PURPOSE

This manual change transmits revisions to comply with changes to law and CTC resolution. Where applicable, it cross references other sections, provides clarification, and corrects any general typographical errors.

This manual change:
- Eliminates reference to CTC Resolution G-2 which was replaced by G-98-22, as amended, and passed by CTC October 28, 1998.
- Revises 16.01.03.11 to add direct sale to an eligible commercial tenant in accordance with California Streets and Highways Code 118.
- Revises 16.01.03.12 to add direct sale to an eligible former grantor in accordance with California Code of Civil Procedure 1245.245.
- Eliminates reference to “Real Estate Advisory Panel (REAP)” which no longer exists, and replaced with “Deputy Director, CTC.”
- Revises Sections 16.01.03.18, 16.01.03.19, and 16.01.03.20 to cross reference valuation guidance in Section 16.04.00.00 and in Appraisal Chapter 7.
- Revises Exhibit 16-EX-6 to CTC resolution in effect October 28, 1998.

EFFECTIVE DATE

Immediately.

MANUAL IMPACT

- Remove the superseded pages and insert the attached pages in the Manual.
- Record the action on the Revision Record.

REVISION SUMMARY

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<th>Remove Old Pages</th>
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# CHAPTER 16

## EXCESS LAND

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16.00.00.00 - EXCESS LAND

16.01.00 GENERAL

16.01.01 Function and Responsibility

The Excess Land function is responsible for administering the inventory and disposition of Department-owned real property that is no longer required for rights of way or other operational purposes.

District and Region Excess Land staff have full delegation to operate and approve within the parameters outlined herein, and as discussed in R/W Manual Section 2.05.00.00. Any activities outside the scope of this Manual and/or the delegation matrix shall be subject to approval by HQ R/W. Such approval may be conveyed either in writing or by electronic means. A copy of said approval shall be placed in each Excess Land parcel file to which it applies.

16.01.02 Creation of Excess Land

Excess land may be created in several ways. Landlocked or uneconomic remnants not required for the right of way may have been acquired. Downscoped projects, superseded highway segments, route rescissions, route unadoptions by legislative action, and lands decertified at the request of adjoining owners may also create excess. Properties no longer required for operating purposes, such as maintenance facilities or material and disposal sites, may be declared excess.

16.01.03 Definitions

16.01.03.01 Excess Land

Excess land is real property rights, title to which is vested in the State of California, Department of Transportation, and which is determined and certified to be not required for rights of way or other operational purposes of the Department. The requirements for rights of way are established by the certificate of sufficiency contained in the appraisal report. Requirements for real property for other operational purposes are established and authorized by approval of specific Project Reports.

Excess land does not include:

- Airspace under or over State highways
- Hydrocarbon, mineral, or water rights
- Personal property
- Operating material and disposal sites

16.01.03.02 Inventory Parcel

An inventory parcel is excess land that is carried on the accounting inventory as an asset. Each inventory parcel has a VTA, Value at the Time of Acquisition. Inventory parcels are all excess land, as defined above, except those parcels specifically defined as non-inventory. Inventory parcels include land decertified at the request of adjoining owners.
16.01.03.03 Non-Inventory Parcel

A non-inventory parcel is excess land the Department intends to convey to a specific entity under the terms of a written agreement, and decertified access rights. These parcels are not part of the Division of Accounting (Accounting) inventory and do not have a VTA.

Examples of non-inventory parcels of excess land include:

- Property rights to be conveyed pursuant to an executed utility agreement for facility relocations.
- Property specifically acquired for another agency under terms of a written agreement.
- All decertified access rights where no other property rights are involved.
- Property rights, including underlying fee in local streets, to be conveyed to a local agency under terms of a freeway and/or cooperative agreement.
- Parcels acquired for exchange pursuant to a written agreement.
- Parcels acquired for replenishment housing facilities.
- Parcels acquired for functional replacement (see Section 8.30.00.00).

16.01.03.04 Planning Parcel

A planning parcel is a parcel identified only for planning purposes. It represents unacquired or undeclared excess land which may or may not eventually become excess. These parcels are not part of the Accounting system.

16.01.03.05 Disposal Unit

A disposal unit is the number given to the property for disposal purposes. It may consist of one or more parcels. When parcels are grouped for disposal, the lowest parcel number becomes the disposal unit number. Multiple parcel disposal units may be split or combined along the original parcel lines ONLY at the discretion of the Excess Land Manager to optimize marketability or disposal potential as necessary.

16.01.03.06 Inventory Value (VTA)

Inventory Value (VTA) is the fair market value of the excess at the time of acquisition, considered as a separate parcel. The inventory value may not exceed the pro rata cost of the parcel.

16.01.03.07 Acquisition Price (Pro Rata Cost)

The amount paid by State for the excess parcel at the time of original acquisition.

16.01.03.08 Direct Conveyance of Easements

This category is limited to the State’s conveyance of easements to public utility companies and political subdivisions, special districts, etc., or by direct sale where grantee has the power of eminent domain.
16.01.03.09  **Direct Conveyance Pursuant to Cooperative Agreement**

Pertains to the State’s conveyance of property acquired pursuant to an agreement under which the public body and the State agree to jointly share in the acquisition and construction of an improvement jointly benefiting the State and the public body, with the fee or easement title to be conveyed to the public body for their future maintenance of the facility.

16.01.03.10  **Direct Fee Sale to Government Agencies**

Used when excess fee-owned property is sold to public entities without calling for competitive bids for consideration equal to the appraised fair market value of the property (CTC Resolution G-98-22 – as amended).

16.01.03.11  **Direct Sale to Eligible Present Occupants**

Direct sale, either at fair market value to present occupants (tenants) who meet the eligibility requirements under CTC Resolution G-98-22 - as amended, commercial tenants in accordance with California Streets and Highways Code 118, or at less than fair market value (i.e., at an affordable price), to present occupants subject to Government Code Section 54235 - see Section 16.10.00.00 (CTC Resolution Nos. G-66, G-70, and G-72).

16.01.03.12  **Direct Sale to Former Owners**

Direct sales, at fair market value, to former owners who have remained in occupancy (CTC Resolution G-98-22 – as amended).

Direct sales to former grantors in accordance with California Code of Civil Procedure 1245.245. The Department can sell directly to a former grantor if the Department acquired the property subject to a resolution of necessity and the property is not used for the public purpose stated ten years following passage of the resolution.

16.01.03.13  **Direct Sale to Housing Entity**

Direct sale, at less than fair market value (i.e., at a reasonable price), to a housing entity that will use the property for low- and moderate-income housing purposes pursuant to Government Code Section 54235, et seq. - see Section 16.10.00.00 (CTC Resolution G-80).

16.01.03.14  **Exchange Per Contract**

Authorized by S&H Code Section 118, whereby excess land is conveyed to a party from whom the State is acquiring right of way and by using the value of the excess land as whole or part consideration for the required property or interest needed for State highway purposes.

16.01.03.15  **Finding “A” Sales**

Direct sale to adjoining owner, without calling for competitive bids, of small, odd-shaped, fee-owned parcels incapable of independent development and having a higher and better use as part of the adjoining property or, if sold to other than the adjoining owner, would cause an undue or unfair hardship to such adjoining owner in the normal development or operation of their property (CTC Resolution G-98-22 - as amended).

16.01.03.16  **Finding “B” Sales**

The sale of such excess parcels to other than the adjoining owner would deprive such adjoining owner of vested right of access to a public highway and would create a possible cause for action against the Department (CTC Resolution G-98-22 - as amended).
16.01.03.17 Miscellaneous Conveyances

Pertains to the sale of State’s interests (such as access rights, mineral rights, or easements outside of the operating right of way) no longer required for operation of the highway facility.

16.01.03.18 Fair Market Value

A conclusion of value as defined in R/W Manual Section 7.01.01.01. Excess land appraisals are discussed in R/W Manual Sections 7.14.00.00 and 16.04.00.00.

16.01.03.19 Nominal Value Appraisals

A conclusion of value as discussed in R/W Manual Sections 7.02.14.00 and 16.04.00.00.

16.01.03.20 Public Sale Estimate (PSE)

An estimate of current market value, in brief written form as discussed in R/W Manual Sections 7.14.03.00 and 16.04.00.00.

16.01.03.21 Private Sale

When property is sold by sealed bid after Notices of Sale have been mailed only to adjoining owners due to the peculiar size, shape, or landlocked condition of the property which precludes its independent development.

16.01.03.22 Public Sale

Public sales are by voice auction, sealed bid, or continuous bid after Notices of Sale are mailed to prospective purchasers.

16.01.04.00 Organization

The DDC-R/W shall establish a District Excess Land Unit, hereinafter referred to as Excess Land, to efficiently and expeditiously dispose of excess land and improvements thereon in accordance with S&H Code Section 118.6. Responsibilities for all parcels in the Excess Land Inventory shall be properly assigned to ensure disposal in accordance with the principles outlined herein. HQ R/W will evaluate the effectiveness of the Excess Land Unit through periodic reviews and audits of district procedures.

In accordance with community planning and environmental values, sound business practice, integrity, and State law, Excess Land will:

- Minimize the number of parcels on the Excess Land Inventory.
- Minimize the holding period from date of acquisition to date of disposal.
- Maximize the return from sale of the land or interest conveyed.
16.01.05.00 Review of Appraisal Maps

Subject to final approval of the District Director (DD), Excess Land is responsible for reviewing and approving the location of right of way lines to assure that fragmentary remainders are minimized. Right of Way approval is required prior to:

- Issuance of any appraisal map that contains excess land.
- Revision of any appraisal map that affects or creates excess land.

The appraisal certification should contain documentation of the review of appraisal maps for minimizing excess.

Excess Land reviews all initial right of way requirements and any design changes in accordance with criteria in the table entitled “Review Criteria.”

Excess Land coordinates with Airspace to identify potential excess that should be included in the right of way for airspace use. Airspace reviews initial right of way requirements and design changes that create excess land adjacent to or within interchanges or adjacent to viaduct sections for potential airspace uses.

| REVIEW CRITERIA |
|-----------------|-----------------|------------------|
| **Type of Parcel** | **Action** | **Considerations** |
| Meets the minimum standards of local zoning ordinances, or may be granted zoning variances, and is capable of independent development. | Should not be incorporated in the right of way at the time of appraisal map review. | In evaluating potential for independent development, consider such factors as topography, size, shape, and access as well as zoning requirements. |
| Not capable of independent development, but may be plotted to adjoining ownerships with reasonable expectation of enhancement to the adjoining property. | Should not be incorporated in the right of way at the time of appraisal map review. | In evaluating enhancement, consider the extent to which existing improvements and development on the receiving property would have to be rearranged to make suitable use of the plotted excess parcel. Also consider the potential for rezoning and redevelopment and the interest of adjoining property owners in purchasing such excess parcels. |
| Not capable of independent development and not considered to have potential for reasonable enhancement to adjoining properties if plotted. | Should be incorporated in the right of way. | Consider the costs of maintenance and weed abatement and the aesthetic effect on both the community and the highway if the parcel is not incorporated and subsequently determined to be unsalable. |
16.01.06.00 Map Review Prior to Plans, Specifications, and Estimates (PS&E)

A second review of maps is required prior to submission of PS&E to Headquarters if the project involves purchase of right of way or the creation of excess land. Parcels not originally incorporated into the right of way and parcels offered for sale with unsatisfactory results should be reconsidered for incorporation. At the conclusion of the review, Excess Land includes a statement in the PS&E submittal that it has completed a review of the contract plans and maps.

16.01.07.00 Parcel File

Excess Land maintains a file on every parcel in the Excess Land Inventory until final disposition is completed, including full reconveyance. The parcel file shall contain as a minimum the items listed in Exhibit 16-EX-23.

16.01.08.00 Parcel Diary

A parcel diary sheet is required for each disposal unit. The diary is maintained in sufficient detail to document the steps taken towards ultimate disposal of the property. It is part of the Excess Land parcel file and includes the following information as a minimum:

- **Name of Assigned Agent**
- **Signed and Dated Entries** - documenting verbal and written inquiries, review dates and suggested actions, personal contacts regarding design studies and proposed routes, and personal contacts involving sales attempts.
- **Public Sales** - dates and results.
- **Other** - any information necessary to understand the handling of the disposal unit.

The diary and/or file shall contain documentation that prior to public sale, “FOR SALE” sign(s) were posted on the property, advertisements were placed in newspaper(s) and other real estate advertisement resources when appropriate and cost effective, notices of sale were sent to appropriate governmental agencies, notices posted on Caltrans’ excess land auction Web site, and copies of brochures were mailed to all owners adjoining the property being sold.

16.01.09.00 Excess Land Parcel Acquisition/Disposal Summary (Form RW 16-1)

An Excess Land Parcel Acquisition/Disposal Summary (Form RW 16-1) is prepared and maintained for each individual parcel of excess land and retained in the Excess Land parcel file during the Department’s ownership.

Districts are to provide a copy of the RW 16-1 to Accounting after recordation of the Director’s Deed. The Form RW 16-1 notifies Accounting to remove the VTA from the Accounting inventory.

16.01.10.00 Excess Land Inventory Memorandum (Form RW 16-28)

Excess Land prepares Form RW 16-28 and sends it to Accounting to record the VTA. This form is also used to make changes to the VTA. VTA additions or expenditure adjustments are due to actions district staff takes to create, adjust, return, incorporate, or delete excess parcels.

16.01 - 6 (REV 8/2011)
16.01.11.00    Excess Land Fiscal Transmittal (Form RW 16-29)

Excess Land prepares Form RW 16-29 to document fiscal transmittals to Accounting:

- **Cashiering Unit** - funds received from a buyer in connection with sale of excess land, decertification deposit, or miscellaneous fees.

- **Accounts Receivable Unit** - request regarding related adjustments, such as refunds or forfeiture of deposits.

16.01.12.00    Discriminatory Rezoning

Excess Land investigates and monitors local agency master plan and zoning proposals that affect the Department’s excess property and property held for future construction. Notification of a planning action may be by direct correspondence from the local agency or by formal notice in a newspaper of general circulation pursuant to Government Code Sections 65854 and 65856. Although formal notices are usually required, Section 65858 provides local agencies with authority to adopt certain interim zoning ordinances as urgency measures without the above notice requirements.

Excess Land shall notify the Legal Division when it appears a loss in value will result from a proposed planning or zoning action affecting the Department’s property. Legal and Right of Way jointly evaluate the proposed action as promptly as practicable to allow an appropriate departmental response.

The DDC-R/W shall notify the DD immediately of any proposed master plan or rezoning activity that is unreasonable, would discriminate against the Department, or would reduce the value of the property.

Active opposition to discriminatory planning and rezoning activity is the Department’s standard policy. Active opposition includes appearing at public hearings to present arguments and consulting with local agency staff. Opposition should not include efforts amounting to political pressure on individuals involved in the local planning process.

The CTC is concerned about this subject. The district may ask HQ R/W to request assistance from the Deputy Director, CTC and the CTC.

Legal shall initiate action unless the DD decides that it is not in the best interest of the Department to oppose a local agency’s planning or rezoning activity. The DD shall document by memorandum the reasons for not contesting the local agency’s proposed action and forward a copy of the memorandum to the Deputy Director Project Development.

Excess Land should notify HQ R/W if Legal’s opposition is unsuccessful. HQ R/W will refer the matter to the Director to determine whether the case warrants filing a lawsuit against the local agency.
16.01.13.00  Initiating Zoning Upgrades of Excess Land

Agency Action Request approved April 16, 1997 allows the district, with prior approval from HQ Right of Way, to initiate zoning upgrades of excess land.

The district may consider hiring consultants to obtain zoning upgrades and entitlements for excess property in limited cases. The district must prepare a marketing analysis demonstrating the benefits clearly exceed the risks and costs. The analysis is retained in the district and a copy must be forwarded to HQ Right of Way. HQ approval of the analysis is not required.

The district may ask HQ Right of Way to request that the Deputy Director, CTC provide advisory assistance to the district in developing the plan.
CALIFORNIA TRANSPORTATION COMMISSION

Procedure for Sale of Excess Property

Resolution G-98-22
Section 2.5A Rescinded at October 28, 2004 CTC Meeting
Amending Resolution G-2
Replacing Resolution G-97-12

1.1 WHEREAS, Section 118 and Section 30410 of the Streets and Highways Code and Section 21636 of the Public Utilities Code provide that whenever the Department determines that any real property or interest therein, heretofore or hereafter acquired by the State for transportation purposes, is no longer necessary for such purposes, the Department may sell, contract to sell, sell by trust deed, or exchange such real property or interest therein in the manner and upon the terms, standards, and conditions established by the Commission; and

1.2 WHEREAS, the Department has acquired many parcels of real property which are of such size or shape as to give rise to a land use development not consistent with normal land use; and

1.3 WHEREAS, the Department has acquired many parcels of real property which would deprive the adjoining owner of access to a public highway; and

1.4 WHEREAS, the Department desires to offer the property no longer required for highway purposes to original owners still in occupancy; and

1.5 WHEREAS, the Department desires to sell excess real property directly to public agencies without calling for competitive bids.

2.1 THEREFORE BE IT RESOLVED, that in the disposal by sale of excess fee-owned, parcels, not needed pursuant to Section 118 and Section 30410 of the Streets and Highways Code and Section 21636 of the Public Utilities Code, the Department of Transportation is hereby authorized, upon the terms and conditions hereinafter set forth, to sell the excess parcel to the owner of adjoining property without the necessity of calling for competitive sealed bids or selling same at public auction, whenever the Department of Transportation finds and determines that the following facts either under Findings A or B exist pertaining to such excess parcel:

A. FINDING A:

1. That the excess parcel is of such size or shape that it is below the average normal standard size and shape of other privately owned properties in the immediate neighborhood, and that if such parcel were sold to other than the adjoining owner, it would give rise to a land use development thereof which would be below and not consistent with the normal land use of such other properties in that neighborhood.
2. That the sale of such parcel to a party other than the adjoining owner may cause an undue or unfair hardship to such adjoining owner in the normal land use development or operation of his property.

3. That such parcel considered as a part of the adjoining property would have a higher and better use than under separate ownership.

4. That the fair market value of such parcel considered as a part of the adjoining property would be higher than under separate ownership.

OR

B. FINDING B:

• That the sale of such excess parcel to other than the adjoining owner would deprive such adjoining owner of an existing vested right of access to a public highway and thereby create a possible cause of action against the Department of Transportation.

In the event the adjoining owner refuses to purchase such excess parcel for such consideration, the Department of Transportation may sell same by calling for competitive sealed bids, or sell the property at public auction, except in those cases where sale to another party would deprive an adjoining owner of an existing vested right of access to a public highway (Finding B), in which latter case the State shall retain title to the excess parcel.

In cases where excess land qualifies under Finding A or B and the abutting owner is unable to pay the value of the subject property in one payment, then the abutting owner may be permitted to acquire property under an informal program payment arrangement, the period of time not to exceed 18 months, and in the event the prospective purchaser is unable to consummate the transaction, the money paid and held in the Department of Transportation’s suspense account shall be refunded. This policy shall only apply to parcels qualifying under Finding A or B and shall be used only when no other alternative is available; and

2.2 THEREFORE BE IT FURTHER RESOLVED, that in the disposal of excess fee-owned parcels, pursuant to Sections 118 and 30410 of the Streets and Highways Code and Section 21636 of the Public Utilities Code, the Department of Transportation is hereby authorized to sell to public agencies at their request, without calling for competitive bids, at a price representing the fair market value thereof, and upon a determination that such intended use shall be for a public purpose; and

That this policy shall also apply to Transfers of Control and Possession of such property made to other State agencies pursuant to Section 14673 of the Government Code; and

2.3 THEREFORE BE IT FURTHER RESOLVED, that in all cases other than sales to adjoining owners, either under Finding A or B, or sales to public agencies, excess property shall be either sold by receipt of competitive sealed bids, or sale at public auction, or exchanged for other land required for transportation purposes; and

2.4 THEREFORE BE IT FURTHER RESOLVED, that the Department of Transportation is hereby authorized to offer to directly sell, at fair market value, any improved excess property to a former
owner who has remained in occupancy, or to a residential tenant of a tenure of five years or more with all rent obligations current and paid in full; and

2.5 THEREFORE BE IT FURTHER RESOLVED, that the Department of Transportation is hereby authorized to approve on behalf of the Commission, the following:

A. All conveyances of excess property not capable of independent development with an estimated market value of $100,000 or less, excepting any conveyance of access rights only, Section 2.5A Rescinded at October 28, 2004 Commission Meeting under Agenda Item 48, Reference # 4.7.

B. All documents which correct descriptions in prior conveyances or acquisitions; and

2.6 THEREFORE BE IT FURTHER RESOLVED, that the Department of Transportation is hereby authorized to offer an option to purchase excess property with an option period of up to two years when the Department deems it to be in the best interests of the State; and

2.7 THEREFORE BE IT FURTHER RESOLVED, that the payment of brokers’ commissions be allowed to licensed real estate brokers as an inducement for selling excess property; and

2.8 THEREFORE BE IT FURTHER RESOLVED, that the Department of Transportation is hereby authorized to approve on behalf of the Commission all conveyances of surplus properties purchased 100 percent with funds provided by local tax-measure agencies where the Department of Transportation is obligated by prior agreement to return sales proceeds to the tax-measure agency; and

2.9 THEREFORE BE IT FURTHER RESOLVED, that the Department will adhere to the following guidelines in implementing Sections 2.5, 2.6 and 2.7 of this Resolution:

For Section 2.5

1. Continue to submit for CTC approval all conveyances of access rights only.

2. Maintain internal reports and report annually to the CTC on approved items delegated under the amended Resolution.

3. Establish procedures for delegating to the districts and to assure an audit capability for delegated sales.

4. Continue to use standard appraisal practices and levels of review for appraisals of all excess land disposals.

5. Include language in the Director’s Deed for conveying excess land (or to correct prior conveyances or acquisitions) under the amended Resolution, stating the Department has been delegated such prior approval authority by the CTC.
Delegation of Limited Approval of Director’s Deeds
Resolution G-98-22

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For Sections 2.6 and 2.7:

1. Select properties for sale by broker participation which will all be of high value or specialized and of a type infrequently marketed by the State. Thus the process will fit the parameters of Government Code Section 19130(b); i.e., “cannot be performed satisfactorily by civil service employees.”

2. Have district staff prepare a marketing analysis and plan to show they will maximize the return from the proposed property disposal through the use of brokers or options to purchase. The Airspace Advisory Committee (AAC) will provide advice and assistance in developing marketing plans upon request of the Department.

3. Obtain prior FHWA approval to use an option to purchase to assure approval of any federal reimbursement.

4. Request AAC to review proposed “options to purchase” and any extensions.

5. Obtain CTC approval at the time an optionee acquires an option to purchase; and

2.10 THEREFORE BE IT FURTHER RESOLVED, that Attachments 7, 8, 9, and 18 to the Commission Resolution Continuing Policies and Delegations adopted by the California Transportation Commission on March 9, 1978, are hereby rescinded; and

2.11 THEREFORE BE IT FURTHER RESOLVED, that CTC Resolution G-2 is hereby amended, and CTC Resolution G-97-12 is hereby replaced.