

SENATE THIRD READING
 SB 519 (Beall and Bradford)
 As Amended August 23, 2018
 Majority vote

SENATE VOTE: 38-0

Committee	Votes	Ayes	Noes
Local Government		vote not relevant	

SUMMARY: Authorizes the California Department of Transportation (Caltrans) to lease at a discount up to 10 parcels of airspace under a freeway or other real property to both the City of San Jose and the City of Los Angeles for emergency shelter or feeding programs, under specific terms and conditions. Specifically, **this bill:**

- 1) Authorizes Caltrans to lease for \$1 per month up to 10 parcels of airspace or real property to the City of San Jose, or a political subdivision of the city, for emergency shelter or feeding programs.
- 2) Authorizes Caltrans to lease for \$1 per month up to 10 parcels of airspace or real property to the City of Los Angeles, or a political subdivision of the city, for emergency shelter or feeding programs.
- 3) Declares that a lease let under this authority serves a public purpose.
- 4) Requires Caltrans to include in a lease let under this authority an administrative fee not to exceed \$500 per year unless Caltrans determines a higher fee is necessary.
- 5) Authorizes the lessee to pay the lease amount in advance in order to reduce the administrative costs associated with the payment of a monthly rental fee.

FISCAL EFFECT: Unknown

COMMENTS: The authority for Caltrans to enter into airspace leases is in existing law, but 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 authorizes 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 submarket rate leases for these particular uses serves a public purpose.

Committee Comment: This bill is not without precedence. Existing law provides a number of examples wherein Caltrans is authorized to lease airspace at below market rate, and there are a number of instances where these leases exist. In the instances where Caltrans has entered into below market rate leases for emergency shelters, feeding programs, or other public purposes,

statute authorizing them to do so has led Caltrans to provide the designated airspace lease to the local community. While this bill may provide much needed emergency housing or space for feeding programs in San Jose and Los Angeles, it may result in some lost state revenue. It is worth noting that the revenue generated by airspace leases currently flows to the General Fund, and therefore this bill could result in reducing resources for programs that currently benefit the very communities the bill aims to help.

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FN: