

Agenda Report

May 11, 2026

TO: Honorable Mayor and City Council

THROUGH: Legislative Policy Committee (May 5, 2026)

FROM: Assistant City Manager

SUBJECT: SUPPORT FOR CALIFORNIA ASSEMBLY BILL 2329 (FONG) – SURPLUS PROPERTY DISPOSITION – CITY OF PASADENA PROPOSED AMENDMENTS AND AUTHORIZE THE MAYOR TO SIGN LETTER OF SUPPORT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is categorically not subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required;
2. Take a position of support, if amended, of California Assembly Bill 2329 to clarify applicability to Pasadena properties, strengthen tenant protections, enable administrative cost recovery, and standardize procedures for valuation and property; and,
3. Authorize the Mayor to send letters to the appropriate authorities stating the City's position.

BACKGROUND:

The California Department of Transportation (Caltrans) owns multiple surplus residential and nonresidential properties in Pasadena that were originally acquired for the now discontinued SR-710 extension.

While drafted primarily for South Pasadena, Assembly Bill 2329 revises procedures for how Caltrans must transfer surplus residential properties in the City of South Pasadena,

subsequently, how South Pasadena may convey these properties to tenants, first-time homebuyers, or other eligible purchasers. Key elements include:

- Updated resale and valuation standards
- Timelines for offering properties to tenants
- Conditions of sale and affordability requirements
- Roles and responsibilities of local agencies in administering transactions

Staff recommends adding the City of Pasadena to the bill as there are meaningful benefits that make early participation advantageous:

1. Provides a Legislative Vehicle and Regional Alignment

Joining now positions Pasadena alongside South Pasadena and strengthens regional influence in reshaping surplus property disposition policies. The bill already reflects a legislative commitment to correcting long-standing issues associated with SR-710 properties.

2. Establishes a Clear Residential Property Transfer Framework

The bill includes updated procedures for resale to tenants and eligible buyers, giving Pasadena a ready-made legal structure that can be applied to its own Caltrans-owned residential properties.

3. Improves Predictability and Standardization

AB 2329 already modernizes several procedures, including timelines, valuation standards, and resale steps, benefiting both staff and affected tenants.

4. Supports Tenant Homeownership Opportunities

The existing bill enhances tenant pathways to purchase their homes by defining priority rights and affordability mechanisms that Pasadena can immediately utilize.

Recommended Amendments

In addition to adding the City of Pasadena to the bill, staff suggests several ideal amendments that could clarify applicability to Pasadena properties, strengthen tenant protections, enable administrative cost recovery, and standardize procedures for valuation and property transfer. These ideal amendments are outlined below to provide flexibility and guidance, without making them a requirement for supporting the bill.

1. Applicability to Pasadena’s Residential and Nonresidential Properties

Staff recommends including the City’s surplus residential and non-residential parcels, including Arlington Garden and Pasadena Community Gardens, if feasible, to resolve long-standing valuation and property use disputes with Caltrans.

- Clearly include Pasadena’s residential and nonresidential surplus properties.
- Clarify the point in time that capital improvements and repair costs are calculated to avoid disputes.

2. Authorization to Recover Administrative Costs

Staff recommends adding language allowing Pasadena to collect a reasonable administrative fee to support the staffing and operational costs involved in managing escrows, navigating Caltrans-related requirements, and assisting buyers through the process.

- Provide authority for an administrative fee to cover City workload.
- Ensure that escrow-related support are adequately funded.

3. Strengthening Tenant Protections and Preserving Local Discretion

Staff recommends clarifications that allow the City to offer properties to current tenants, regardless of Caltrans’s previous assessments or determinations, while still giving the City flexibility to determine its own policies and procedures for offering such sales.

- Allow Pasadena to offer properties to current tenants regardless of their documented standing with Caltrans.
- Preserve local policymaking discretion in structuring property offerings and purchaser eligibility.

4. Promote Homeownership Outcomes

Staff recommends the following amendments to promote homeownership outcomes.

- Utilize “Affordable Housing Cost” standards to determine the eligibility of income-eligible tenants to purchase Caltrans residential properties.
- Require buyer participation in an in-person HUD-certified homeownership education course prior to the close of escrow.

5. Additional Amendments for Clarity and Standardization

Staff recommends several technical revisions to improve clarity, consistency, and administrative feasibility across the bill.

- Caltrans shall certify that “Decent, Safe and Sanitary” housing standards have been satisfied prior to offering properties to tenants and housing-related entities including housing-related public entities.
- Standardize property condition terminology.
- Clarify inspection responsibilities and minimum qualifications.
- Clearly define valuation terms such as “value in use” in statutory language.
- Develop legislative intent language for nonresidential properties consistent with legislative intent language for residential properties in the Roberti Act.
- Harmonize definitions and procedural language across related sections.
- And make other amendments to clarify and standardize the bill.

6. Deployment of Property Resale Funds for Affordable Housing Projects

Existing law imposes a static, unrealistic time constraint on the City’s ability to deploy the funds generated from the resale of vacant Caltrans surplus properties to subsidize the production of the required affordable housing units. Staff recommends the following change.

- Replace the existing 12/31/2026, fixed deadline for the commencement of funded affordable housing projects with a two (2)-year timeframe commencing with the date on which the resale proceeds were generated.

COUNCIL POLICY CONSIDERATION:

Supporting legislative initiatives that improve homebuyer education, clarify property standards, and simplify administrative processes contributes to creating safer, more stable homes, while also strengthening Pasadena’s communities and enhancing quality of life.

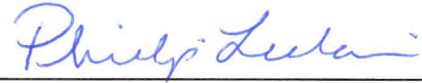
ENVIRONMENTAL IMPACT:

The action proposed herein is not a project subject to CEQA, pursuant to CEQA Section 21065 and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The approval of a legislative platform to support a focused advocacy strategy does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

There are no financial impacts for the proposed actions.

Respectfully submitted,



PHILLIP LECLAIR
Acting Assistant City Manager

Approved by:



MATTHEW E. HAWKESWORTH
Interim City Manager