

AMENDED IN SENATE FEBRUARY 24, 2000

AMENDED IN SENATE SEPTEMBER 8, 1999

AMENDED IN SENATE JUNE 23, 1999

AMENDED IN ASSEMBLY MAY 6, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1396**

**Introduced by Assembly Member ~~Lowenthal~~ Villaraigosa**

February 26, 1999

An act relating to ~~state property~~ *local government finance*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1396, as amended, ~~Lowenthal~~ Villaraigosa. ~~State surplus property: City of Long Beach~~ *Local government finance: development.*

*Existing law contains various provisions relating to local government finance and development.*

*This bill would make findings and declarations concerning the need for the Legislature to address issues relating to those subjects in a comprehensive fashion.*

~~Existing law authorizes the sale by the Department of General Services of state-owned real property determined to be surplus, according to specified criteria.~~

~~This bill would declare specified state property within the City of Long Beach to be surplus property and authorize its sale by the department to the city for the upgrade and expansion of low- and moderate-income housing. It would~~



~~require the department and the city to determine the fair market value of the property according to a specified procedure. It would require the department, if it has not sold the property at the expiration of the buyer's due diligence inspection period, as specified in a specified purchase agreement, to offer the city right of first refusal on the property. It would require the city, if it wishes to purchase the property, to enter into a written agreement with the department for the purchase of the property within 90 calendar days of the date the department has offered the right of first refusal to the city. It would further specify that if the city and the department have not entered into a written agreement for the purchase of the property within that time limit, the Director of General Services may sell, transfer, or otherwise dispose of the property as provided by law.~~

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

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

- 1     ~~SECTION 1. (a) The Legislature finds and declares~~
- 2     *SECTION 1. The Legislature finds and declares all of*
- 3     *the following:*
- 4     *(a) California state and local governments share*
- 5     *common concerns and jointly provide services to 34*
- 6     *million citizens.*
- 7     *(b) The relationship between state and local*
- 8     *governments is a complex one that often results in a lack*
- 9     *of accountability, taxpayer confusion, and skewed*
- 10    *development incentives.*
- 11    *(c) The passage of Proposition 13 at the June 6, 1978,*
- 12    *primary election further complicated the state-local*
- 13    *relationship by providing state government the authority*
- 14    *to allocate property tax revenues among local*
- 15    *governments and had the unintended side effect of*
- 16    *shifting power and control of local government finances*
- 17    *to the state level.*
- 18    *(d) Since Proposition 13 there have been a variety of*
- 19    *state laws and voter-approved ballot measures that*
- 20    *attempt to rationalize the state-local relationship, some of*



1 *which have tried to return a degree of control or*  
2 *enhanced funding to local governments, while others*  
3 *have done the opposite.*

4 *(e) The property tax shifts of the early 1990s*  
5 *compounded further the issues of accountability and*  
6 *fiscal incentives.*

7 *(f) There is now a perception that a revenue-driven*  
8 *bias exists in local land use planning and decisionmaking,*  
9 *and that development often pits one community against*  
10 *another in an effort to attract businesses that generate*  
11 *sales tax revenue.*

12 *(g) The connection between the type of development*  
13 *and potential revenue has discouraged local*  
14 *governments from pursuing affordable housing for those*  
15 *Californians in the low- to moderate-income range.*

16 *(h) The local competition for retail and auto malls*  
17 *rarely balances community housing needs or the benefits*  
18 *of nonretail business and industry, and often exacerbates*  
19 *transportation and environmental problems.*

20 *(i) The local government finance system should*  
21 *facilitate balanced state, regional, and local conservation*  
22 *and development policies as well as finance local and*  
23 *regional services.*

24 *(j) In order to avoid dependence on one revenue*  
25 *source, local governments should derive their revenues*  
26 *from a diversity of sources, including property tax, sales*  
27 *tax, and general purpose state subventions.*

28 *(k) During the past few years there have been a*  
29 *number of commissions formed, reports produced, and*  
30 *studies conducted relative to the issues surrounding the*  
31 *complexities of the state-local fiscal relationship. The*  
32 *results of each of these efforts highlights the necessity for*  
33 *the Legislature to address these issues in a comprehensive*  
34 *fashion, keeping in mind the fundamental concerns of*  
35 *accountability, service delivery, and the fiscal needs of*  
36 *local governments and the state.*

37 *as follows:*

38 ~~*(1) The disposition of surplus property owned by the*~~  
39 ~~*state should be utilized to further state policies.*~~



1 ~~(2) There exists within the urban areas of the state a~~  
2 ~~serious shortage of decent, safe, and sanitary housing that~~  
3 ~~persons of low or moderate income can afford, and~~  
4 ~~consequently a pressing and urgent need for the~~  
5 ~~preservation and expansion of the low- and~~  
6 ~~moderate-income housing supply.~~

7 ~~(3) Actions of state agencies, including, but not limited~~  
8 ~~to, the sale of surplus properties for residential~~  
9 ~~development pursuant to this act will directly serve an~~  
10 ~~important public purpose.~~

11 ~~(4) It is the intent of the Legislature in enacting this~~  
12 ~~act to upgrade and expand the supply of housing available~~  
13 ~~to persons and families of low and moderate income.~~

14 ~~(b) Therefore, to assist the City of Long Beach in~~  
15 ~~meeting the need for additional housing within its~~  
16 ~~Downtown Redevelopment Project Area, the~~  
17 ~~Legislature hereby declares the property described in~~  
18 ~~this act as surplus property and authorizes its sale to the~~  
19 ~~City of Long Beach according to the terms of this act.~~

20 ~~SEC. 2. For purposes of this act, the following~~  
21 ~~definitions apply:~~

22 ~~(a) "Property" means the real property located at 245~~  
23 ~~West Broadway, Long Beach, California, and described as~~  
24 ~~Lots 1, 11, 12, 13, 14, 15, and 16, and the southerly two feet~~  
25 ~~of Lots 9 and 10, in Block 87 of the townsite of Long Beach,~~  
26 ~~in the City of Long Beach, County of Los Angeles, State~~  
27 ~~of California, as recorded per map recorded in Book 19,~~  
28 ~~pages 91 to 96, inclusive, of Miscellaneous Records, in the~~  
29 ~~Office of the County Recorder of the County of Los~~  
30 ~~Angeles, together with the abutting street and alley. The~~  
31 ~~property includes both the vacant Veterans Memorial~~  
32 ~~State Office Building, a structure of approximately~~  
33 ~~130,332 square feet, and the site of approximately 50,560~~  
34 ~~square feet on which the building rests. The property is~~  
35 ~~currently owned by the state and administered by the~~  
36 ~~Department of General Services.~~

37 ~~(b) "Purchase agreement" means the purchase~~  
38 ~~agreement entered into between the state, acting by and~~  
39 ~~through the Department of General Services, as seller,~~



1 and a private party, as buyer, dated on or about April 13,  
2 1998, as amended by an undated Amendment No. 1.

3 ~~SEC. 3. (a) (1) No later than January 1, 2000, the~~  
4 ~~Department of General Services and the City of Long~~  
5 ~~Beach shall begin a process to determine the fair market~~  
6 ~~value of the property defined in subdivision (a) of Section~~  
7 ~~2.~~

8 ~~(2) To determine the property's fair market value, the~~  
9 ~~department and the city shall each have the property~~  
10 ~~appraised by Master Appraisal Institute (MAI)-certified~~  
11 ~~real estate appraisers. The department and the city shall~~  
12 ~~each bear the cost of its own appraisal. Each appraiser~~  
13 ~~shall be instructed as follows:~~

14 ~~(A) The current building on the property shall be~~  
15 ~~demolished and new housing units constructed. The~~  
16 ~~appraisers shall determine the demolition and site~~  
17 ~~clearing costs and take those costs into consideration in~~  
18 ~~determining the property's fair market value.~~

19 ~~(B) The property's use shall be market-rate~~  
20 ~~multifamily rental residential housing, except that 15~~  
21 ~~percent of those housing units shall be restricted to~~  
22 ~~residents of low or moderate income, and 40 percent of~~  
23 ~~the restricted housing units shall be restricted to very low~~  
24 ~~income residents.~~

25 ~~(3) (A) If the two appraisals resulting from the~~  
26 ~~procedure described in paragraph (2) do not agree on the~~  
27 ~~fair market value of the property, the department shall~~  
28 ~~contract with another independent, MAI-certified,~~  
29 ~~appraiser who is mutually acceptable to the city and the~~  
30 ~~department, to appraise the property. The cost of this~~  
31 ~~appraisal shall be shared equally by the city and the~~  
32 ~~department.~~

33 ~~(B) The appraiser contracted with under this~~  
34 ~~paragraph shall be given the instructions contained in~~  
35 ~~subparagraphs (A) and (B) of paragraph (2).~~

36 ~~(C) The appraiser contracted with under this~~  
37 ~~paragraph shall select the appraisal figure resulting from~~  
38 ~~the procedure described in paragraph (2) that is closest~~  
39 ~~to his or her own determination of the fair market value~~  
40 ~~of the property.~~



1     ~~(4) The appraisal process described in this subdivision~~  
2 ~~shall be completed no later than March 31, 2000.~~

3     ~~(b) (1) If the department has not sold the property at~~  
4 ~~the expiration of the buyer's due diligence inspection~~  
5 ~~period as specified in the purchase agreement, as defined~~  
6 ~~in subdivision (b) of Section 2, the department shall offer~~  
7 ~~the city right of first refusal on the property.~~

8     ~~(2) The department shall not amend the terms of the~~  
9 ~~original purchase agreement or take any other action that~~  
10 ~~would alter the terms of the purchase of the property~~  
11 ~~under the purchase agreement.~~

12     ~~(c) If the city wishes to purchase the property, it shall~~  
13 ~~enter into a written agreement with the department for~~  
14 ~~the purchase of the property for the fair market value~~  
15 ~~determined pursuant to subdivision (a) within 90~~  
16 ~~calendar days of the date the department has offered the~~  
17 ~~right of first refusal to the city.~~

18     ~~(d) If the city and the department have not entered~~  
19 ~~into a written agreement for the purchase of the property~~  
20 ~~within the time limit specified in subdivision (c), the~~  
21 ~~Director of General Services may sell, transfer, or~~  
22 ~~otherwise dispose of the property as provided by law.~~

23     ~~SEC. 4. Due to the unique circumstances of the City~~  
24 ~~of Long Beach in respect to the availability of particular~~  
25 ~~surplus state property for low- and moderate-income~~  
26 ~~housing, the Legislature hereby finds and declares that a~~  
27 ~~general statute cannot be made applicable within the~~  
28 ~~meaning of Section 16 of Article IV of the California~~  
29 ~~Constitution. Therefore, the special legislation contained~~  
30 ~~in Section 3 of this act is necessarily applicable only to the~~  
31 ~~City of Long Beach.~~

