CONCURRENCE IN SENATE AMENDMENTS
AB 2329 (Fong)
As Amended August 25, 2026
2/3 vote

SUMMARY

Makes changes to the Roberti Act to facilitate the sale of properties owned by Caltrans along the 710 freeway.

Senate Amendments

1) Add the City of Pasadena to the bill.

2) Add a definition of ″condition-adjusted price of the 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 as provided in this subdivision.

3) Requires an appraiser when establishing the condition-adjusted price of the fair market value of a property to reflect both of the following:

   a) The existing ″as is″ condition of the property, as specified; and,

   b) The standardized depreciation to major structural components or building systems shown to have materially deteriorated since October 13, 2019, according to a standardized depreciation schedule or based on an inspection of the property for material deterioration occurring after October 13, 2019, as provided.

4) Allows 710 properties to be offered for ″workforce housing″ which includes rental and ownership housing for people who are between 121% and 180% of area median income (AMI).

5) Add an urgency clause.

COMMENTS

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 El Sereno, Alhambra, South Pasadena, Pasadena, and a portion of Los Angeles.

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.

Changes for City of South Pasadena: Caltrans owns 710 properties 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. Under the Roberti Act, the order of priority for offering the sale of properties is as follows:

1) Former owners of the properties;

2) Current tenants with low or moderate incomes who have occupied a property for two plus years;

3) Current tenants whose income do not exceed 150% of the area median income and who have occupied a property for five plus years;

4) Present tenants who have occupied a property for five plus years;

5) Unoccupied property to the city in which property is located;

6) Occupied property to the city in which property is located and then private housing related entity (HRE) - for use as housing for low and moderate income households;

7) Current tenants in good standing with Caltrans on rent obligations;

8) Former tenants in good standing at time property vacated; and

9) Public auction.

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 City only one property has been sold to a tenant at fair market value (FMV), one to a housing related entity (HRE) and five to the City. In the meantime, the properties are deteriorating, some with safety issues, and tenants are increasingly expressing frustration with their experience working with Caltrans to purchase the homes, many of whom have lived on the properties for decades. Complaints include unclear requirements, poor or lack of communication, inconsistent application of regulations and changes to the sale price from when they started the process. 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, but not limited to the following:

1) Changes properties sold at FMV to a new "condition-adjusted" FMV based on an appraisal of the FMV as of October 13, 2019;

2) Requires Caltrans to provide specified documents to all individuals and entities offered surplus residential property, including valuation and appraisals, condition of property, rental history, title reports, and any environmental reports and specified documents to a purchaser, including appraisals, calculations and documents related to the purchase price if requested;

3) Establishes a deferred payment subordinate loan program for tenants who face a gap in financing; and

4) Authorizes the use of surplus properties purchased from Caltrans for housing for people between 121% and 180% AMI.

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. AB 2329 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. This bill will result in greater transparency with the process and expedite the sale of occupied surplus residential property along the SR 710 corridor."

Arguments in Support
The City of South Pasadena writes support, "AB 2329 makes practical adjustments to ensure tenants have a fair opportunity to purchase homes they have occupied for many years. For fair market value tenants, the bill sets the base value as the appraised value as of October 13, 2019, the date the Governor de-listed the 710 freeway route, further adjusted to reflect the current as-is condition of the property and the cost of repairs needed to make it safe and habitable. The condition-adjusted price cannot be less than Caltrans' original acquisition price. Any disputes between Caltrans and a tenant regarding the sales price shall be submitted to the Office of Administrative Law and decided within 90 days of a tenant's request."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee:

1) 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)

2) 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)

3) 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.

VOTES:

ASM HOUSING AND COMMUNITY DEVELOPMENT: 12-0-0
YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 79-0-1
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Celeste Rodriguez

UPDATED

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