

South Pasadena's Caltrans Properties Must Become Affordable Housing

Updated November 15, 2022

South Pasadena plans to acquire about 20 unoccupied Caltrans properties under Senate Bill 381. SB 381 requires the City to turn most of the properties into affordable housing. The City can sell the historic houses to private buyers if it causes affordable units to be built.

In recent weeks, it has come to light that the city is considering a plan to acquire the properties outside of existing law, under pressure from the South Pasadena Preservation Foundation which has outsized influence in city politics.

The city has admitted it is seriously considering this plan but has been reticent to release this plan in writing.



To play video, hit the play button and/or enlarge the video. You may have to enable cookies in your browser.

To facilitate public discourse as the city continues to negotiate with the South Pasadena Preservation Foundation behind closed doors, Care First provides the limited information it has managed to acquire about this “alternative plan” for the Caltrans properties. The city should oppose this plan not only because it is prohibited by law but also because our city is in dire need of affordable housing, like the rest of the Los Angeles region and California.

Background

SB 381 was enacted into state law in California to establish a new process for final disposition of some 80 Caltrans-owned properties in the path of the proposed and now defunct 710 Freeway. The law, largely written by the city and opposed only by what Legislative documents describe as a few residents of the city, specifies that existing Caltrans tenants will have the first opportunity to purchase the homes they live in.

The city will have the right to purchase about 20 unoccupied homes at the price of acquisition. After purchasing them, it either can sell or lease these properties itself or it can sell them to a Caltrans certified “Housing Related Entity.” Housing related entities generally are non-profits that create affordable housing.

The law makes special exception for seven historic vacant houses, which the City can sell to private buyers. The city will have to use the proceeds from those sales to develop affordable units in South Pasadena at a ratio of 3:1.

Background (continued)

The final sale of the unoccupied homes to the city will create the first palpable opportunity for South Pasadena to create more affordable housing within its borders, including both rental and owner-occupied housing.

Under state laws recently passed, the city can turn some of the unoccupied properties into duplexes, triplexes, or quads, some of which could be leased as affordable units and some of which could be sold as affordable condos or cooperatives.

Background (continued)

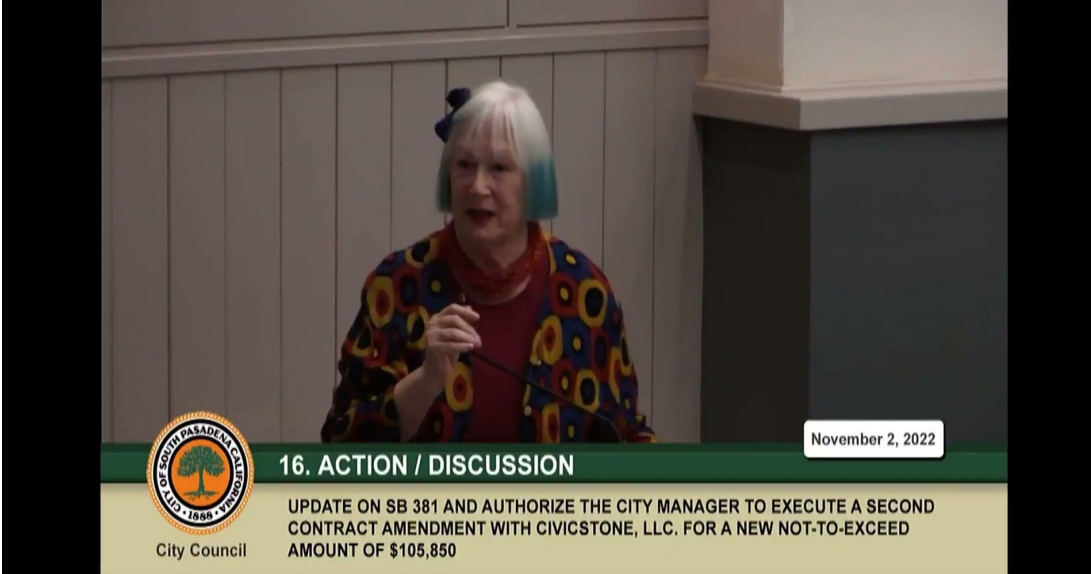
Care First's position is that SB 381 lays out a fair process that will protect existing tenants' rights to buy the homes they live in. Moreover, Care First believes that by examining a wide range of options and hearing from a broad spectrum of the community and housing experts, SB 381 presents a golden opportunity to improve neighborhoods with vacant houses, which have become dilapidated, and to create affordable housing in South Pasadena, which would be sold and rented on an equal opportunity basis.

However, at this moment, it appears that a narrow and influential group concerned mostly about neighborhood aesthetics and blocking density has hijacked the city's process. The South Pasadena Preservation Foundation is pushing the city not to follow SB 381.


Background (continued)

The Preservation Foundation has been working behind the scenes, including speaking during the public comment periods of City Council closed sessions where no minutes are kept. The public comments reflect misleading information about what SB 381 requires.

To play video, hit the play button and/or enlarge the video. You may have to enable cookies in your browser.



November 2, 2022

 **16. ACTION / DISCUSSION**

UPDATE ON SB 381 AND AUTHORIZE THE CITY MANAGER TO EXECUTE A SECOND CONTRACT AMENDMENT WITH CIVICSTONE, LLC. FOR A NEW NOT-TO-EXCEED AMOUNT OF \$105,850

City Council

What is the South Pasadena Preservation Foundation?

Per the website,

The mission of the South Pasadena Preservation Foundation is to foster awareness and appreciation of the historic heritage of South Pasadena and to advocate and facilitate preservation of significant examples of that heritage.

The Preservation Foundation [explains it has been successful because,](#)

In the years since then, few cities in the nation are more recognized for the determination to preserve their neighborhoods and small-town atmosphere than South Pasadena and SPPF has played a significant role in that effort, particularly in the fight to end the threat of the SR-710 extension. SPPF is a 501(c)(3) non-profit organization.

The South Pasadena Preservation Foundation Has Long Been Involved in the 710 Fight

The South Pasadena Preservation Foundation describes its involvement in the Caltrans homes as this:

The South Pasadena Preservation Foundation (SPPF) has a long and proud history of working together with the City of South Pasadena in the fight against the State Route 710 freeway extension. Now that that battle is in its final stages, we turn our attention to those 100 or so South Pasadena properties still owned by Caltrans, a number of them on the City's inventory of cultural resources.



The Preservation Foundation has many prominent and powerful members on its Board.



The South Pasadena Preservation Foundation 501(c)3 non-profit organization

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"Neither the life of an individual nor the history of a society can be understood without understanding both."

~ C. Wright Mills

What is the Preservation Foundation's 'Alternative Plan'?

We don't have complete information. Neither the City nor the Preservation Foundation have shared the plan in writing.

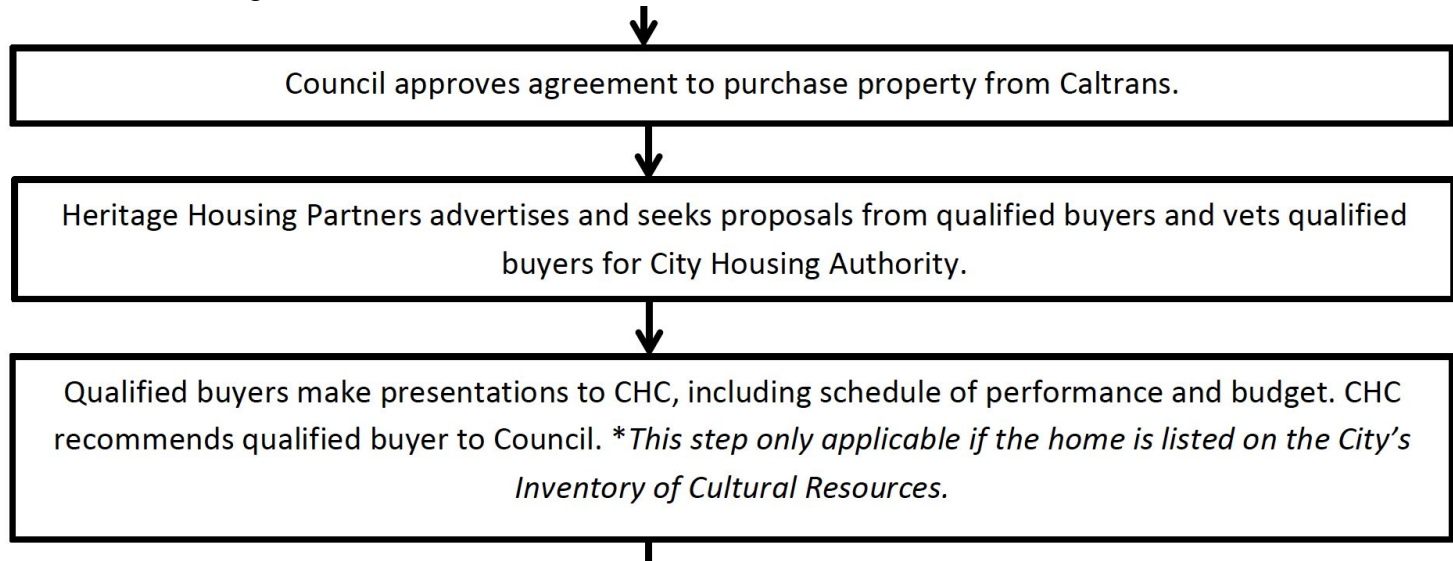
What we know is the Preservation Foundation proposed a plan for the disposition of the Caltrans homes in 2021, and circulated it to community members.

This plan appears to open the door to a money-making opportunity for Foundation Board members and others associated with the Foundation.

South Pasadena Preservation Foundation's 2021 Plan (cont.)

Under the plan, the City will purchase the houses from Caltrans and immediately transfer them to the Preservation Foundation's hand-picked company, Heritage Partners (which is not a qualified Housing Related Entity under SB 381).

The Cultural Heritage Commission (which overlaps significantly with the Preservation Foundation) will choose the buyers of the vacant Caltrans houses, based on unknown criteria, after Heritage Partners collects bids:



South Pasadena Preservation Foundation's 2021 Plan (cont.)

The Preservation Foundation intends to record and oversee historic covenants for the Caltrans houses based on its upcoming inspections.

They would expect five figure donations from each of those who ultimately purchase and restore the 7 historical homes.

In keeping with established practice with Caltrans-owned properties encumbered by a preservation covenant or easement administered by a nonprofit preservation organization (e.g. Pasadena Heritage), SPPF will request that a donation accompany the conveyance of the covenant which will be determined on a case-by-case basis. Based on experiences in other communities and depending on the size and condition of the property, its value, and the number and complexity of the features to be protected, we estimate that donations will range from \$20,000 to \$30,000 per property.

South Pasadena Preservation Foundation's 2021 Plan (cont.)

Moreover, the plan outlines that the current chair of the city's Cultural Heritage Commission will write the covenants and board members or those related to them will perform the work:

Task	Primary	Secondary
Track and update covenant status	Mark S. Gallatin	Daniel M. Evans
Correspond with property owners	Mark S. Gallatin	Daniel M. Evans
Inspect interiors and exteriors	John D. Lesak	Odom Stamps/Tom Nuckols

Review and approve proposed alterations and improvements	John D. Lesak	Odom Stamps/Debi Howell-Ardila
Draft new covenants	Daniel M. Evans	Marina Khrustaleva

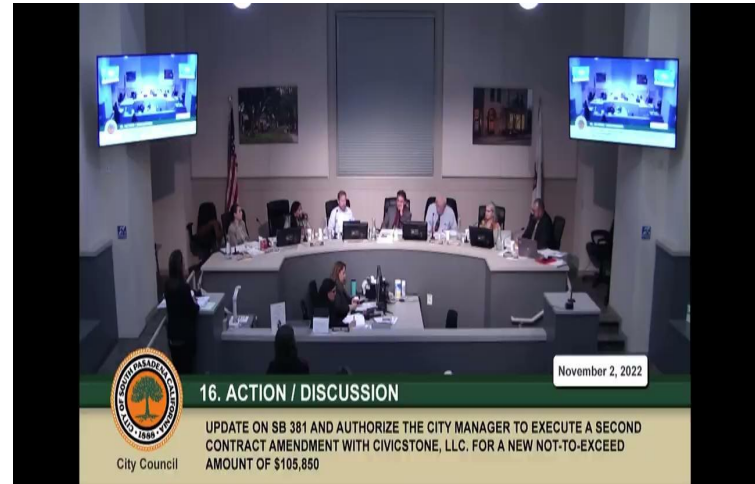
South Pasadena Preservation Foundation's 2021 Plan (cont.)

The key to executing the plan as developed by the Foundation is for the city to purchase the homes and sell them in one fell swoop through a process the Foundation describes as “double escrow” or “side-by-side escrow.”

Double escrow is not legal under SB 381.

But that fact has not stopped the Preservation Foundation from pursuing it, or apparently, the City Council from considering this as a possible resolution to a **court case against Friendship Pasadena Church.**

To play the video blow up the image to full screen and hit play button.



City of South Pasadena v. Caltrans (Friendship Church Lawsuit)

WATCH VIDEO

[Stop The Lawsuit - Pasadena Friendship CDC](#)



Although the lawsuit only concerns 626 Prospect Ave., it appears that the Preservation Foundation is seeking to determine the disposition of all 20 vacant Caltrans houses according to the Foundation's double escrow plan. The city has signaled its willingness to pursue this option by hiring a law firm and attorney recommended by the Foundation at taxpayer expense.



626 Prospect Ave.

Care First is not against maintaining historical homes, but Care First is against using historical home designation as a way to block affordable housing and effectively exclude a wide variety of deserving people from better housing opportunities here.

Below are documents Care First has so far obtained with our brief commentaries on what they show. We invite you to examine what's below and reach your own conclusions as to what is going on.

Chronology of city's involvement in the 'Alternative Plan'
proposed by the South Pasadena Preservation Foundation.

On **November 3, 2022**, the city of South Pasadena held a [meeting](#) at the Masonic Lodge that was billed as a listening session on the SB 381 process. It distributed a [timeline of actions](#) related to implementing SB 381.

That timeline, however, left out actions the City Council has taken related to carrying out the law, specifically those recommended by the South Pasadena Preservation Foundation.

First, on **April 20, 2022**, the city approved a memorandum of agreement with the Foundation under which it will oversee the restoration of homes deemed historic both outside and inside.

See item 19 at-

[CITY OF SOUTH PASADENA CITY COUNCIL AGENDA SPECIAL CLOSED SESSION WEDNESDAY, APRIL 20, 2022 5:30 P.M.](#)

Second, it left out a decision to contract with attorney Dario Frommer to represent the city in a case against Caltrans that challenges the purchase of a Caltrans-owned apartment building by Friendship Pasadena Church to turn into affordable housing.

[CalTrans Properties | Pressure Builds to Change Course in Property Acquisition](#)

The city's proffered timeline also did not discuss comments by Councilmember Evelyn Zneimer and Jon Primuth on **November 2, 2022**, indicating that the city council is considering an alternative to the SB 381 process concerning the disposition of Caltrans properties, though SB 381 is the current governing law.

See Agenda item 16 on the video recording at **1:47:47, 1:50:00 and 2:44:15** -

[South Pasadena City Council Meeting 11-02-2022](#)

Additional Information About the Foundation's 'Alternative Plan'

May 8, 2019

Three years ago, SPPF referenced potential formation of a historical district in the Gillette Crescent and Bonita street areas, which could potentially increase the number of historic houses it would oversee restoration of and from which it would presumably collect donations.

[May 8, 2019 SPPF Letter](#)

Additional Information About the Foundation's 'Alternative Plan'

March 24, 2021

Sent: Wednesday, March 24, 2021 at 8:27 PM

From: [REDACTED]

To: [REDACTED]

Subject: FW: Cover Letter and SPPF Information Packet on Plan for Caltrans Homes

Dear Neighbors:

Attached is the cover letter and an accompanying information packet on the South Pasadena Preservation Foundation's proposal for the acquisition and disposition of the Caltrans properties. Remember, tomorrow night (March 25th) is an important informational at 7 PM on an alternative to the City's course of action on the Caltrans properties:

To participate in Thursday's forum, click on the following link:

Best wishes to all of you.

Sincerely,

XX

On behalf of **SMART Families**

March 24, 2021

Dear SMART Families:

On behalf of the South Pasadena Preservation Foundation (SPPF), it is my privilege to share with you for your consideration a proposal for the acquisition and disposition of Caltrans surplus properties in the former State Route 710 corridor developed by SPPF's subcommittee on the Caltrans properties. Our carefully considered, well-reasoned plan builds on a history of successful examples of local collaboration with Caltrans involving properties owned by the agency, which are referenced in the attachments to this letter.

SPPF's plan has three key features that we believe merit its consideration:

- Preserving the rights of existing Caltrans tenants who are first in line to purchase the homes in which they live.
- Providing a mechanism by which vacant houses can sold expeditiously and rehabilitation can begin to facilitate the restoration of neighborhood fabric and the elimination of blighted, unsafe conditions.
- Promoting local control and flexibility. Although our plan was generated in South Pasadena, it has the advantage of being applicable to our neighboring corridor cities of Pasadena and Los Angeles (El Sereno neighborhood) if they so desire, consistent with Governor Newsom's call last year for a corridor wide solution.

As the following pages will demonstrate, our plan can be part of a toolbox of solutions, including those that have worked successfully in the past, such as the side-by-side escrow used in 2000, the expedited sales process that was done in the mid-1990's in which Caltrans sold six historic houses and SPPF administered preservation covenants

for them, or a hybrid solution, tailored to meet the needs of each situation, all done to further the three objectives noted above.

Attached to this letter you will find an outline of SPPF's plan as well as a brief summary of it. Also included is a letter from the owner of the historic Garfield House discussing her recent successful collaboration with Caltrans staff and SPPF to acquire a vacant parcel next door to the home. Finally, comes a flow chart and diagram illustrating the side-by-side escrow option, followed by the City of South Pasadena's staff report on the sale of 2002 Berkshire Avenue using this technique.

We sincerely appreciate you taking the time to review and consider our materials and we welcome any questions that you may have. Questions can be sent to our email address for this project, caltranshomes@sppreservation.org. If possible, please be sure to attend our informational forum about our plan on Thursday, March 25 at 7:00 pm

The full Foundation plan attached to the email above sent to Smart Families' members details a plan under which the City would buy Caltrans properties designated as historic and sell those houses at the same time it closes escrow with Caltrans to residents recommended by the Cultural Heritage Commission. Moreover, the Foundation says that it will request a "donation" of \$20,000 to \$30,000 from the buyers of each home to oversee the restoration both outside and inside and to write covenants into the deed requiring purchasers to maintain them as historic. The oversight work and preparation of the covenants would be handled, by among others selected by the Foundation, Mark Gallatin, who sits on the Foundation's board and incidentally chairs the City of South Pasadena Cultural Heritage Commission. It is unclear whether the Foundation would pass on the donations to Gallatin and the others outlined in the full packet, as described above, as contracts for overseeing the work or retain the money. The full plan, at least as it was outlined by the Foundation in 2021, is available here:

[SPPF Information Packet on Plan for Caltrans Homes](#)

March 24, 2021 Facebook Posts

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All Posts People Groups Photos



South Pasadena Preservation Foundation ...

Mar 24, 2021 · 🌐

Urgent-Your Action Needed - Caltrans Properties in Precarious Position! Controversial Attempt to Change Standing Law Could Allow Caltrans Homes to Be Bought in Bulk and End Up in the Hands of Private Entities as Rental Units

In advance of the proposed-but-now-dead 710 freeway extension, Caltrans

began buying up homes in the path of the freeway to be demolished as part of its construction. Now, there are over 80 Caltrans properties in South Pasadena with a second chance at a brighter future—but whether they should be




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What the post implies is that a corporation under SB 381 would purchase all Caltrans properties in South Pasadena, even the ones occupied by existing tenants. However, SB 381, indeed, specifies that existing tenants of Caltrans properties have the first right to purchase the homes they live in. Only multi-unit buildings and vacant and historic homes with existing tenants could be purchased by the City of South Pasadena first and the city is discussing a range of options for how to sell or to manage the properties as rentals on a continuing basis.


March 24, 2021 Facebook Posts

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All Posts People Groups Photos

In advance of the proposed-but-now-dead 710 freeway extension, Caltrans began buying up homes in the path of the freeway to be demolished as part of its construction. Now, there are over 80 Caltrans properties in South Pasadena with a second chance at a brighter future—but whether they should be reserved for citizens to buy or open to corporate ownership as rental units is an issue of hot debate.

<https://standtogether.zoom.us/j/94560960553?>

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All Posts People Groups Photos

We have a plan... We can protect these houses, turn them into "forever homes" for those who need them, and ensure the character of our city is not lost in the process.

...and we want to share it with you! The South Pasadena Preservation Foundation wants you to join us this Thursday, March 25, 2021, at 7:00 PM, for a virtual forum on how we can preserve these homes, the dignity of the people who need them, and the much-needed income they can generate for the city—not Caltrans. [Click here to join.](#)

Personal meeting ID: 473 883 8817

Additional Information About the Foundation's 'Alternative Plan'

September 22, 2022

The post below on Nextdoor by the Foundation's board member, Joanne Nuckols, indicates that no money would go toward affordable housing if SB 381 passed. This is not true.

While it is true that no money would go into a *fund* which existed under a previous law, the post ignores that under *SB 381 the city would have to see that three affordable housing units*, either to be sold or rented (or both), are built in South Pasadena for each historical property the city purchase and then sells. With seven listed properties, that would be 21 new affordable housing units in South Pasadena.

[NEXTDOOR POST Sept. 22, 2022](#)



Joanne Nuckols • South Pasadena-SW



The agenda item is B, litigation with Caltrans. This litigation has been ongoing for a year and a half, specifically about a state owned apartment building that the city's proposal for affordable home ownership was denied erroneously by one Caltrans employee. The judge issued a TRO and is agreeing with the city and Real Parties of Interest that the denial was erroneous. Generally the litigation is about all the state owned properties in town. The city has been discussing for over a year and MAY issue an RFP to partner with HRE's in a few weeks (SB 381 process) to partner with HRE's which diminishes the money coming in for affordable housing. The South Pasadena Preservation Foundation (SPPF) for a few years has been advocating for an alternative sales process to private owner/occupants, as was done 20 years ago partnering with Caltrans, to maximize the money coming in from the vacant house sales for affordable housing. The residents in the corridor, and neighbors of these long vacant houses, support the SPPF alternative plan. In 2013 Senator Liu, through legislation, set up a special account for the 710 corridor house sale money to go into and ultimately be distributed to 5 specific cities in the corridor. The account is called the SR 710 Rehabilitation Account and the funds are administered by the California Transportation Commission (CTC) and Metro. SB 381 \$0 goes into the account for city's use. SPPF Alternative Plan \$20 million from 20 So Pas sales goes into the account. So, the choice is \$0 for affordable housing from the Liu account or \$20 million for affordable housing? This is the discussion now. Which direction to go, again it's \$0 or \$20 million for South Pasadena affordable housing throughout the city?

22 Sep

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2

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Documents

[May 8, 2019 SPPF Letter](#)

[2021 SPPF Plan](#)

[March 21, 2021 SPPF Letter](#)

Friendship Church Lawsuit

- [City's Complaint](#)
- [Caltrans' Opposition to Preliminary Injunction](#)
- [Court Order Granting Preliminary Injunction](#)
- [City and Caltrans' Joint Status Conference Statement](#)