

AMENDED IN ASSEMBLY SEPTEMBER 1, 2015

**SENATE BILL**

**No. 580**

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**Introduced by Senator Liu**  
(Coauthor: Assembly Member Holden)

February 26, 2015

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An act to amend ~~Section~~ *Sections 54237 and 54237.7* of the Government Code, relating to surplus residential ~~property: property,~~ *property,* and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 580, as amended, Liu. Surplus residential property: affordable housing: historic buildings.

**Existing**

(1) *Existing* law declares the intent of the Legislature to preserve, upgrade, and expand the supply of housing to persons and families of low or moderate income, through the sale of specified surplus residential property owned by public agencies. Existing law establishes priorities and procedures that any state agency disposing of that 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. If the property is not sold to a former owner or present occupant, existing law requires that the property be offered to a housing-related private or public entity at a reasonable price for either limited equity cooperative housing or low and moderate income rental or owner-occupied housing, as specified.

This bill would authorize a local housing authority to ~~purchase, rehabilitate, and resell~~ *purchase and rehabilitate* surplus residential property within its jurisdiction. *Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal ZIP code.* The local housing

authority would be required to dedicate any profits realized from ~~the sale~~ *a subsequent sale* to the construction of affordable housing. The bill would also require that, prior to offering the property to a housing-related private or public entity as specified above, that property that is a historic home, as defined, be first offered to a housing-related public entity or a nonprofit private entity dedicated to rehabilitating and maintaining the historic home for public and community access and use.

*(2) Existing law requires the Department of Transportation to deposit proceeds from sales of surplus residential property into the SR-710 Rehabilitation Account, a continuously appropriated fund, to be distributed, as specified, exclusively to fund projects located in Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal ZIP code.*

*This bill would specifically require the department to deposit proceeds from the sale of surplus residential property from the department to a new owner in the SR-710 Rehabilitation Account. This bill would establish the Affordable Housing Trust Account within the Housing Finance Fund and require the net proceeds from a subsequent market sale of surplus residential property sold pursuant to these provisions at an affordable or reasonable price, as specified, be deposited in this account. The bill would continuously appropriate funds in this account to the California Housing Finance Agency to carry out specified activities for the benefit persons residing exclusively within Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal ZIP code.*

*(3) This bill would make legislative findings and declarations as to the necessity of a special statute for Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal ZIP code.*

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

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

1 SECTION 1. Section 54237 of the Government Code is  
 2 amended to read:  
 3 54237. (a) Notwithstanding Section 11011.1, an agency of the  
 4 state disposing of surplus residential property shall do so in  
 5 accordance with the following priorities and procedures:

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

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

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

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

16 (b) Single-family residences offered to their present occupants  
17 pursuant to paragraphs (2) and (3) of subdivision (a) shall be  
18 offered to those present occupants at an affordable price. The price  
19 shall not be less than the price paid by the agency for original  
20 acquisition, unless the acquisition price was greater than the current  
21 fair market value, and shall not be greater than fair market value.  
22 When a single-family residence is offered to present occupants at  
23 a price that is less than fair market value, the selling agency shall  
24 impose terms, conditions, and restrictions to ensure that the housing  
25 will remain available to persons and families of low or moderate  
26 income and households with incomes no greater than the incomes  
27 of the present occupants in proportion to the area median income.  
28 The Department of Housing and Community Development shall  
29 provide to the selling agency recommendations of standards and  
30 criteria for these prices, terms, conditions, and restrictions. The  
31 selling agency shall provide repairs required by lenders and  
32 government housing assistance programs, or, at the option of the  
33 agency, provide the present occupants with a replacement dwelling  
34 pursuant to Section 54237.5.

35 (c) If single-family residences are offered to their present  
36 occupants pursuant to paragraphs (2) and (3) of subdivision (a),  
37 the occupants shall certify their income and assets to the selling  
38 agency. When a single-family residence is offered to present  
39 occupants at a price that is less than fair market value, the selling  
40 agency may verify the certifications, in accordance with procedures

1 utilized for verification of incomes of purchasers and occupants  
2 of housing financed by the California Housing Finance Agency  
3 and with regulations adopted for the verification of assets by the  
4 United States Department of Housing and Urban Development.  
5 The income and asset limitations and term of residency  
6 requirements of paragraphs (2) and (3) of subdivision (a) shall not  
7 apply to sales that are described as mitigation measures in an  
8 environmental study prepared pursuant to the Public Resources  
9 Code, if the study was initiated before this measure was enacted.

10 (d) All other surplus residential properties and all properties  
11 described in paragraphs (1), (2), and (3) of subdivision (a) that are  
12 not purchased by the former owners or the present occupants shall  
13 be then offered as follows:

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

21 (A) If the housing-related entity is a public entity, the ~~entity~~  
22 ~~may resell the property. The entity shall dedicate profits realized~~  
23 ~~from a sale pursuant to this subparagraph subsequent sale, as~~  
24 ~~specified in subdivision (b) of Section 54237.7, to the construction~~  
25 ~~of affordable housing within its jurisdiction. Pasadena, South~~  
26 ~~Pasadena, Alhambra, La Cañada Flintridge, and the 90032 postal~~  
27 ~~ZIP code.~~

28 (B) If the entity is a private housing-related entity or a  
29 housing-related public ~~entity that does not use the property as~~  
30 ~~described in subparagraph (A),~~ entity, the entity shall cause the  
31 property to be developed as limited equity cooperative housing  
32 with first right of occupancy to present occupants, except that  
33 where the development of cooperative or cooperatives is not  
34 feasible, the purchasing entity shall cause the property to be used  
35 for low and moderate income rental or owner-occupied housing,  
36 with first right of occupancy to the present tenants. The price of  
37 the property in no case shall be less than the price paid by the entity  
38 for original acquisition unless the acquisition price was greater  
39 than current fair market value and shall not be greater than fair  
40 market value. Subject to the foregoing, it shall be set at the level

1 necessary to provide housing at affordable rents and affordable  
2 prices for present tenants and persons and families of low or  
3 moderate income. When residential property is offered at a price  
4 that is less than fair market value, the selling agency shall impose  
5 terms, conditions, and restrictions as will ensure that the housing  
6 will remain available to persons and families of low or moderate  
7 income. The Department of Housing and Community Development  
8 shall provide to the selling agency recommendations of standards  
9 and criteria for prices, terms, conditions, and restrictions.

10 (2) (A) If the property is a historic home, the property shall be  
11 offered first to a housing-related public entity subject to  
12 ~~subparagraph (A)~~ *subparagraph (A) or (B)* of paragraph (1) or to  
13 a nonprofit private entity dedicated to rehabilitating and  
14 maintaining the historic home for public and community access  
15 and ~~use~~ *use subject to subparagraph (B) of paragraph (1)*.

16 (B) For the purposes of this ~~paragraph~~ *subdivision*, “historic  
17 home” means *single-family* surplus residential property that is  
18 listed on, or for which an application has been filed for listing on,  
19 at least one of the following by January 1, 2015:

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

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

25 (iii) The National Register of Historic Places, as previously  
26 established pursuant to the National Historic Preservation Act (16  
27 U.S.C. Sec. 470 et seq.).

28 (e) A surplus residential property not sold pursuant to  
29 subdivisions (a) to (d), inclusive, shall then be sold at fair market  
30 value, with priority given first to purchasers who are present tenants  
31 in good standing with all rent obligations current and paid in full,  
32 second to former tenants who were in good standing at the time  
33 they vacated the premises, with priority given to the most recent  
34 tenants first, and then to purchasers who will be owner occupants.  
35 The selling agency may commence the sale of property that former  
36 tenants may possess a right to purchase as provided by this  
37 subdivision 30 days after the selling agency has done both of the  
38 following:

39 (1) Posted information regarding the sale under this subdivision  
40 on the selling agency’s Internet Web site.

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

3 (f) Tenants in good standing of nonresidential properties shall  
4 be given priority to purchase, at fair market value, the property  
5 they rent, lease, or otherwise legally occupy.

6 SEC. 2. Section 54237.7 of the Government Code is amended  
7 to read:

8 54237.7. (a) Notwithstanding Section 183.1 of the Streets  
9 and Highways Code, the Department of Transportation shall  
10 deposit proceeds from ~~sales~~ *the sale of surplus residential property*  
11 *from the department to a new owner* pursuant to this article into  
12 the SR-710 Rehabilitation Account, which is hereby created.  
13 Notwithstanding Section 13340, funds in the account are hereby  
14 continuously appropriated to the department without regard to  
15 fiscal years for the purpose of providing repairs required pursuant  
16 to subdivision (b) of Section 54237. The total funds maintained  
17 in the account shall not exceed five hundred thousand dollars  
18 (\$500,000). Funds exceeding that amount, less any reimbursements  
19 due to the federal government, shall be transferred to the State  
20 Highway Account in the State Transportation Fund to be used for  
21 allocation by the California Transportation Commission  
22 (commission) exclusively to fund projects located in Pasadena,  
23 South Pasadena, Alhambra, La Cañada Flintridge, and the 90032  
24 postal ZIP Code. Projects shall be selected and prioritized by the  
25 affected communities in consultation with the Los Angeles County  
26 Metropolitan Transportation Authority, pursuant to guidelines  
27 developed by the commission. The Los Angeles Metropolitan  
28 Transportation Authority shall submit a proposed program of  
29 projects and the commission shall have final authority to approve  
30 the projects. Eligible projects may include, but are not limited to:  
31 sound walls; transit and rail capital improvements; bikeways;  
32 pedestrian improvements; signal synchronization; left turn signals;  
33 and major street resurfacing, rehabilitation, and reconstruction.  
34 The funds shall not be used to advance or construct any proposed  
35 North State Route 710 tunnel. Any funds remaining in the SR-710  
36 Rehabilitation Account on the date that final payment due for the  
37 last of the properties repaired has been made, less any  
38 reimbursements due to the federal government, shall be transferred  
39 to the State Highway Account in the State Transportation Fund,  
40 to be used exclusively for the purposes described in this section.

1 (b) Notwithstanding any other law, the net proceeds from a  
2 subsequent market sale of surplus residential property sold  
3 pursuant to this article at an affordable or reasonable price, as  
4 specified in regulations adopted by the department, shall be  
5 deposited into the Affordable Housing Trust Account, which is  
6 hereby created within the Housing Finance Fund and,  
7 notwithstanding Section 13340, continuously appropriated to the  
8 California Housing Finance Agency to carry out any activity  
9 authorized by Part 3 (commencing with Section 50900) of Division  
10 31 of the Health and Safety Code for the benefit of persons and  
11 families of low and moderate income residing exclusively in  
12 Pasadena, South Pasadena, Alhambra, La Cañada Flintridge, and  
13 the 90032 postal ZIP code. The priority for the distribution of  
14 proceeds from subsequent sales shall be established pursuant to  
15 regulations adopted by the department.

16 SEC. 3. The Legislature finds and declares that a special law  
17 is necessary and that a general law cannot be made applicable  
18 within the meaning of Section 16 of Article IV of the California  
19 Constitution because of the unique circumstances relating to  
20 affordable housing and surplus properties in the State Route 710  
21 corridor.