

Date of Hearing: April 25, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 2439 (Bloom) – As Amended March 28, 2022

**SUBJECT:** State property: Department of Motor Vehicles field offices: affordable housing

**SUMMARY:** Requires the Department of Motor Vehicles (DMV) to lease, as specified, three active DMV field offices to affordable housing developers for the construction of new DMV field offices and affordable housing. Specifically, **this bill:**

- 1) Requires the Director of General Services (DGS), in consultation with the DMV, and the city in which the identified properties are located, to enter into a public-private partnership agreement with a housing development for a lease for parcels of real property, acquired and used by the state for the benefit of DMV, to develop affordable housing and new DMV field offices.
- 2) Specifies the following parcels of real properties shall be leased:
  - a) 2235 Colorado Avenue, Santa Monica.
  - b) 11400 W Washington Blvd, Culver City.
  - c) 803 Cole Avenue, Los Angeles.
- 3) Requires the DGS to determine the duration of the lease.
- 4) Specifies the lease shall be at no cost to the housing developer except that the housing developer shall pay for all costs required to construct affordable housing units and a new field office for the DMV.
- 5) States that 100% of housing units developed shall be offered for rent at affordable rates.
- 6) Requires the DMV to continue to provide limited services at the field office during the construction process.
- 7) States that if the DMV is unable to provide certain in-person services at the field office, including, but not limited to, driving tests, the DMV shall notify the public of other field offices that offer those services.
- 8) Requires the DMV to assist DGS in the fulfillment of the requirements of this bill.
- 9) Declares that the lease authorized by this bill serves the public purpose of supporting the development of affordable housing and new DMV field offices, and does not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution.

**EXISTING LAW:**

- 1) Authorizes DMV to process driver's licenses, identification cards, vehicle registration, and title transfers, among other duties, in-person, by mail, and online.
- 2) Authorizes the DMV to renew a person's driver's license by mail if the person is under the age of 70, has not previously renewed their license by mail two consecutive times for five-year periods, and does not have moving violations for the two years immediately preceding the renewal, as specified.
- 3) Federal law, the REAL ID Act, establishes minimum standards for the production and issuance of state-issued driver's licenses and identification cards (ID) in order to board a plane or gain access to certain federal facilities.
- 4) The REAL ID Act requires states to limit the period of validity of all driver's licenses and IDs that are not temporary to a period not exceeding eight years, and requires holders of REAL ID renew with the state DMV in person every at least once every 16 years.
- 5) Executive Order N-06-19 requires DGS and the Department of Housing and Community Development (HCD) to identify excess state-owned property for affordable housing projects.
- 6) Requires DGS to follow a series of specified steps in the disposal of state properties identified as excess to the programmatic needs of a controlling department or agency.
- 7) Requires HCD and DGS to develop a searchable database of surplus local sites for affordable housing, and for HCD to provide DGS with an annual list of vacant sites suitable and available for residential development.
- 8) Requires local governments to include an inventory of infill high-density sites in DGS's searchable surplus property database.
- 9) Permits the Director of DGS to, with the consent of the state agency concerned, let for any period of time any real property or interest in real property that belongs to the state, when the director deems the letting serves a beneficial public purpose limited to the development of housing, as specified.
- 10) Specifies that at least 20% of the housing units developed on state property leased for housing shall be available for the term of the lease to, and be occupied by, lower-income households. 10 percent shall be available to, and occupied by, very low income households.
- 11) Permits the Director of DGS to enter into affordable housing leases at less than market value, provided the cost of administering the lease is recovered. HCD shall recommend to the Director of DGS a lease amount that will enable the provision of housing for lower-income households.

**FISCAL EFFECT:** Unknown

**COMMENTS:** This bill calls for three DMV field offices to be converted into mixed use affordable housing projects and new DMV field offices. The three offices in question are the Santa Monica field office, the Culver City field office, and the Hollywood office on Cole Avenue.

According to data the DMV provide the committee, between March of 2021 and March of 2022, the Santa Monica office served 133,162 people, the Hollywood Cole office served 112,087 people, and the Culver City office served 118,535 people. The Hollywood Cole Office and the Culver City office had average wait times of just over 30 minutes for the year, while the Santa Monica office had an average wait time of 23 minutes.

According to the author, “As the state’s housing affordability crisis calls for more innovative, cost-saving approaches to spurring production, the state is in a unique situation to utilize state-owned properties to help build more housing. AB 2439 establishes a pilot program to allow for the leasing of underutilized DMV properties for the construction of affordable housing. The bill will require the DMV sites to continue serving the public during the construction process, ensure the state retains the property, and provides an opportunity for the renovation of DMV facilities.”

In 2018 there was a noticeable uptick in wait times at DMV. As a result, DMV began reporting monthly numbers on wait times to the Joint Legislative Budget Committee. In the last week of July of 2018, DMV reported that the average wait time for non-appointment customers was two hours and ten minutes. The top 20 most impacted DMV field offices saw average wait times of three hours and 21 minutes.

DMV attributed much of the increase in wait times to compliance with the Federal REAL ID Act of 2005, which requires in-person verification for a state issued driver’s license or identification cards in order for a person to fly domestically or enter a federal building. While individuals traditionally only have to renew their state issued driver’s license in person once every 15 years, individuals who wish to fly domestically have between January 2018 to May of 2023 to renew in person, regardless of when their driver’s licenses expire.

DMV began to hire significantly more staff as a result of the increase in wait times. Between July 1, 2018 and December 31, 2018, DMV made 946 civil service appointments, 680 emergency hires, and hired 141 retired annuitants. DMV made several technological changes as well, including allowing individuals to electronically fill out their information either online or while waiting for their appointment. These actions have sped up transactions. More recently, DMV has shifted more functions online or to kiosks to reduce the number of visits to a field office.

As a result of these actions, there has been a significant decrease in DMV wait times. DMV field offices have also seen a drop in the number of customer visits after the start of the COVID-19 pandemic, and the number of people coming into a field office to receive a REAL ID has dropped significantly. The last report to the Legislature in June of 2021 showed an average wait time of 26 minutes, a steep decline from the height of 2019.

The City of Santa Monica, which is supporting this bill, writes “California’s well documented housing crisis calls for innovative and cost-effective approaches to building housing closer to where people live and work. Mixed use projects can include both commercial and residential

uses on one parcel. This approach allows people to live closer to amenities, reduces vehicle miles traveled, and helps foster connected communities.

While the state of California has recently tried to inventory its sites of surplus properties that can be used for residential/mixed use projects, the City of Santa Monica has identified the DMV field office located at 2253 Colorado Ave in Santa Monica as a site that could be used for housing and other uses and reached out to the DMV as early as 2009 to discuss alternative uses for this site.”

The State has not identified these offices, which together serve over 363,000 people a year, as surplus property.

The State Building and Construction Trades Council is opposing this bill, unless amended, to require that the construction work being done on the project be done with a skilled and trained workforce.

See the analysis for this bill from Accountability and Fiscal Review for a discussion on the contracting provisions of this bill and the state’s affordable housing laws and goals for state surplus property.

*Committee concerns:* Tens of thousands of DMV customers visit these three field offices a month. Shutting any one of them down for construction could cause a significant increase in DMV wait times at nearby offices. If all three offices are shut down at the same time for construction, then an even larger increase in wait times may occur at offices in the Los Angeles region, especially considering these three offices are close in proximity to one another.

While DMV is shifting to offering more services online, licensees are still required to go to a DMV office in person at least once every 15 years. Individuals over 70 are required to come into the field office every five years. Many DMV customers that prefer to pay in cash or are unbanked often come into DMV offices to pay vehicle registration instead of mailing hundreds of dollars.

Regardless of the 15 year cycle, all DMV customers have to come into a field office in order to obtain a REAL ID by the May 2023 deadline. As of April 1, 2022, 12.9 million Californians have a REAL ID. Only 211,442 customers got a REAL ID in March of 2022. DMV estimates at least 20 million Californians will want or need a REAL ID to fly. It’s possible that DMV will face a massive influx of customers once the REAL ID deadline passes. The deadline has been pushed back multiple times over the last decade, including twice in the last two years.

In order to continue to serve these hundreds of thousands of customers, DMV will have to be able to maintain adequate parking for their customers. With residents living at the same location that 10,000 customers visit on a monthly basis, it will be important to maintain a separate free parking lot that will be available exclusively for customers. This lot would likely have to close after business hours in order to prevent residents of the new housing structure from using the free parking lots and thereby limiting the ability of customers to access the field office.

In order to make sure DMV can continue to adequately serve its customers, the committee suggests amending the bill to require the developer to maintain a parking lot that consists of the existing level of parking spots, is free to DMV customers, and that closes after DMV closes in order to prevent residents of the new housing project from taking all of the available parking spots.

Therefore, the committee suggests the following amendment:

Government Code 14670.23 (a)(4) The developer shall maintain the existing level of parking spots for the parcels listed in subdivision (b), and maintain that those parking spots are free and open to the public. The parking lot shall be managed by the Department of Motor Vehicles and closed after the conclusion of business. The number of parking spots at each parcel may be reduced at the direction of the Department of Motor Vehicles.

*Prior legislation:*

AB 1486 (Ting), Chapter 664, Statutes of 2019 made numerous changes to the Local Surplus Lands Act, including requiring HCD to develop a database of searchable surplus sites that could be developed for affordable housing.

SB 6 (Beall), Chapter 667, Statutes of 2019 required HCD to provide DGS with an annual list of vacant sites that are suitable and available for residential development, as identified by local governments, and requires DGS to develop a searchable database of those sites and state surplus sites.

AB 1255 (Robert Rivas), Chapter 661, Statutes of 2019 required local governments to include an inventory of surplus sites that are infill, “high-density” sites in their housing elements and requires Department of General Services (DGS) to create a searchable database of surplus sites.

SB 754 (Kehoe), Chapter 681, Statutes of 2007 permitted the Director of DGS, with the consent of the DMV, to lease or exchange, for a term of years determined by the Director, three existing state-owned parcels on which DMV offices were situated for new DMV offices and multipurpose construction.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

City of Santa Monica  
Los Angeles City Councilmember Mitch O'farrell

### **Oppose Unless Amended**

State Building & Construction Trades Council of California

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