

Date of Hearing: July 28, 2020

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

David Chiu, Chair

SB 9 (Durazo) – As Amended July 27, 2020

AS PROPOSED TO BE AMENDED

SENATE VOTE: 38-0

SUBJECT: Surplus residential property: sale procedures: generally and El Sereno neighborhood

SUMMARY: Makes changes to the Roberti Act to encourage the sale of homes owned by Caltrans for low- and moderate-income rental housing, as well as other changes. Specifically, **this bill:**

- 1) Specifies requirements for sale of surplus residential properties that have been offered to the existing occupants in the 90032 zip code of the El Sereno neighborhood of the City of Los Angeles:
 - a. The properties must be offered to housing-related entities;
 - a) The sales price of the property must be the price paid by the Department of Transportation at original acquisition and the original acquisition price must not be adjusted for inflation; and
 - b) The property must be sold in “as is” condition.
- 2) Requires a housing-entity that purchases a property to do all of the following:
 - a) Cause the property to be used for low- and moderate- income housing for at least 55 years, as follows:
 - i. The purchase and operation of the property must be subject to a recorded covenant that requires the property to remain available to low- and moderate income households for no less than 55 years;
 - ii. The affordability covenant must remain in effect if a property is sold;
 - iii. A housing-entity must transfer title of a property to the City of Los Angeles if the housing-related entity is no longer able to maintain ownership; and,
 - iv. A housing entity must comply with monitoring requirements if any, as determined by the Department of Transportation.
 - b) Require the first right of occupancy for a property to be offered to the present occupants.
 - i. Require the rental amount to be in accordance with income certification if the current occupants qualify as low or moderate income. Provides that if the current tenants’ income exceeds the limits for low- and moderate- income the rent for

those occupants shall be no more than the current rent, or adjusted no higher than the current market rates for the area.

- c) Requires any new units added to a property to be used for low- and moderate- income rental housing; and,
 - d) Provides relocation assistance as required under existing law.
- 3) Provides that a property located in the City of Los Angeles that does not meet the criteria in (1) above, and is not sold to a housing-related entity for low- and moderate- income housing, must be sold with the following priority and procedures:
- a) The property must be offered at fair market value to purchasers who are the present tenants in good standing with all rent obligations current and paid in full;
 - b) The property must be sold at fair market value with priority given first to purchasers who are former tenants of the property who were in good standing at the time they vacated the premise, with priority given to the most recent tenants;
 - c) A selling agent is authorized to commence sale of a property 30 days after the selling agency has done both of the following:
 - i. Posted information regarding the sale on the selling agency's internet website; and
 - ii. Made a good faith effort to provide written notice, by first-class mail, to the last known address of each former tenant of the property;
 - d) Requires the property to be offered a second time to present tenants at fair market value to purchasers who are the present tenants in good standing with all rent obligations current and paid in full; and
 - e) The property must be offered at fair market value with property to purchasers who will be owner-occupants.

EXISTING LAW:

- 1) Allows Caltrans to acquire any real property that it considers necessary for state highway purposes.
- 2) Allows Caltrans, whenever it determines that any real property acquired by the state for highway purposes is no longer necessary, to sell or exchange it in the manner and upon terms, standards, and conditions established by the California Transportation Commission.
- 3) Requires Caltrans, to the greatest extent possible, to offer to sell or exchange excess real property within one year from the date that it determines the property is excess.
- 4) Generally requires state and local agencies, prior to disposing of excess lands, first to offer property for sale or lease to local public agencies, housing authorities, or redevelopment agencies within whose jurisdiction the property is located. Requires Caltrans to give priority

first to entities agreeing to use the land for low- or moderate-income housing then to entities for open-space purposes, school facilities construction, enterprise zone purposes, and infill opportunities, in that order.

- 5) Provides an exception from these provisions for the disposal of excess residential properties in the unconstructed portion of the SR 710 corridor, i.e., the portion of SR 710 addressed in this bill. According to this exception, excess residential properties in this corridor are to be sold as follows:
 - a) First, homes presently occupied by their former owners must be offered for sale to the occupant at fair market value.
 - b) Second, homes are to be offered to present occupants that have lived in the property for at least two years and who are persons and families of low or moderate income;
 - c) Third, homes must be offered for sale to present occupants that have lived in the home for more than five years and whose household income does not exceed 150 percent of the area median income;
 - d) Homes offered to income-qualified buyers are to be offered at an affordable price, but not less than the acquisition price or more than fair market value.
 - e) Homes not sold under these terms must then be offered to housing-related private and public entities for a price which is best suited economically to using the property for low- or moderate-income housing; and,
 - f) Any excess homes not sold pursuant to these provisions are then to be sold at fair market value with first priority given to purchasers who are present occupants and then to purchasers who will be owner occupants.
- 6) Directs 50 percent of the revenue collected by Caltrans from rental of historic property that is located in a freeway right-of-way corridor to be deposited in the Historic Property Maintenance Fund to pay for costs associated with maintenance and operation of the historic properties.
- 7) As set forth in regulations, establishes an Affordable Rent Program by which Caltrans considers affordability when adjusting rents for current residential tenants who are economically disadvantaged.

FISCAL EFFECT: Unknown

COMMENTS:

Author's statement: According to the author, "Seventy years ago, through a process of eminent domain, the State of California displaced families and altered the community of El Sereno for a freeway expansion. Community opposition delayed the SR 710 project, requiring Caltrans to begin renting out the homes. Within the SR 710 corridor, tenants have experienced years of mismanagement, which have particularly affected the El Sereno neighborhood where homes are in a state of worsening disrepair and vacancies have proliferated. For over five decades, Caltrans

bought properties without regard for the families in the corridor, disrupting the economic, social and cultural fabric of this predominately Latino community. As the future of the 710 has been decided, El Sereno has been disproportionately and acutely impacted by neglect, traffic, congestion and vacancies. With over 100 homes currently vacant and many in poor condition, we have an opportunity to repair and improve the housing in this neighborhood, and significantly increase long-term affordable housing.

We must actualize the goals of affordable housing in California, a top priority for policymakers. It is critical that affordable housing be preserved and expanded in the 710 corridor and that Caltrans tenants be able to remain safely in their homes with the ability to buy or continue to rent. Residents renting apartments and homes in the 710 corridor deserve fair treatment and stable housing. SB 9 seeks to provide a long-term solution for healing, focused on the primary goal of expanding and preserving affordability for all these properties while protecting the rights of tenants. The residents of El Sereno deserve a fair process. This bill will move ownership away from Caltrans, secure long-term affordability, and create more affordable options in the corridor, while ensuring current Caltrans tenants are protected by rules on affordable housing and increasing the number of affordable housing units.”

Background: Beginning in the 1950s, Caltrans began acquiring property by eminent domain for the purpose of extending the SR 710 freeway through Alhambra, El Sereno, South Pasadena, and Pasadena. Local political opposition stalled the project, at which point Caltrans began renting the residential properties. Caltrans currently owns over 400 properties in the corridor, most of them single-family homes.

Property management of the homes in the SR 710 corridor has created long-standing tension between SR 710 corridor tenants and Caltrans. Over the years, tenants argued that Caltrans inadequately maintained the homes and failed to make appropriate improvements. Caltrans argued that the homes were being rented on a temporary basis and were expected to be razed to make way for freeway construction; hence, homes were kept up to health and safety standards, but long-term improvements were not a reasonable expense of public funds.

No more freeway gap closure: While, over the past fifty years, alternative concepts have been proposed and evaluated to build the SR 710 freeway between I-10 and I-210, community members, particularly residents of Pasadena, have opposed the freeway project because of concerns about the impact of the freeway on their community.

As noted, Caltrans currently owns over 400 properties in the SR 710 corridor, including 330 homes and 103 multi-family housing units. Additionally, six nonprofits currently reside in properties owned by Caltrans within this corridor.

In 2018 the Los Angeles County Metropolitan Transportation Authority (LA Metro) and Caltrans identified a transportation alternative that would not require demolition of these homes. As such, many of these properties are no longer needed for the transportation project and are now surplus. Caltrans has begun dispensing of properties and is currently continuing to sell excess properties.

The Roberti Act: The Roberti Act outlines the procedure for selling off surplus properties owned by Caltrans. Single-family homes must first be offered at fair market value to the former owners, second to present occupants who have occupied the property two years or more who are low or moderate income, third to present occupants who have occupied the units for five or more years whose incomes do not exceed 150 percent of the area median income (AMI). Properties that are

not purchased by a current or former owner must be offered to housing-related private or public entity at a reasonable price. Housing related entities are required to offer the property as a limited-equity cooperative with first right of refusal for occupancy to existing occupants unless that is infeasible in which case the housing can be offered to low- and moderate-income households.

The Roberti Act requires properties to be sold at the fair market value. For low and moderate income households, the price must be affordable. The properties cannot be sold for less than what Caltrans originally paid for the home. The price falls between the ceiling – the fair market value—and the floor – the original purchase price. Caltrans was sued recently for adjusting the sales price by inflation. As a result, some previous owners had to pay six to seven times more than what they originally paid for the property in the 1960s. The court found Caltrans policy contrary to state law. This bill proposes to require Caltrans to sell surplus properties for no less the price paid by Caltrans for the original acquisition of the property, without being adjusted for inflation.

90032: This bill creates an alternative process for the sale of surplus properties to housing related entities, in the El Sereno neighborhood in the City of Los Angeles, located in the 90032 postal ZIP Code. For those properties, after Caltrans offered them for sale per the current process, the property would be available for purchase by a housing-related entity. Existing law requires a housing entity to pay a reasonable price for the property and when a property is sold a portion of the equity goes into an affordable housing trust fund. This bill would change the purchase price to Caltran’s acquisition price without adjusting for inflation. As alternative to this process, a housing-related entity would be required to record a 55-year affordability covenant on the property and ensure if it is sold that it is sold to the City of Los Angeles and the affordability is maintained. In addition, any new units added to a property, like an additional detached unit (ADU), must be restricted to low- and moderate-income households. Finally this bill, would require homes to be sold to tenants rather than occupants in good standing.

Arguments in support: Los Angeles Mayor, Eric Garcetti writes in support of this bill, “that properties along the SR 710 corridor represent an excellent opportunity to make these underutilized housing resources available for affordable housing, and allow the City to take a comprehensive approach to plan for additional housing investment in the El Sereno area. This bill would ensure that these properties are dedicated to affordable housing in the long term and facilitate the rehabilitation and use of these properties in the near term by a housing related entity like HACLA. It would do this while maintaining the rights and abilities of former owners and current occupants to take ownership of the properties.”

Arguments in opposition: None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Eric Garcetti, Mayor of Los Angeles

Opposition

None on file

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085

Amended Mock-up for 2019-2020 SB-9 (Durazo (S))

Mock-up based on version Number 97 – Amended Assembly 7/27/20

[AMENDED IN...]

SENATE BILL

No. 9

Introduced by Senator Durazo

(Principal coauthor: Assembly Member Carrillo)

[Date introduced]

[Title will go here]

legislative counsel's digest

SB 9, as amended, Durazo. Surplus residential property: sale procedures: generally and El Sereno neighborhood.

[Text of Legislative Counsel's Digest will go here]

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

THIS PAGE IS A MOCKUP OF THE MEASURE AS IT WILL BE PUBLISHED

PROPOSED AMENDMENTS TO SENATE BILL NO. 9

AMENDED IN ASSEMBLY JULY 27, 2020

AMENDED IN SENATE APRIL 3, 2019

SENATE BILL

No. 9

Introduced by Senator Durazo

(Principal coauthor: Assembly Member Carrillo)

December 3, 2018

An act to amend Section 54237 of, and to add Sections 54237.9, 54237.10, and ~~54239.1~~ 54239.1, and 54239.2 to, the Government Code, relating to surplus property.

Amendment 1

Amendment 2

legislative counsel's digest

SB 9, as amended, Durazo. Surplus residential property: sale procedures: generally and El Sereno neighborhood.

Existing law establishes priorities and procedures that any state agency disposing of surplus residential property is required to follow. Under existing law, specified single-family residences must first be offered to their former owners or present occupants, as specified. Existing law then requires the property to be offered to housing-related entities, as provided, prior to placing the property up for sale, subject to specified priorities. Existing law requires, if a property, that is not a historic home, is sold to a private housing-related entity or a housing-related public entity, that the entity develop the property as limited equity cooperative housing with first right of occupancy to present occupants, or use the property for low- and moderate-income rental or owner-occupied housing where the development of cooperative or cooperatives if not feasible.

This bill would remove the requirement for a private housing-related entity or housing-related public entity purchasing surplus residential property to develop the property as limited equity cooperative housing with first right of occupancy to present occupants. The bill would prohibit surplus residential property from being sold at less than the price paid by the Department of Transportation for original acquisition of the property. The bill would prohibit the adjustment of this original acquisition price for inflation. The bill would also establish new procedures for offering for sale surplus residential properties located within the El Sereno neighborhood in the City of Los Angeles after those properties are offered for sale to former owners and present occupants pursuant to existing law. *The bill would require the Department of Transportation to offer to sell specified unimproved properties at the original acquisition price paid by the department to a housing-related entity for affordable housing purposes, as provided.* This bill would ~~express the Legislature's intent to codify regulations in development for the Roberti Act. The bill would also~~ make related findings and declarations.

This bill would make legislative findings and declarations as to the necessity of a special statute for the sale of surplus residential property located in the El Sereno neighborhood of the City of Los Angeles.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

Page 3

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The sale of property located within the State Route 710
- 4 corridor in the El Sereno neighborhood of the City of Los Angeles
- 5 to a housing-related entity will promote the preservation and
- 6 creation of affordable housing consistent with Section 54235 of
- 7 the Government Code.
- 8 (b) Offering surplus residential properties to a housing-related
- 9 entity at low cost will advance the public purpose of preserving
- 10 affordable housing.
- 11 (c) ~~The creation and preservation of property for park or open~~
- 12 ~~space purposes preserves views, appearance, light, air, and~~
- 13 ~~recreation for the surrounding community. Parks significantly~~

Amendment 3

Page 4

1 ~~improve the health, well-being, and environment of the surrounding~~
2 ~~community and, as such, serve an important public purpose.~~

3 ~~(d) It is the intent of the Legislature that Sections 54239 and~~
4 ~~54239.1 of the Government Code be self-executing and no~~
5 ~~regulations will be needed to implement those sections.~~

6 SEC. 2. Section 54237 of the Government Code is amended to
7 read:

8 54237. (a) Notwithstanding Section 11011.1, an agency of the
9 state disposing of surplus residential property shall do so in
10 accordance with the following priorities and procedures:

11 (1) First, all single-family residences presently occupied by
12 their former owners shall be offered to those former owners at the
13 appraised fair market value.

14 (2) Second, all single-family residences shall be offered,
15 pursuant to this article, to their present occupants who have
16 occupied the property for two years or more and who are persons
17 and families of low or moderate income.

18 (3) Third, all single-family residences shall be offered, pursuant
19 to this article, to their present occupants who have occupied the
20 property for five years or more and whose household income does
21 not exceed 150 percent of the area median income.

22 (4) Fourth, a single-family residence shall not be offered,
23 pursuant to this article, to present occupants who are not the former
24 owners of the property if the present occupants have had an
25 ownership interest in real property in the last three years.

26 (b) Single-family residences offered to their present occupants
27 pursuant to paragraphs (2) and (3) of subdivision (a) shall be
28 offered to those present occupants at an affordable price. The price
29 shall not be less than the price paid by the agency for original
30 acquisition, unless the acquisition price was greater than the current
31 fair market value, and shall not be greater than fair market value.
32 When a single-family residence is offered to present occupants at
33 a price that is less than fair market value, the selling agency shall
34 impose terms, conditions, and restrictions to ensure that the housing
35 will remain available to persons and families of low or moderate
36 income and households with incomes no greater than the incomes
37 of the present occupants in proportion to the area median income.
38 The Department of Housing and Community Development shall
39 provide to the selling agency recommendations of standards and
40 criteria for these prices, terms, conditions, and restrictions. The

Page 5

1 selling agency shall provide repairs required by lenders and
2 government housing assistance programs, or, at the option of the
3 agency, provide the present occupants with a replacement dwelling
4 pursuant to Section 54237.5.

5 (c) If single-family residences are offered to their present
6 occupants pursuant to paragraphs (2) and (3) of subdivision (a),
7 the occupants shall certify their income and assets to the selling
8 agency. When a single-family residence is offered to present
9 occupants at a price that is less than fair market value, the selling
10 agency may verify the certifications, in accordance with procedures
11 used for verification of incomes of purchasers and occupants of
12 housing financed by the California Housing Finance Agency and
13 with regulations adopted for the verification of assets by the United
14 States Department of Housing and Urban Development. The
15 income and asset limitations and term of residency requirements
16 of paragraphs (2) and (3) of subdivision (a) shall not apply to sales
17 that are described as mitigation measures in an environmental
18 study prepared pursuant to the Public Resources Code, if the study
19 was initiated before this measure was enacted.

20 (d) Except as provided under subdivision (g), all other surplus
21 residential properties and all properties described in paragraphs
22 (1), (2), and (3) of subdivision (a) that are not purchased by the
23 former owners or the present occupants shall be then offered as
24 follows:

25 (1) Except as required by paragraph (2), the property shall be
26 offered to a housing-related private or public entity at a reasonable
27 price, which is best suited to economically feasible use of the
28 property as decent, safe, and sanitary housing at affordable rents
29 and affordable prices for persons and families of low or moderate
30 income, on the condition that the purchasing entity shall cause the
31 property to be rehabilitated and used as follows:

32 (A) If the housing-related entity is a public entity, the entity
33 shall dedicate profits realized from a subsequent sale, as specified
34 in subdivision (b) of Section 54237.7, to the construction of
35 affordable housing within Pasadena, South Pasadena, Alhambra,
36 La Cañada Flintridge, and the 90032 postal ZIP Code.

37 (B) If the entity is a private housing-related entity or a housing-
38 related public entity, the purchasing entity shall cause the property
1 to be used for low- and moderate-income rental or owner-
4 occupied housing, with first right of occupancy to the

Page 6

Page 6 5 present tenants. The price of the property in no case shall be less
6 than the price paid by the entity for original acquisition unless the
7 acquisition price was greater than current fair market value and
8 shall not be greater than fair market value. Subject to the foregoing,
9 it shall be set at the level necessary to provide housing at affordable
10 rents and affordable prices for present tenants and persons and
11 families of low or moderate income. When residential property is
12 offered at a price that is less than fair market value, the selling
13 agency shall impose terms, conditions, and restrictions as will
14 ensure that the housing will remain available to persons and
15 families of low or moderate income. The Department of Housing
16 and Community Development shall provide to the selling agency
17 recommendations of standards and criteria for prices, terms,
18 conditions, and restrictions.

19 (2) (A) If the property is a historic home, the property shall be
20 offered first to a housing-related public entity subject to
21 subparagraph (A) or (B) of paragraph (1) or to a nonprofit private
22 entity dedicated to rehabilitating and maintaining the historic home
23 for public and community access and use subject to subparagraph
24 (B) of paragraph (1).

25 (B) For purposes of this subdivision, “historic home” means
26 single-family surplus residential property that is listed on, or for
27 which an application has been filed for listing on, at least one of
28 the following by January 1, 2015:

29 (i) The California Register of Historical Resources, as
30 established pursuant to Article 2 (commencing with Section 5020)
31 of Chapter 1 of Division 5 of the Public Resources Code.

32 (ii) The National Register of Historic Places, as established
33 pursuant to Chapter 3021 of Title 54 of the United States Code.

34 (iii) The National Register of Historic Places, as previously
35 established pursuant to the federal National Historic Preservation
36 Act (54 U.S.C. Sec. 300101 et seq.).

37 (e) Except as provided under subdivision (g), a surplus
38 residential property not sold pursuant to subdivisions (a) to (d),
39 inclusive, shall then be sold at fair market value, with priority
40 given first to purchasers who are present tenants in good standing
Page 7 1 with all rent obligations current and paid in full, second to former
2 tenants who were in good standing at the time they vacated the
3 premises, with priority given to the most recent tenants first, and
4 then to purchasers who will be owner occupants. The selling

Page 7 5 agency may commence the sale of property that former tenants
6 may possess a right to purchase as provided by this subdivision
7 30 days after the selling agency has done both of the following:
8 (1) Posted information regarding the sale under this subdivision
9 on the selling agency’s internet website.
10 (2) Made a good faith effort to provide written notice, by first-
11 class mail, to the last known address of each former tenant.
12 (f) (1) Tenants in good standing of nonresidential properties
13 shall be given priority to purchase, at fair market value, the
14 property they rent, lease, or otherwise legally occupy.
15 (2) (A) A tenant in good standing of a nonresidential property
16 shall be given priority to purchase, at the lesser of fair market value
17 or value in use, if the tenant is a city or a nonprofit organization
18 qualified as exempt under Section 501(c)(3) of the Internal Revenue
19 Code.
20 (B) The Department of Transportation shall not sell a
21 nonresidential property to a tenant described in subparagraph(A)
22 at a value below the minimum sales price, as defined by Section
23 1476 of Title 21 of the California Code of Regulations as that
24 regulation read on July 1, 2019.
25 (C) If a nonresidential property is offered at a price that is less
26 than fair market value, the selling agency shall impose appropriate
27 terms, conditions, and restrictions.
28 (D) As used in this paragraph, “value in use” means the value
29 of a nonresidential property assuming a specific use, that may or
30 may not be the property’s highest and best use on the effective
31 date of the property’s appraisal.

32 (g) Subdivisions (d) and (e) shall not apply to properties offered
33 for sale pursuant to Section 54239.1.

34 SEC. 3. Section 54237.9 is added to the Government Code, to
35 read:

36 54237.9. Notwithstanding any other provision in this ~~chapter,~~
37 ~~article,~~ the price of property sold pursuant to this ~~chapter~~ *article*
38 shall not be less than the price paid by the Department of
39 Transportation for original acquisition of the property. The original
40 acquisition price shall not be adjusted for inflation.

Page 8 1 ~~SEC. 4. Section 54237.10 is added to the Government Code, to~~
2 read:

Amendment 4
Amendment 5

Amendment 6

Page 8

3 ~~54237.10. The Legislature finds and declares that it is necessary~~
4 ~~to codify regulations that are currently in development for the~~
5 ~~Roberti Act.~~

6 ~~SEC. 5.~~

+ SEC. 4. Section 54239.1 is added to the Government Code,
7 immediately following Section 54238.9, to read:

8 54239.1. (a) Notwithstanding Sections 54235 through 54237.10
9 and Section 118 of the Streets and Highways Code, after surplus
10 residential properties located within the El Sereno neighborhood
11 in the City of Los Angeles, which is located in the 90032 postal
12 ZIP Code, are offered for sale pursuant to subdivisions (a) to (c),
13 inclusive, of Section 54237, these properties shall be offered to a
14 housing-related entity as follows:

15 (1) The sales price shall be the price paid by the Department of
16 Transportation for original acquisition. The original acquisition
17 price shall not be adjusted for inflation.

18 (2) Property sold pursuant to this section shall be sold in the
19 existing "as is" condition.

20 (3) For each property purchased under this section, the
21 housing-related entity shall do all of the following:

22 (A) (i) Cause the property to be used for low- and moderate-
23 income rental housing, with no subsequent sale or transfer allowed
24 for at least 25 years. for a term of at least 55 years. The purchase
+ and operation of the property shall be subject to a covenant
+ recorded against the property that requires the property to remain
+ available and affordable for rental by lower income and moderate-
+ income households, as defined by Sections 50079.5 and 50052.5 of
+ the Health and Safety Code, respectively, for a term no shorter
+ than 55 years.

+ (ii) In the event that the property is sold prior to the expiration
+ of the covenant, the covenant shall remain in effect until the time
+ at which it expires. In the event the housing-related entity is no
+ longer able to provide that housing on the property, the housing-
+ related entity shall transfer the title to the City of Los Angeles,
+ which shall transfer the title and operations to a successor housing-
+ related entity that will maintain the property and the operations
+ in compliance with the covenant. Any housing-related entity
+ purchaser shall comply with monitoring requirements, if any, as
+ determined by the Department of Transportation.

Amendment 7
Amendment 8

**SUBSTANTIVE
Amendment 9**

Page 8

25 (B) Provide first right of occupancy to the present occupants.
+ *The rental amount shall be in accordance with income certification*
+ *if the current occupants qualify as low or moderate income. If the*
+ *current tenant's income exceeds the limits for that level, the rent*
+ *for those occupants shall be no less than their current rent, or*
+ *adjusted no higher than current market rates for the area.*

26 (C) Cause any additional new units added to the property to be
27 used only for low- or moderate-income rental housing.

28 (D) Provide ~~its present tenants~~ the relocation assistance *as*
29 *required under subdivision (b) of Section 54238.3.*

30 (b) A surplus residential property located in the City of Los
31 Angeles that is not sold pursuant to subdivision (a) shall then be
32 sold in accordance with the following priorities and procedures:

33 (1) First, the property shall be offered at fair market value to
34 purchasers who are present ~~occupants~~ *tenants* in good standing
35 with all rent obligations current and paid in full. ~~The selling agency~~
36 ~~may commence the sale of property, which former occupants may~~
37 ~~possess a right to purchase as provided by this paragraph, 30 days~~
38 ~~after the selling agency has done both of the following:~~

39 ~~(A) Posted information regarding the sale under this subdivision~~
40 ~~on the selling agency's internet website.~~

Page 9

1 ~~(B) Made a good faith effort to provide written notice, by first-~~
2 ~~class mail, to the last known address of each former tenant of the~~
3 ~~property.~~

4 (2) Second, the property shall then be sold at fair market value,
5 with priority given first to purchasers who are former ~~occupants~~
6 *tenants* of the property who were in good standing at the time they
7 vacated the premises. Priority shall be given to the most recent
8 ~~occupants~~ *tenants* first. The selling agency may commence the
9 sale of property pursuant to this paragraph 30 days after the selling
10 agency has done both of the following:

11 (A) Posted information regarding the sale under this subdivision
12 on the selling agency's internet website.

13 (B) Made a good faith effort to provide written notice, by first-
14 class mail, to the last known address of each former tenant of the
15 property.

16 (3) Third, the property shall be offered a second time to present
17 tenants, pursuant to ~~subdivision (a).~~ *paragraph (1) of subdivision*
+ *(b).*

Amendments 10 & 11

**Amendment 12
Amendment 13**

Amendment 14

Amendment 15

Amendment 16

Page 9 18 (4) Fourth, the property shall be sold at fair market value with
 19 priority given to purchasers who will be owner-occupants.
 + SEC. 5. Section 54239.2 is added to the Government Code, to
 + read:
 + 54239.2. Before selling unimproved property within the State
 + Route 710 corridor in ZIP Code 90032 pursuant to Section 118 of
 + the Streets and Highways Code, the Department of
 + Transportation shall offer to sell the property at the price paid by
 + the Department of Transportation for original acquisition to a
 + housing-related entity for affordable housing purposes, pursuant
 + to the terms and conditions provided in Section 54239.1.
 20 SEC. 6. The Legislature finds and declares that a special statute
 21 is necessary and that a general statute cannot be made applicable
 22 within the meaning of Section 16 of Article IV of the California
 23 Constitution because of the unique social, cultural, and economic
 24 conditions that necessitate the repair and improvement of the El
 25 Sereno neighborhood of the City of Los Angeles.

Amendment 17

O

Analysis Prepared by: Lisa Engel / H. & C.D. / (916) 319-2085