

Date of Hearing: April 8, 2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 2525 (Zbur) – As Amended April 3, 2024

SUBJECT: State highways: property leases

SUMMARY: Expands the purposes that the California Department of Transportation's airspace may be leased to the city of Los Angeles to include a secure vehicle lot program and increases the number of eligible parcels that can be leased for \$1 per month to 25.

EXISTING LAW:

- 1) Allows California Department of Transportation's (Caltrans) to lease to public agencies or private entities the use of areas above or below state highways for any term less than 99 years. (Streets and Highways Code (SHC) Section 104.12)
- 2) Authorized emergency vehicles which are on active duty are given preference in the use of these areas, and no payment of consideration shall be required. (SHC Section 104.12)
- 3) Requires Caltrans to determine that the proposed use is not in conflict with the zoning regulations of the local government concerned prior to entering into any lease. (SHC Section 104.12)
- 4) Requires the leases to be made in accordance with procedures to be prescribed by the commission. (SHC Section 104.12)
- 5) Requires leases with private entities to be a competitive bidding process, unless the commission finds, by unanimous vote, that in certain cases competitive bidding would not be in the best interests of the state. (SHC Section 104.12)
- 6) Requires the revenues from the leases to be deposited in the State Highway Account. (SHC Section 104.12)
- 7) If leased property was provided to the department for state highway purposes through donation or at less than fair market value, the lease revenues shall be shared with the donor or seller if so provided by contract when the property was acquired. (SHC Section 104.12)
- 8) Allows Caltrans to make the land or airspace available within the right-of-way of any highway, with or without charge, to a public entity to accommodate needed passenger, commuter, or high-speed rail, magnetic levitation systems, and highway and nonhighway public mass transit facilities. (SHC Section 104.12)
- 9) Requires Caltrans to consider future lease potential of areas above or below state highway projects when planning new state highway projects. (SHC Section 104.12)
- 10) Authorizes Caltrans to lease at a discount up to 10 parcels of airspace under a freeway or other real property to the City of Los Angeles and the City of San Jose for emergency shelter or feeding programs. (SHC Section 104.26)

11) Authorizes Caltrans to enter into lease agreements with a local entity for purposes of establishing an emergency shelter or feeding program, as specified.(SHC Section 104.30)

FISCAL EFFECT: Unknown

COMMENTS: Airspace is the property under or within the right-of-way of an existing operating highway, and includes all Caltrans owned and operated facilities that are used to support the transportation system. Caltrans leases airspace within the state highway right-of-way if it can safely accommodate a secondary use. Caltrans is responsible for managing those airspace properties. Airspace is not property held for a future transportation use nor is it available for sale as it is not excess or surplus to the state's needs. By leasing airspace sites and licensing wireless facilities within freeway right-of-way, airspace generates revenue that is deposited into the State Highway Account.

In 2018, Caltrans was authorized to lease airspace or real property acquired for highway purposes for homeless services in specified cities for \$1 per month. Clarifying language was also included that, for the purposes of a park, or recreational use of airspace leases, Caltrans must find that the lease is for public access. In 2019, Caltrans authority was expanded to allow it to lease airspace or real property acquired for highway purposes for the purpose of conducting a temporary emergency shelter or feeding program statewide.

In 2019, the California Transportation Commission (CTC) passed a resolution on the procedure for leasing airspace to public entities (Resolution G-19-43), which authorized Caltrans to enter into leases with public agencies without specific CTC approval. It also required Caltrans to provide an annual report to the Commission on the active airspace leases.

The authority for Caltrans to enter into airspace leases is in existing law and Caltrans is generally obligated to secure fair market value lease rates for airspace under freeways or other available parcels, based on the estimated highest and best use of the property. Notable exceptions to the fair market value requirement authorize Caltrans to lease unused parcels of land below market rates to various cities and counties for the purposes of emergency shelters and feeding programs. In each of these exceptions, the Legislature has found that below-market rate leases for these particular uses serve a public purpose.

Inside Safe LA. The most recent point-in-time count data from the Los Angeles Homeless Services Authority (LAHSA) showed that nearly 6,500 people experiencing homelessness in the city of Los Angeles are living in approximately 4,000 recreational vehicles (RVs). That number, which has grown by 40% since 2018, represents 22% of the city of Los Angeles' total unsheltered homeless population.

While some RV dwellers are unemployed, some have jobs, but cannot afford to pay rent in Los Angeles where the average one-bedroom apartment costs \$2,000 to \$2,500 a month. This has led to large encampments of RVs on local streets.

In 2022, Los Angeles launched a program called Inside Safe, which seeks to voluntarily bring people experiencing homelessness inside from tents and encampments. To date, the program has addressed more than 39 encampments and has brought more than 2,100 people experiencing homelessness inside, where they receive case management, supportive and housing navigation services.

In December 2023, an Inside Safe operation in the San Fernando Valley focused on an encampment of more than 50 RVs on Forest Lawn Drive in Los Angeles. About 20 RVs and 31 people experiencing homelessness accepted housing and turned their vehicles over to the city of Los Angeles.

The city of Los Angeles is seeking additional locations to store the RVs that are taken off the streets as people experiencing homelessness who participate in Inside Safe are moved into interim housing. As of early 2024, 95% of the city's 325 spots for RVs were full.

This bill expands the uses Caltrans may lease airspace to the city of Los Angeles to include a "secure lot program," which is defined as, "the use of the leased property to store a vehicle, including, but not limited to, a recreational vehicle, belonging to a person receiving services from the lessee or other governmental agency for the purpose of relieving homelessness." The bill specifies that the vehicles must be uninhabited, and not contain hazardous materials, as defined in state law, except for those commonly found in vehicles.

Committee comments. This bill may set a precedent for additional localities to seek state legislation to authorize Caltrans' to lease airspace for secure lot programs within their jurisdiction. The Legislature may wish to consider if this is the most appropriate and cost-effective use of airspace.

In addition, in no way should the expansion of the purpose of leasing airspace to include abandoned vehicles, result in unsafe conditions, and precautions must be taken to ensure that these vehicles are safely stored. The author may wish to consider clarify the storage solution agreed to by Caltrans and the city of Los Angeles comply with National Fire Protection Association (NFPA) standard 502, which provides prescriptive guidance for managing storage under roadways.

According to the author, "AB 2525 will give the City of Los Angeles (the City) additional tools to address the City's homelessness crisis and will make it easier for the City to provide services to people experiencing homelessness. Mayor Bass has championed a voluntary program called Inside Safe, which brings unhoused Angelenos into interim housing and connects them to case management, supportive services, and housing navigation services. To date, the program has brought more than 2,100 Angelenos inside, and the City's storage lots are 95% occupied by RVs that are taken off the streets as Angelenos move into interim housing through the program. In order to continue the success of Inside Safe, the City is in need of additional locations to store RVs while their former inhabitants receive services to relieve homelessness. AB 2525 updates the law to allow the City to lease specified property from the California Department of Transportation for \$1 a month for this purpose."

In support, Los Angeles Mayor Karen Bass writes, "I write as the proud sponsor of AB 2525 (Zbur), which will make it easier for the City of Los Angeles to provide services to people experiencing homelessness by allowing the City to lease additional space to store recreational vehicles (RVs) while their former inhabitants are placed in interim housing and receive services.

Related legislation. AB 2333 (Santiago) of 2024 requires Caltrans to annually submit a report to the Assembly and Senate Transportation Committees on every airspace site leased by Caltrans.

SB 211 (Beall), Chapter 343, Statutes of 2019 authorizes Caltrans to enter into lease agreements with a local entity for purposes of establishing an emergency shelter or feeding program, as specified.

SB 519 (Beall), Chapter 444, Statutes of 2018 authorizes Caltrans to lease at a discount up to 10 parcels of airspace under a freeway or other real property to the City of Los Angeles and the City of San Jose for emergency shelter or feeding programs.

AB 2908 (Transportation Committee), Chapter 860, Statutes of 2000, enacts the Assembly Transportation Committee's annual omnibus bill of noncontroversial and technical provisions, including repealing certain legislative reports relating to airspace and land acquisitions.

REGISTERED SUPPORT / OPPOSITION:

Support

Los Angeles Mayor, Karen Bass (sponsor)

Opposition

None on file

Analysis Prepared by: Julia Kingsley / TRANS. / (916) 319-2093