



# Agenda Report

June 23, 2025

**TO:** Honorable Mayor and City Council

**FROM:** Department of Housing

**SUBJECT: AUTHORIZE THE CITY MANAGER TO NEGOTIATE THE SALE OF SEVENTEEN (17) VACANT PROPERTIES LOCATED IN THE STATE ROUTE 710 RIGHT-OF-WAY IN PASADENA**

## **RECOMMENDATION:**

It is recommended that the City Council:

- 1) Find that the action proposed herein is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15312, "Surplus Government Property Sales"; and
- 2) Authorize the City Manager, or his designee, to negotiate the sale of seventeen (17) vacant real properties located in the State Route 710 Right of Way in Pasadena for no less than appraised value.

## **BACKGROUND:**

### **SB 959**

In the 1950s, 1960s, and 1970s, the State of California, Department of Transportation ("CalTrans") acquired approximately four hundred sixty (460) properties in Pasadena, South Pasadena, and El Sereno for the construction of the State Route 710 (SR-710) North Project, which would have connected the northern stub of the SR-710 with the 210 Freeway. The SR-710 North project was officially terminated with CalTrans' 2018 certification of the final environmental impact report on the freeway and subsequent related legislation in 2019.

The Roberti Act (Senate Bill 86) was enacted in 1979 for the purpose of preserving, maintaining, and expanding the supply of affordable housing to affected persons and families of low- or moderate-income.

The Roberti Act sets forth the priorities and procedures for the sale of state-owned surplus residential properties located within the SR 710 corridor in Los Angeles County. The Roberti Act requires CalTrans to sell surplus properties in a specific order of

priority. The Roberti Act restricts the use of sales proceeds for affordable housing and transportation projects.

Senate Bill 959 (Portantino, 2022), which was signed into law in September 2022, amends the Roberti Act and to provide the City with purchase priority for vacant CalTrans-owned surplus properties along the 710 corridor that are located within City borders. SB 959 enables the City to purchase these vacant surplus properties at the original price that CalTrans acquired them for, provided that the net proceeds from the subsequent sale of the properties are used for the acquisition or construction of affordable housing in the City. The City is required to finance the acquisition or production of affordable housing units at a three-to-one (3-to-1) ratio for each property purchased.

#### City Acquisition

In July 2023, CalTrans offered seventeen (17) vacant properties to the City for the original CalTrans' acquisition price (listed in Attachment A). CalTrans finalized the purchase and sale agreements and Covenants, Conditions, and Restrictions ("CC&Rs") in August 2024. The cost of acquisition for all seventeen (17) properties is \$976,410, plus closing costs (which have averaged at around \$2,500 per property).

The CC&Rs, recorded in connection with each City acquisition, contain restrictions upon the use of the property. The CC&Rs also contain the requirements for the deployment of net sales proceeds for the acquisition or construction of the requisite affordable housing units, in addition to the timelines for both the City's sale of each property and creation of the required affordable housing units. The City must acquire or produce a total of fifty-one (51) affordable units with the net proceeds from the sale of all seventeen (17) properties, with acquisition to occur or construction to commence no later than December 31, 2026. The CC&Rs do contain extension provisions for both the City disposition of these properties and the acquisition or creation of the affordable units, should these prove necessary.

Each housing unit financed with sales proceeds must be located within a high or highest resource census tract as identified by the California Tax Credit Allocation Committee. Any properties sold to a housing-related entity are subject to prevailing wage requirements, as are any affordable units acquired or developed with sales proceeds. Per the CC&Rs, any surplus funds remaining after the completion of construction or acquisition of the fifty-one (51) housing units required to be provided shall be used at the City's discretion for the production or creation of additional affordable housing.

There will be historic preservation covenants recorded on title for two (2) addresses (180 W. State Street and 237 W. State Street). Pasadena Heritage will be responsible for ensuring compliance with these covenants, which protect both interior and exterior features. An additional ten (10) properties are contributors to one of two National Register Landmark districts (the Markham Place Historic District or the Pasadena

Avenue Historic District). Four (4) of the seventeen (17) properties may be individually eligible for listing on the National Register of Historic Places. Notable architects represented include G. Lawrence Stimson, Charles Buchanan, Frederick Roherig, and Charles and Henry Greene ("Greene and Greene"). Staff expects that subsequent buyers may wish to apply for individual Mills Act Contracts. These allow for property tax savings for property owners of qualified historic properties who agree to rehabilitate, restore and/or maintain their property according to the Secretary of Interior Standards.

In accordance with Council action on September 16, 2024, escrows opened for fourteen (14) of the properties in October 2024 and for the final three (3) in January 2025. The City closed escrow for the first fourteen (14) properties in March 2025. Escrow is anticipated to close no later than June 30, 2025 for the final three properties.

#### City Disposition of Properties

The City's disposition of the properties acquired from CalTrans will be in accordance with Council action on December 11, 2023, which authorized the City Manager to enter into professional service contracts, along with all related documents and amendments, with three listing brokers (William Podley with Compass, Michael Slaughter with Mutual Realty Consultants, and Michael Bell with Sotheby's International Realty) to provide broker listing services for up to five (5) properties each. A total of thirteen (13) properties are proposed to be marketed and sold by these brokers to market buyers.

In addition, the Housing Department has identified four (4) smaller, non-historic properties as potential affordable homeownership opportunities. Staff will return to City Council with a recommendation to sell these properties to a non-profit developer for rehab and subsequent sale as affordable homeownership. Such a recommendation would also include the key business terms of any proposed City funding for the proposed affordable homeownership properties; proposed funding may include sales proceeds from the other CalTrans properties.

All seventeen (17) properties are proposed to be sold in "as-is" condition. Many of the properties are in poor condition after many years of vacancy. It's anticipated that buyers will be required to execute a performance deed of trust in the form of an addendum to their purchase and sales agreement to ensure that the properties are maintained, brought up to code, and occupied within a reasonable period of time.

A "No Contact" policy will be in place during the marketing and sales of the properties to prevent potential buyers from lobbying Council members or City representatives regarding prospective purchases. This will ensure a transparent sales process.

All properties are proposed to be sold for no less than their current appraised value (listed in Attachment A). Appraisals were completed in April 2025 by Philip Long, a State of California Certified Real Estate Appraiser with The Property Sciences Group. Property valuations were derived at using the sales comparison approach. The appraiser physically inspected all seventeen (17) properties. The appraiser reviewed

the performance deed of trust and incorporated the attendant deed restrictions into the property valuations. Property listings will reflect that the City as Seller will not entertain offers under the asking price. Staff will return to Council for approval of the terms and conditions of sale for each individual property.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City's General Plan – Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy – a goal of the City Council's Strategic Plan.

**ENVIRONMENTAL ANALYSIS:**

The actions proposed herein are categorically exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15312 and there are no features that distinguish this project from others in the exempt class; therefore, there are no unusual circumstances. Section 15312 exempts the sales of surplus government property that is not located in an area of statewide, regional, or areawide concern as identified in Section 15206(b)(4). Such is the case with the proposed negotiation and sale of seventeen (17) vacant properties located in the State Route 710 Right-of-Way in Pasadena.

**FISCAL IMPACT:**

Approval of the recommended actions will have no direct fiscal impact on the City's General Funds or current operating budget. The costs associated with the disposition of the properties, including broker's listing fees and title and escrow costs shall be paid from gross sales proceeds. Staff will return to City Council to amend the Housing Department's FY 2026 Operating Budget and to recognize the sales proceeds as revenue once the properties have been successfully sold.

Respectfully submitted,



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Approved by:



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MIGUEL MÁRQUEZ  
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Attachments:

Attachment A: Addresses, Acquisition Prices, & Current Appraised Values