

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2329 (Fong) – As Amended April 13, 2026

Policy Committee: Housing and Community Development          Vote: 12 - 0

Urgency: No          State Mandated Local Program: No          Reimbursable: No

**SUMMARY:**

This bill makes changes to the Roberti Act to facilitate the sale of surplus residential property owned by the California Department of Transportation (Caltrans) along State Route 710.

Specifically, this bill:

- 1) Defines “condition-adjusted fair market value” to mean the fair market value of the property as of October 13, 2019, as determined by an independent appraiser, and as adjusted to reflect the existing “as is” condition of the property and the amount needed to make repairs and capital improvements to make the property safe and habitable based on an independent inspection report.
- 2) Requires Caltrans when disposing of property along the 710 freeway to use the condition-adjusted market rate value, as specified.
- 3) Requires a dispute between Caltrans and a purchaser regarding the final sales price of surplus residential property offered at the condition-adjusted fair market value sales price be submitted to the Office of Administrative Law (OAL) within 60 days of Caltrans’ written offer to the purchaser. Requires the OAL to make a determination on the condition-adjusted fair market value sales price within 90 days of receiving a request for review.
- 4) Requires Caltrans to provide to all persons or entities offered surplus residential property and to purchasers of surplus residential property all documents related to the surplus residential property, as specified, and prohibits Caltrans from requiring the execution of a nondisclosure agreement relating to these documents.
- 5) Requires Caltrans to provide to a purchaser or potential purchaser of surplus residential property all appraisals, calculations, and documents related to the purchase price, as specified, and prohibits Caltrans from requiring the execution of a nondisclosure agreement relating to these documents.
- 6) Requires surplus residential property purchased at the condition-adjusted fair market value price pursuant to this bill be assessed at its condition-adjusted fair market value price for property tax purposes.
- 7) Allows the City of South Pasadena (City), after a property is offered for sale to existing and former tenants, and without taking ownership of the property, to offer the residence to the

present tenants, regardless of whether the tenants are in good standing with all rent obligations with Caltrans, at the condition-adjusted fair market value price. If the tenant executes a purchase and sale agreement with the City and has secured financing, the parties must proceed with a side-by-side escrow, as defined.

- 8) Requires any proceeds realized by the City from the sale be placed into an affordable housing trust fund to be used at the discretion of the City to increase, preserve, and improve the supply of affordable housing in the City.

#### **FISCAL EFFECT:**

- 1) The California Department of Transportation (Caltrans) anticipates costs of approximately \$981,660 annually for up to three years, for additional workload associated with the new definition of “fair market value” and a new dispute resolution process (SR710 RA and State Highway Account (SHA)).

In addition, Caltrans notes that lower sales prices and the diversion of funds could reduce revenues deposited into the SR 710 Rehabilitation Account by tens of millions of dollars, resulting in a reduction of funds available to rehabilitate homes under the Affordable Sales Program and to fund local transportation projects, as specified in the Roberti Act.

- 2) The Department of Housing and Community Development (HCD) estimates minor and absorbable costs.

The Legislative Analyst’s Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

#### **COMMENTS:**

- 1) **Purpose.** According to the author:

The struggle with the sale of State Route (SR) 710 homes has spanned decades, despite the Legislature’s clear intent to sell the homes back to former owners and current or former tenants, many of whom have lived on the properties for decades. Constituents have increasingly expressed frustrations with the process, including lack of communication regarding requirements, inability to obtain historical information about the property, including appraisals, and inconsistent application of regulations. [This bill] addresses the concerns by setting a date in time for determining a sale price and adjusting the price by the condition of the property and the cost for rehabilitation to make the property safe.

The bill also requires Caltrans to provide documents related to the property to all offers and purchasers and sets a timeline to request the Office of Administrative Law to resolve disputes in the sale price. If a sale of surplus residential property at the fair market value is unsuccessful within the City of South Pasadena, the bill authorizes

the City of South Pasadena to facilitate the sale and use the proceeds for affordable housing purposes.

- 2) **Background. SR 710.** In 1953, Caltrans began acquiring property by eminent domain for the purpose of extending the SR 710 freeway through Alhambra, El Sereno, South Pasadena, and Pasadena, to close a 4.5 mile unconstructed gap of the freeway. Local opposition stalled the project and Caltrans began renting the residential properties it had acquired. Caltrans currently owns approximately 460 properties in the SR 710 corridor, including 330 homes and 103 multi-family housing units.

Over the past fifty years, alternative concepts have been proposed and evaluated to build the SR 710 freeway extension. However, community members have continued to oppose the freeway project over the impact of the freeway on their communities. In November 2018, the Los Angeles County Metropolitan Transportation Authority (LA Metro) and Caltrans identified a transportation alternative that does not require demolition of the Caltrans-owned SR 710 properties. Subsequent legislation restricted Caltrans from pursuing the freeway extension. These actions alleviate the need to retain the SR 710 properties for freeway purposes. Accordingly, Caltrans begun and is currently continuing to sell excess properties.

**South Pasadena.** Caltrans owns properties in the area of the SR 710 corridor in both the cities of Pasadena and South Pasadena. Existing law, known as the Roberti Act, establishes priorities and procedures for the disposition of surplus residential properties in the SR 710 corridor.

According to the author, while decades have passed since the enactment of the Roberti Act, Caltrans has been slow in selling the properties. In the meantime, the properties are deteriorating, some with safety issues, and tenants, many of whom have lived on the properties for decades, are increasingly expressing frustration over working with Caltrans to purchase the homes.

The law does not specify a timeline or specific procedures for selling the properties. This bill sets out additional parameters necessary to carry out the intent of the Roberti Act, including establishing a “condition-adjusted” fair market value, requiring Caltrans to share documents with individuals and entities offered property and purchasers, and requiring price disputes be submitted to OAL.

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