CITY OF SOUTH PASADENA

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July 28, 2014

Brent L. Green
Chief, Division of Right of Way and Land Surveys
ATTN: Affordable Sales Program
California Department of Transportation
1120 N Street, MS 37
Sacramento, CA 95814

RE: Affordable Sales Program: Caltrans SR-710 Surplus Properties Sales

Dear Mr. Green:

The City of South Pasadena (City) appreciates the opportunity to review and comment on the proposed rules and regulations for the Affordable Sales Program and is anxious to see the release of so many properties under Caltrans control for multiple decades. Their release brings closure to the surface freeway route debate and a great opportunity for many to achieve a life-long dream of homeownership.

The City submitted a request for a 45-day extension of the public comment period on July 8, 2014. While the City appreciates that Caltrans has extended the public comment period from July 14, 2014 to July 31, 2014, the City would like to emphasize the need for adequate public comment in order to ensure the rules and regulations regarding the release of these properties are clear and appropriate for our community. Based upon our initial review and interactions with other stakeholders in the corridor, the City has concluded that the proposed regulations are more complex than Caltrans initially suspected, requiring additional review and analysis prior to the close of public comment. Furthermore, some of our constituents and consultants are now on summer vacation, restricting the opportunity to provide comprehensive public comments that sufficiently address the subject matter by the end of this month. The City again requests a minimum 45-day extension of the public comment period from the originally scheduled end date, to expire on September 1, 2014. Due to the complexity and importance of the subject, the City recommends that a further extension to October 1, 2014 be considered.

Given the importance of these properties, it is imperative that the regulations governing their release are equitable and effective. As such the City would like to request that Caltrans amend the proposed rules and regulations of the Affordable Sales Program with the following:

I. Properties identified for Phase 1A are single family residences that Caltrans has determined are non-historic and would not result in any adverse community impact.

1) The City requests that Caltrans provide a thorough analysis of the properties proposed for release in Phase 1A to ensure that there are no adverse impacts on historic properties.
2) After reviewing the City's June 2014 Cultural Heritage Inventory (Inventory), it was determined that 3 of the 19 properties in Phase 1A were identified in the City's Inventory. The City requests that the following properties (and any subsequent properties identified to be historic) be moved from Phase 1A to Phase 1B:
    i. 1707 Meridian Avenue
    ii. 1101 Pine Street
    iii. 852 Monterey Road
3) The City requests that Caltrans work with the local historic preservation associations in the corridor to establish covenants that would ensure the preservation of these historic resources while providing flexibility to future owners.
4) The City requests that the remaining surplus properties of the 54 surplus properties identified for sale in July 1995 be included in the list of available surplus properties.
5) The City requests that the 110 properties identified as surplus in April 1995 be included to the list of available surplus properties.

II. The City would like to ensure that the rules and regulations of the Affordable Sales Program maximize flexibility for local residents; including former- and present-owners and occupants. The overriding premise should specify that no existing tenants, regardless of the length of tenancy, be forced to vacate their premises against their will if financially qualified to purchase their property. The City understands that changes to the order of priority would require amendments to the legislation governing these rules and regulations. The City will contact Senator Carol Liu to incorporate these amendments. (At the moment, the changes necessary could be accommodated by reversing the priorities of subdivisions (d) and (e) of section 54237 of the Government Code.) The City believes it would be appropriate for Caltrans to work with the Senator, City, and other stakeholders to revise the order of priority of the Conditions of Conditional Offer Prior to Sale as follows:

Original	Proposed Revisions
1) All single-family residences presently occupied by their former owners who are tenants in good standing shall be offered to those former owners at the appraised fair market value.	1) All single-family residences shall be offered at an affordable price or fair market value to **present occupants** who are in good standing. a. Tenants whose income does not exceed 150 percent of the area median income shall be offered the properties at an affordable price. b. Tenants whose income exceeds 150 percent of the area median income shall be offered the properties at the appraised fair market value. c. Former owners who are tenants shall
2) All single-family residences shall be offered at an affordable price or fair market value at each buyer's option to the present occupants who are in good standing who have occupied the property two years or more, and who are persons and families of low or moderate income, if the present occupants have not had an ownership interest in real property in the last three years.	

Original	Proposed Revisions
3) All single-family residences shall be offered at an affordable price or fair market value at each buyer's option to the present occupants who are in good standing who have occupied the property five years or more, and whose household income does not exceed 150 percent of the area median income if the present occupants have not had an ownership interest in real property in the last three years.	be offered the properties at the appraised fair market value. d. Tenants who are heirs to the original owners or tenants shall be offered the properties at the appraised fair market value.
None.	2) All single-family residences shall be offered at an affordable price or fair market value **to former tenants** who were in good standing at the time they vacated the premises. a. Former tenants whose income does not exceed 150 percent of the area median income shall be offered the properties at an affordable price. b. Former tenants whose income exceeds 150 percent of the area median income shall be offered the properties at the appraised fair market value.
4) All other surplus residential properties and all properties described in paragraphs 1, 2, and 3 of this Subdivision that are not purchased by the former owners or the present occupants, shall then be offered to housing-related public and private entities at a reasonable price.	3) All other surplus residential properties and all properties described in paragraphs 1 and 2 of this Subdivision that are not purchased by the former owners or the present occupants, shall then be offered to **persons or families of low or moderate income** at a reasonable price.
None.	4) All other surplus residential properties and all properties described in paragraphs 1, 2, and 3 of this Subdivision that are not purchased by the present occupants, previous tenants, or persons or families of low or moderate income shall then be offered to **housing-related public entities** at a reasonable price. a. Reasonable price – should be calculated less the cost of repairing and rehabilitating the existing improvements to bring them to habitable and marketable standards
None.	5) All other surplus residential properties that are not purchased by the former owners, present occupants, previous tenants, persons or families of low or moderate income, or housing-related public entities shall then be offered to **housing-related private entities**.

III. The proposed Director's Deed listed in the Conditions of Conditional Offer Prior to Sale places a restriction on the subsequent sale and rent of the property to an affordable rent for 30 years for properties that are sold below fair market value.

1) The City requests that Caltrans reduce the 30 year *stipulation* to 15 years.
2) The City requests that Caltrans consider further reducing the Director's Deed for current and previous tenants for each year of their occupancy; in order to offer tenants who purchase the properties maximum flexibility and account for living under the restrictions imposed in the years of Caltrans ownership.

IV. The proposed regulations are specific to residential properties; the City would like clarification regarding the release of Caltrans surplus non-residential properties.
   1) The City requests that Caltrans establish a reasonable price for the sale of unimproved properties, and for that reasonable price to be adjusted by the cost of developing on the property.

V. The City requests that Caltrans provide an accurate list of all tenancies; and categorize the existing and previous tenants to establish their order of priority to purchase each individual property as originally provided and proposed.

VI. The City would also like to bring to Caltrans attention that the following stakeholders were not taken into consideration in the proposed regulations: tenancies in common and co-operative ownership.

The City recommends that Caltrans assemble and summarize the comments received, and then engage the City and other corridor cities in discussions that would also include the participation of Agency staff and Senator Liu's office, toward the end of arriving by negotiation at a final consensus set of regulations.

We sincerely appreciate this opportunity to provide feedback on the Affordable Sales Program and look forward to working with Caltrans to preserve, upgrade, and expand the supply of housing within the City of South Pasadena. However, should the comment period be extended further, the City reserves the right to modify and provide additional comments.

If you have any questions or comments please feel free to contact Sergio Gonzalez, City Manager, at sgonzalez@southpasadenaca.gov or (626) 403-7210.

Sincerely,

Marina Khubesrian, M.D.
Mayor

Robert S. Joe
Mayor Pro Tem

Michael A. Cacciotti
Councilmember

Diana Mahmud
Councilmember

Richard D. Schneider, M.D.
Councilmember

cc: The Honorable Carol Liu, Senator, 25th District
The Honorable Chris Holden, Assembly Member, 41st District