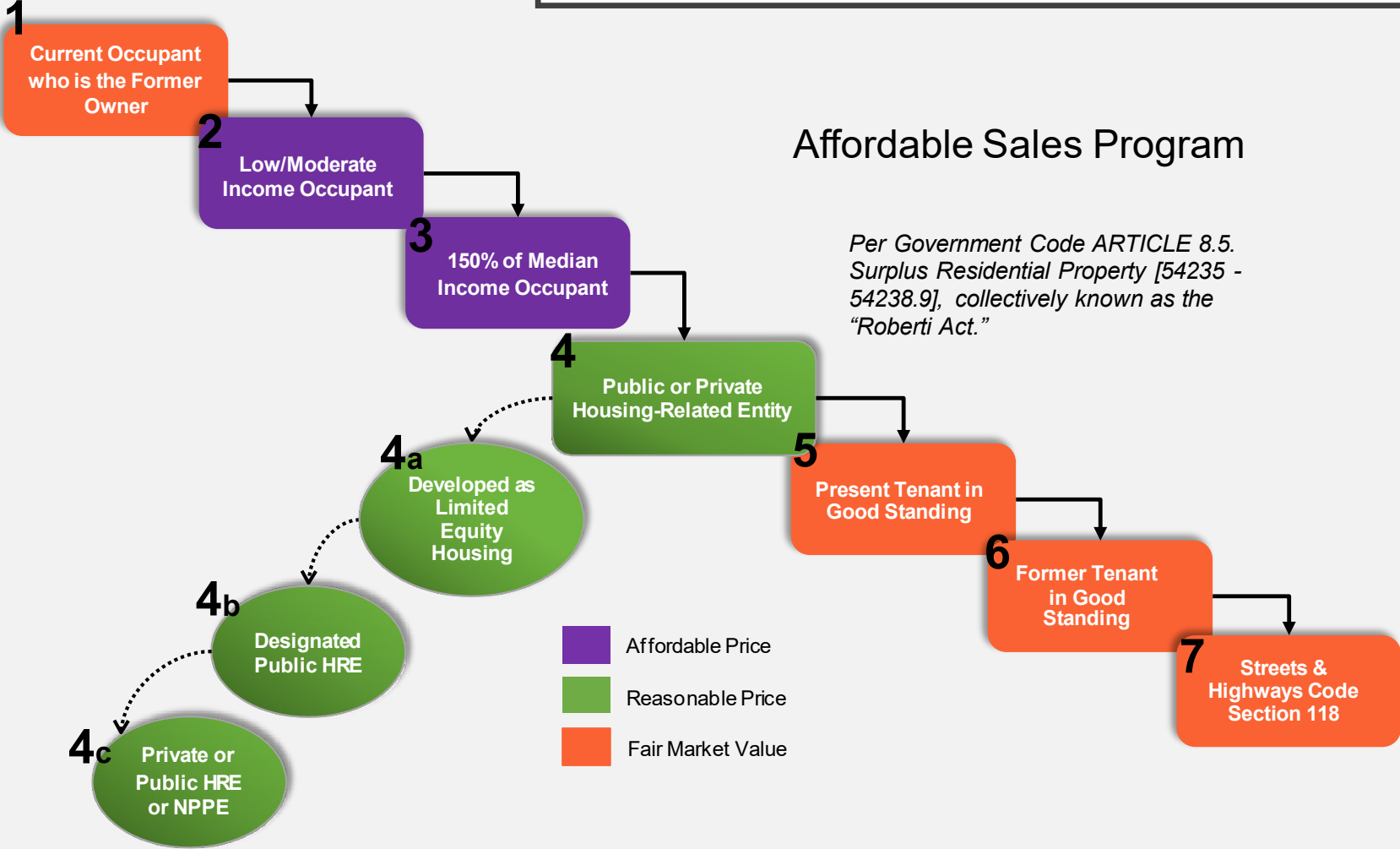
Allow the City to purchase properties at the original Caltrans acquisition price after current tenants do not purchase the properties in which they reside (Phase 2) and before any other entity.

Allow the City to transfer ownership to a city-approved housing related entity that would ensure responsive maintenance and property management.

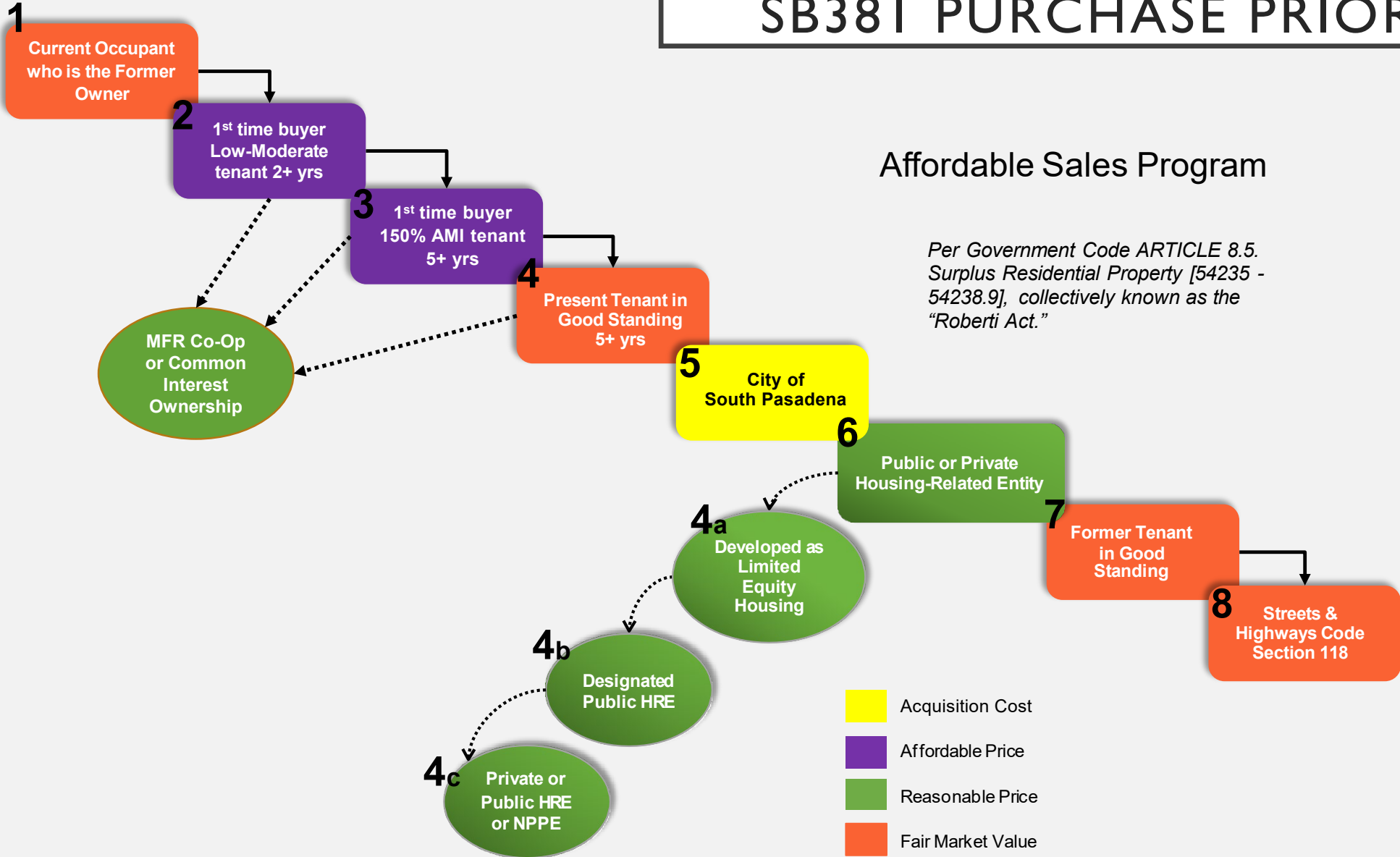
All properties acquired at initial acquisition price would have an affordability covenant.

PASSED

PRE-SB381 ORDER OF PRIORITY



SB381 PURCHASE PRIORITY



TENANT OCCUPIED PROPERTIES

1. Caltrans is managing the sale process and is using an outside realty firm to handle the transactional details and volume of properties to close. <http://www.dot.ca.gov/d7/business/710sales/>
2. Offers to purchase will occur after the rulemaking of SB381 is finalized and likely during summer of 2022.
3. Tenants still have all the protections of Roberti and nothing in SB381 changed that.
4. SB381 provides non-income qualified tenants absolute priority to purchase at FMV that they didn't have before.
5. Income qualified tenants will be offered 100% financing to purchase, and Caltrans will make repairs to the home prior to closing.
6. Caltrans will provide more details to MFR tenants to purchase the buildings in which they reside and create a form of ownership.
7. The City will coordinate a tenant workshop by January 2022 to discuss in more detail the home buying process.

TENANT OCCUPIED PROPERTIES

Questions?

Please submit your questions through the Q&A feature.

Up Next:

Overview of sale of **unoccupied** properties & additional SB381 details.

WHAT ARE SOME ADDITIONAL PROVISIONS OF SB381?

1. City has the opportunity to buy properties at acquisition price and as-is.
2. City can elect to sell a historic **unoccupied** home at fair market value as long as three additional affordable housing units are created in the City.
3. City can use any surplus funds from **unoccupied** affordable housing sales or historic fair market value sales to create additional affordable housing in the City.
4. Affordable rental will have a 55-year covenant and affordable sales will have a 45-year covenant to preserve affordability of these housing units in the future.
5. Any construction improvements, except those by the owner, shall be hired at prevailing wage rates.

HOW IS PHASE I FUNDED?

CAPTIAL FUNDING (any combination of the following)

1. Local Housing Trust Fund Program – State of CA through San Gabriel Valley Regional Housing Trust.
2. Explore other State/Federal grant/loan sources including Metro fund.
3. Private equity financing.
4. City funds.

OPERATING & ADMINISTRATIVE FUNDING

1. Rents.
2. City affordable housing funds from “net equity” sales.

WHY AFFORDABLE HOUSING?

- The State Regional Housing Needs Assessment (RHNA) quantifies the need for housing within each jurisdiction.
- South Pasadena: 2,067 new housing units, including:
 - 757 very-low-income housing units;
 - 390 low-income housing units;
 - 334 moderate-income housing units; and
 - 578 above-moderate income housing units.
- The City must adopt a new Housing Element to its General Plan that shows where these housing units can be developed in the city. A draft of the updated Housing Element is currently available for review.
- Failure to approve a Housing Element that accommodates an adequate number of new housing units to meet the RHNA requirements will lead to the City being ineligible for specific types of funding from the State.
- Failure to meet these housing production goals can lead to a loss of local control in the approval of new housing developments in the city.

2021 LOS ANGELES COUNTY QUALIFYING INCOME LIMITS

Household Size

Income Category	1	2	3	4	5	6	7	8
Extremely Low (30%)	24,850	28,400	31,950	35,450	38,300	41,150	44,000	46,800
Very Low (50%)	41,400	47,300	53,200	59,100	63,850	68,600	73,300	78,050
Lower (80%)	66,250	75,700	85,150	94,600	102,200	109,750	117,350	124,900
Moderate (120%)	67,200	76,800	86,400	96,000	103,700	111,350	119,050	126,700
150%	84,000	96,000	108,000	120,000	129,600	139,200	148,800	158,400

**WHAT IS THE HOUSEHOLD
AFFORDABLE QUALIFYING INCOME?**

Job	Median Income
Commercial Pilot	\$93,300
Web Developers & Digital Interface Designers	\$77,200
Computer Programmer	\$89,190
Detective	\$86,940
Animator or Multimedia Artist	\$65,800
Sound Engineering Technician	\$53,520
Computer Network Support Specialist	\$65,450
Dental Hygienist	\$94,619
Building Inspector	\$65,082
Teacher	\$58,891
Police Officer	\$66,290
Fire Fighter	\$54,597

ENTRY JOBS INCOME WITHOUT AN ADVANCED DEGREE

WHAT WILL BE THE ANNUAL PROPERTY TAX REVENUE LOSS TO THE CITY?

SCENARIO	TOTAL	DIFFERENCE
1 – Unoccupied 100% affordable rental	-\$66,919	
2 – Unoccupied 50%/50% affordable rental/ownership	-\$58,036	\$8,883
3 – Unoccupied 100% affordable ownership	-\$49,153	\$17,766

Example Assumptions: 14 unoccupied SFR (3 unoccupied historic sold at FMV), affordable restricted sales price of \$450,000, 1.175% Base Property Tax Rate LA County, City receives 0.24 cents/\$1 in property taxes. Median Home Price Aug-Oct 2021 = \$1,695,000.

FUTURE DISCUSSION TOPICS

What else should we add to this list?

SB338/COMMENT@SOUTHPASADENACA.GOV

UNOCCUPIED PROPERTIES

1. Ownership versus rental?
2. If affordable rental is considered – which affordable income category would be considered?
3. Demolition versus Rehabilitation?
4. Which historic homes will be sold for Fair Market Value?
5. Where will the additional 3:1 affordable units be created?
6. Where does the funding come from?
7. How much will the rehab cost? And what standard is being set?
8. Who will manage the properties?
9. Who will do the improvements?
10. Will the City partner with an existing HRE or help establish a new HRE to be the owner/asset manager?
11. How does someone that is not a current tenant purchase or rent a home once the unoccupied homes are ready?

PLEASE REMAIN ENGAGED

- For more about SR 710 sales: <http://www.dot.ca.gov/d7/business/710sales/>
- Visit City website for updates (page under Visitors tab “SB 381”) (link in Zoom chat)
- Future Community Forums/Council Meetings will explore & decide implementation policy choices of SB 381.
- To email the City about SB 381: SB381COMMENT@SOUTHPASADENACA.GOV