



- 5) Requires Caltrans to impose appropriate terms, conditions, and restrictions for nonresidential properties being sold on the SR 710 corridor if the offered price is less than fair market value.

**This bill:**

- 1) Exempts a qualified tenant from being required to pay Caltrans any owned net equity or other amounts in excess of the lesser of FMV or value in use, regardless of any contractual obligation to pay those amounts.
- 2) Provides that the exemption specified in this bill is retroactive and applies to any contracts entered into between Caltrans and a qualified tenant.
- 3) Defines “net equity” as the difference between the fair market value at time of purchase and the price paid for the surplus nonresidential property.
- 4) Defines “qualified tenant” as a nonprofit organization that operates multiple residential structures primarily for the purposes of familial habitation during medical treatment and related administrative activities.
- 5) Makes various findings and declarations.

**COMMENTS:**

- 1) *Purpose of the bill.* According to the author, "For decades, Ronald McDonald House Pasadena has been a vital nonprofit organization for my constituents. By providing temporary housing and support services near hospitals, the Ronald McDonald House helps ease emotional and financial hardships for families while their child is receiving medical treatment. This bill provides a narrowly tailored legislative solution by exempting the Ronald McDonald House Pasadena from paying any net equity to Caltrans for their properties so they may carry out their charitable mission. Ultimately, this bill will ensure that during a time of crisis, families can focus on what matters the most: the health of their child."
- 2) *History of SR 710:* In the 1950's, Caltrans planned for a freeway to connect the Port of Long Beach north to Interstate 5, Interstate 10 and the Interstate 210 freeway in Pasadena. In 1964, the southern part of SR 710 was built, starting at the Port of Long Beach and heading north. It ended 23 miles later, five miles short of the intended connection to Interstate 210, feeding into local traffic on Valley Boulevard in Alhambra, causing congestion on the neighboring freeways and streets. The gap, which was caused by challenges from the

community, affects the surrounding cities of Alhambra, South Pasadena, Pasadena, and a portion of Los Angeles (El Sereno).

In 2018, the Los Angeles County Metropolitan Transportation Authority (Metro) and Caltrans identified alternatives to the freeway gap closure which did not require demolition of any homes. Subsequent legislation prohibits Caltrans from pursuing freeway gap closure. Consequently, many of these properties are no longer needed for the transportation project and are now surplus. Caltrans has begun disposing of properties pursuant to several laws enacted over the last few years.

- 3) *Ronald McDonald House*. The Ronald McDonald House is a nonprofit organization whose mission is to provide housing for families with children who are in the hospital. They have three houses that they operate in Pasadena. The nonprofit organization in Pasadena plays a vital role as a “home-away-from-home” for families with critically ill children. In 2025, the Ronald McDonald House Pasadena served 440 guests with 3,560 overnight visits. Ronald McDonald House also provided 416 hours of family support, served 163 meals, and partnered with 10 hospitals. The properties are primarily used for housing families, however, one of the properties is utilized by the nonprofit for organizational / administrative functions. The properties are currently owned by Caltrans after the agency purchased the properties starting in the mid-1950’s as part of the planned SR 710 extension project.
- 4) *Challenges associated with selling SR 710 properties*. Since the official termination of the SR 710 extension project in 2019, the process to sell properties along the corridor to both previous and current tenants have been riddled with challenges. Several of these challenges include regulatory and emergency rulemaking delays, tenant disputes, deferred maintenance and safety issues, and the complex phased / staggered sales process itself. In response, a variety of legislative proposals have been both introduced and enacted in attempt to resolve some of the abovementioned challenges (see related legislation below). However, local stakeholders, public agencies, and tenants continue to assert that the challenges remain and thus the need for subsequent legislation.
- 5) *Article 19: restricted use of funds*. The California State Constitution directly specifies the uses of motor vehicle taxes (i.e. “gas tax”). Specifically, Article 19, Section 2 and 2(a) states:

“Revenues from taxes imposed by the State on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of

collection and any refunds authorized by law, shall be deposited into the Highway Users Tax Account (Section 2100 of the Streets and Highways Code) or its successor, which is hereby declared to be a trust fund, and shall be allocated monthly in accordance with Section 4, and shall be used solely for the following purposes:

“(a) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.”

SR 710 properties were purchased with gas tax revenue for the construction of the extension project and in turn, being that the extension project never commenced, the revenues generated from these property sales are subject to Article 19 restrictions, including returning to the Highway Users Tax Account and again being utilized under the direction of section 2(a).

The Roberti Act, under certain circumstances allows for properties to be sold for less than FMV to certain individuals and entities in good standing and contingent on their income levels or based on the services provided on the property (i.e. “value in use”). One tool used by Caltrans to ensure the state remains in compliance with Article 19 is including a requirement that the potential owner must pay Caltrans the “net equity” (i.e. in-use selling price - FMV) sometime in the future (typically 30 years). Currently there are several public entities and nonprofit organizations engaging with Caltrans to purchase nonresidential properties for below FMV where net equity is also in the process of being discussed.

The provisions specified in this bill exempt one nonprofit organization currently engaging / negotiating with Caltrans to purchase three properties on the SR 710 corridor from being obligated to pay any additional dollar amount beyond the determined “value in use” price which is notably less than the FMV price. The nonprofit, the Ronald McDonald House, uses these properties to both house families that have children with serious medical conditions that are locally hospitalized and also for organizational / administrative functions. The net equity on these combined properties is approximately \$7.3 million. If this bill was enacted, the Constitutional impacts are unclear should these funds not ultimately be required to be paid back to the Highway Users Tax Account. Moreover, while there is no question that the services provided by the Ronald McDonald House are honorable and significant, an exemption for one organization is unclear as multiple other nonprofit organizations, several cities,

and qualified low-income individuals will continue to be held to net equity requirements when purchasing properties on the SR 710 corridor.

**RELATED/PREVIOUS LEGISLATION:**

**AB 2329 (Fong, 2026)** – Makes various changes to the Roberti Act to facilitate the sale of properties owned by Caltrans along a specific portion of the SR 710 corridor, as specified, and sets forth additional processes for the cities of Pasadena and South Pasadena. *This bill is currently pending in this Committee.*

**AB 1038 (Fong, Chapter 347, Statutes of 2024)** – Specified the terms and conditions for acquiring surplus property from Caltrans in the City of South Pasadena, and requires that the proceeds from the subsequent sale of those properties be used for affordable housing purposes.

**SB 959 (Portantino, Chapter 668, Statutes of 2022)** – Makes changes to the Roberti Act to encourage the sale of homes owned by Caltrans for low- and moderate-income housing in the State Route 710 corridor in the City of Pasadena.

**SB 381 (Portantino, Chapter 362, Statutes of 2022)** – Makes changes to the Roberti Act to encourage the sale of homes owned by Caltrans for low- and moderate-income housing in the State Route 710 corridor in South Pasadena.

**SB 51 (Durazo, Chapter 130, Statutes of 2021)** – Made changes to the Roberti Act to encourage the sale of homes owned by Caltrans for low- and moderate-income housing in the City of Los Angeles and makes changes to the Surplus Land Act.

**SB 7 (Portantino, Chapter 835, Statutes of 2019)** – Was signed into law on October 12, 2019, to officially end the SR 710 freeway project.

**FISCAL EFFECT:** Appropriation: No    Fiscal Com.: Yes    Local: No

**POSITIONS:** (Communicated to the committee before noon on Wednesday, June 24, 2026.)

**SUPPORT:**

Hillsides Pasadena  
Ronald McDonald House Pasadena

**OPPOSITION:**

None received

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