SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2329 (Fong) - Surplus residential property: condition-adjusted fair market value: Cities of Pasadena and South Pasadena

Version: July 2, 2026
Urgency: No
Hearing Date: August 13, 2026
Policy Vote: TRANS. 12 - 0
Mandate: Yes
Consultant: Mark McKenzie

Bill Summary: AB 2329 would make numerous changes to the Roberti Act to facilitate the sale of surplus residential properties owned by the Department of Transportation (Caltrans) in the State Route (SR) 710 corridor, including basing the sales price on a lower "condition-adjusted fair market value," as specified.

*********** ANALYSIS ADDENDUM – SUSPENSE FILE ***********
The following information is revised to reflect amendments adopted by the committee on August 13, 2026

Fiscal Impact:
- Caltrans would likely incur administrative workload costs in the high hundreds of thousands of dollars annually for up to three years to make determinations of sales prices based on a condition-adjusted fair market value. Caltrans would incur unknown, potentially significant additional costs to pay for appraisals and inspections to determine condition-adjusted fair market value that accounts for costs of repairs and capital improvements. (State Highway Account)

- Unknown revenue losses, potentially in the low tens of millions of dollars in the aggregate, as a result of lower sales prices associated with valuing properties at the condition-adjusted fair market value rather than fair market value, as well as diversion of funds to affordable housing trust funds in Pasadena and South Pasadena. These impacts would result in a reduction of funds available to rehabilitate SR 710 surplus residential properties under the Affordable Sales Program and to fund local transportation projects, as specified in the Roberti Act. Actual revenue losses would depend upon the number of properties sold at the lower condition-adjusted value, and the differences between the sales prices and traditional fair market value, which would vary from property to property. (SR 710 Rehabilitation Account, State Highway Account)

- Unknown loss of property taxes, potentially in the low hundreds of thousands of dollars in the aggregate, related to the bill's requirement that a home sold pursuant to the Roberti Act must be assessed based on the condition-adjusted fair market value, rather than traditional fair market value. Staff notes that property tax revenues are allocated to local agencies, including cities, counties, school entities, and special districts. Any reduction in the amounts that are allocated to schools may result in a commensurate State General Fund impact to backfill school funding reductions, pursuant to Proposition 98 education funding formulas.

Author Amendments:

- Delete Section 4 of the bill, which requires that disputes between Caltrans and a purchaser regarding the sales price for properties offered at condition-adjusted fair market value to be submitted to the Office of Administrative Hearings for a determination, as specified.
- Prohibit the sales price from exceeding the condition-adjusted fair market value for single-family residences offered for sale at fair market value to present occupants that meet specified income criteria (under the second and third order of priority, as specified in the Roberti Act). In those cases, Caltrans would not be required to provide repairs, including those required by lenders and government housing assistance programs.
- Specify that Caltrans, the City of Pasadena, and the City of South Pasadena, as applicable, would not be required to provide repairs, including those required by lenders and government housing assistance programs, for surplus residential properties sold at condition-adjusted fair market value.

-- END --