

California Legislature



STATE CAPITOL
SACRAMENTO, CALIFORNIA

March 1, 2013

TO: Malcolm Dougherty, Director
California Department of Transportation

Brian Kelly, Acting Secretary
California Business, Transportation, and Housing Agency

Michael Miles, Director
Caltrans District 7

RE: Proposed Rental Rate Increases on Tenants in Caltrans-Owned Homes in 710 ROW

As legislators who represent residents living in Caltrans-owned homes along the 710 Right of Way, we are writing to express serious concerns over the implementation of the proposed rental rate increases for these tenants.

In a letter dated December 28th, 2012, Caltrans informed tenants of their intention to move forward with a series of incremental rental rate increases up to within 25% of "fair market value", the first phase of which is to begin in March of this year. Along with this letter, Caltrans notified tenants of the availability of an "affordable rent program" they could apply for as well, ostensibly to minimize the increases on those tenants with limited incomes. These actions were taken as part of Caltrans' attempt to comply with recommendations of the State Bureau of Audits (BSA) report 2011-120 on Caltrans management of the homes, which was released in August of 2012.

Beyond citing recommendations made by the BSA, Caltrans has failed to: 1) provide any additional information to the tenants as a whole detailing the reasons for the change in rental rates or the methodology they used for determining "fair market rent;" 2) disclose what the fair market rent for each property has been determined to be; 3) conduct outreach meetings in the affected communities to explain the change in policy or the qualification criteria for the "affordable rent program;" or 4) provide information in any language other than English, which presents a challenge for those tenants whose primary language is not English. The apparent lack of appropriate outreach is troubling, especially given the significant increase in monthly rent over a relatively short time period these changes could represent for tenants on a limited and/or fixed income.

Caltrans is currently operating under emergency Affordable Rent Program regulations not subject to public review and approval by the Office of Administrative Law (OAL). This seems to be a counter-intuitive response to the BSA observation that “[b]ecause Caltrans did not comply with the APA when establishing its affordable rent program, the public has not had the opportunity to provide input on those regulations.” (pg.29)

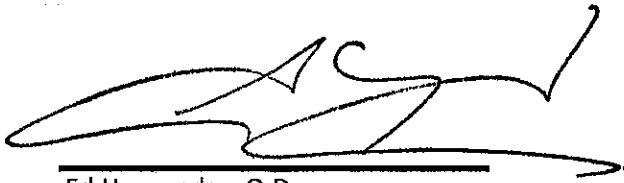
As we understand it, the department plans to initiate a permanent rulemaking in June of this year. Given that the Affordable Rent Program has existed without regulations for thirty years, the financial impact on tenants, and the potential for further depopulating the Caltrans homes and neighborhoods, we believe it is inappropriate for Caltrans to continue implementation of emergency regulations, which were neither recommended nor required to comply with the BSA report.

In light of the foregoing, we urge Caltrans to:

- Place a moratorium on any rental rate increases until a permanent rulemaking subject to public review and comment and OAL approval is completed. Any increases paid out before the moratorium is in place should be offset in the next rental payment.
- Hold properly noticed tenant meetings in Pasadena, South Pasadena, and El Sereno to explain the rationale for the proposed rulemaking and solicit tenant input.
- Provide tenants and their state legislators with a detailed methodology for how Caltrans determines fair market rent for properties in the 710 Right of Way, including assessors used, the selection of comparable rental properties, and the determination of whatever discounts are applied that take into account Caltrans role as a landlord vs. landlords operating in the private market.
- Provide each tenant with a written statement of fair market rental rate as determined for his or her property.
- Make reasonable accommodation for all tenants who have limited English skills, including having all notices and information disseminated to tenants available in their primary language and a person with bi-lingual skills available at all public meetings with tenants as needed.

We believe these requests are reasonable, equitable, and in full compliance with the BSA report and recommendations. We look forward to receiving your written response expeditiously. If you should have any questions, please feel free to contact Rob Charles with Senator Ed Hernandez office at (626) 430-2499.

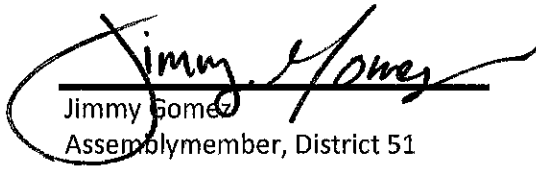
cc: Elaine M. Howle, CPA, State Auditor



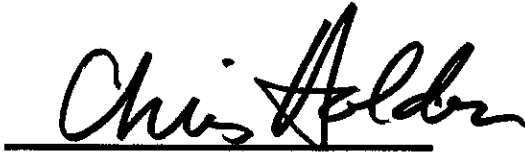
Ed Hernandez, O.D.
Senator, District 24



Carol Liu
Senator, District 25



Jimmy Gomez
Assemblymember, District 51



Chris Holden
Assemblymember, District 41