ASSEMBLY BILL No. 113

Introduced by Assembly Member Portantino

January 13, 2009

An act to add Section 118.2 to the Streets and Highways Code, relating to highways, and declaring the urgency thereof, to take effect immediately.

legislative counsel's digest

AB 113, as introduced, Portantino. Highways: Route 710: sale of property.

Existing law authorizes the Department of Transportation to acquire real property for state highway purposes. Existing law specifies various procedures to be followed by the department when it determines that real property acquired for state highway purposes is no longer necessary for those purposes, generally under terms and conditions established by the California Transportation Commission. Existing law establishes specific procedures for the sale by public agencies of surplus residential property, under which property may be sold at less than fair market value in certain cases.

This bill would require the department to sell the real property it owns relative to the unconstructed portion of State Highway Route 710 in Los Angeles County located to the north of State Highway Route 10, with residential property to be sold using the process for sale of surplus residential real property, except that property occupied since at least January 1, 2004, by a school or nonprofit organization would first be offered to the occupant.

The bill would require proceeds from the sale of each parcel equal to the department's acquisition price of the parcel to be deposited in the

State Highway Account. All remaining sale proceeds would be deposited in the General Fund, to be available, upon appropriation, for increasing funding for public higher education.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $^{2}/_{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) Beginning in the 1950s, the Department of Transportation (Caltrans) began acquiring property by eminent domain for the purpose of extending the Long Beach Freeway (Route 710) through Alhambra, El Sereno, South Pasadena, and Pasadena, but when local opposition stalled the project, Caltrans began renting the residential properties in the interim.

(b) Over 50 years later, there continue to be over 500 residential properties along the uncompleted 710 corridor within the communities of Pasadena, South Pasadena, and El Sereno, including 95 “historic” homes, whose current tenants represent an economically and ethnically diverse group of families having an average tenancy of 20 years.

(c) A series of articles published in October 2006 by the Orange County Register brought to light how Caltrans’ appetite for property acquisition has turned neighborhoods into eyesores and deprived local government of millions of dollars in property taxes.

(d) Those articles prompted a legislative hearing leading to the discovery that not only was Caltrans negligent in its maintenance of the properties, but that it lacked a comprehensive and accurate surplus property inventory.

(e) According to a Bureau of State Audits report, “California’s agencies have not developed and implemented property inventory systems that serve as effective management tools for real property or that provide reliable reports. Neither General Services nor Caltrans has complete, accurate databases that would aid them in managing real property.”

(f) Caltrans has publicly stated numerous times its desire to exit the property management business and has mentioned the sale of these properties as one means of achieving that goal.

(g) According to a report by the State Auditor, “When such properties sit idle, the State does not benefit from funds it would receive by selling or leasing these properties, and it may incur unnecessary maintenance costs. Moreover, until leased or sold, these properties are not available for other purposes, such as housing, parks, or open space.”

(h) According to an estimate by the Southern California Association of Governments, the sale of the properties along the uncompleted 710 corridor would generate five hundred million dollars ($500,000,000) that could be used to fund vital state programs, especially during these difficult economic times.

(i) The Legislature has repeatedly found that the revenues derived from disposition of surplus properties owned by state agencies should be utilized to further state policies.

(j) Beginning with Section 54235 of the Government Code (also referred to as the Roberti Bill), the Legislature has found that land acquisition for highways has contributed to the severe shortage of affordable housing, as well as to the disruption of neighborhoods and communities, and has reaffirmed that the provision of decent housing for all Californians is a state goal of the highest priority.

SEC. 2. Section 118.2 is added to the Streets and Highways Code, to read:

118.2. Notwithstanding any other provision of law, the department shall sell the real property it owns relative to the unconstructed portion of State Highway Route 710 in Los Angeles County located to the north of State Highway Route 10. Any residential real property to be sold pursuant to this section shall be sold using the process for sale of surplus residential property set forth in Article 8.35 (commencing with Section 54235) of Chapter 5 of Part 1 of Division 2 of Title 5 of the Government Code, except that, with respect to property occupied since at least January 1, 2004, by a school or a nonprofit organization, the occupant shall be offered the right of first refusal to purchase the property. Proceeds from the sale of each parcel under this section equal to the department’s acquisition price of the parcel shall be deposited in the State Highway Account. All remaining sale proceeds shall be deposited in the General Fund, to be available, upon appropriation, for increasing funding for the California Community Colleges, the California State University, and the University of California.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to address the state’s fiscal crisis as quickly as possible, it is necessary that this act take effect immediately.

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